



COOP Dialogue

ISSUE- 6
POSITIONING
COOPERATIVES IN THE GIG
AND PLATFORM ECONOMY



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EDITORIAL

Dear Readers,

The rise of the gig and platform economy has reshaped the landscape of work and economic participation across the globe. Characterised by temporary, flexible jobs facilitated by digital platforms, this new economic model offers opportunities for income generation and employment. However, it also presents significant challenges, including job insecurity, lack of social protection, and exploitative practices. In this context, cooperatives provide the opportunity to counterbalance, offering a model of economic organisation that prioritises democratic governance, equitable distribution of benefits, and collective ownership.

This edition of COOP Dialogue 6 delves into the potential of cooperatives in addressing the inherent challenges of the gig and platform economy. Through a series of case studies and expert analyses, we explore how cooperatives are being leveraged to empower marginalised communities, enhance economic stability, and promote sustainable development. From SEWA's innovative data cooperatives in India to the Online Micro Sellers Multipurpose Cooperative in the Philippines to the Cooperative Accelerator in Iran and the MyCoolClass platform for online educators, these stories highlight the diverse ways in which cooperatives are making a difference.

The legal frameworks that support or hinder cooperative movements are critical in shaping their success. We examine progressive legislative efforts in countries like South Korea and the Philippines, which have reformed their cooperative laws to better accommodate the needs of platform workers. These reforms include reducing the minimum number of members required to form cooperatives and enabling the use of new technologies to facilitate cooperative governance and operations. By understanding these legal contexts, we can better appreciate the challenges and opportunities for cooperatives in the gig economy.

Financial inclusion remains a pivotal issue for gig workers worldwide. Cooperatives like SEWA have demonstrated that providing financial services tailored to the needs of gig workers can improve their economic stability and growth. These cooperatives offer not just financial support but also education and training, helping workers to build sustainable livelihoods. The integration of technology in these cooperatives further enhances their ability to reach and support a broader member base, ensuring that gig workers can access the financial tools they need.

While navigating the challenges of the gig economy and positioning cooperatives therein, it is also important to explore how the State and Governments across the region can play a role in facilitating an enabling environment for cooperatives to be established, grow and thrive within this space. The case of the cooperative sector in the State of Kerala in India and the example of Kerala's Knowledge Economy Mission's efforts to effectively use the emerging model of 'platform cooperatives' to build a normative future of work is a model that can be emulated by any analogous knowledge society. Similarly to Iran, the example of the nascent and upcoming *Kasab platform cooperative* is an experiment in integrating a traditional cooperative structure into the digital marketplace and further exploring the role of the Government as an enabler.

This edition also highlights the importance of stakeholder engagement. The success of cooperatives often depends on their ability to engage effectively with government bodies, financial institutions, and other stakeholders. By fostering strong partnerships and advocating for

supportive policies, cooperatives can create an enabling environment that allows them to thrive and expand their impact.

As the gig and platform economy continues to evolve, cooperatives stand out as a robust and equitable alternative to traditional economic models. They offer a path to economic inclusion, social protection, and democratic governance for millions of workers worldwide. The case studies and analyses presented in this edition of COOP Dialogue 6 underscore the role that cooperatives can play in addressing the challenges of the gig economy. By leveraging legal reforms, financial inclusion strategies, and stakeholder engagement, cooperatives can foster sustainable and inclusive growth. As we move forward, it is essential to continue supporting and innovating within the cooperative movement to ensure a fairer and more equitable economic future for all.

You can read the previous issues at www.icaap.coop. For feedback and queries, feel free to write to us at: coopdialogue@icaap.coop.

Best wishes,

Coop Dialogue team

Positioning Cooperatives in the Gig and Platform Economy in the Asia and Pacific region

By Mr. Ganesh Gopal, Lead - Entrepreneurship Development, ICA Asia and Pacific (ICA-AP)

The rise of the gig and platform economy has significantly transformed the way people work, ushering in a new era of flexibility and autonomy. As organised sector employment faces challenges from pandemics, wars, trade restrictions, and other factors, the world is shifting towards new forms of jobs created by the gig economy.

The gig economy, characterised by short-term, flexible jobs, is often facilitated by digital platforms that connect freelancers with businesses or individuals needing specific services. This model contrasts with traditional long-term employment, offering greater flexibility for workers and employers alike, but also bringing challenges regarding job security and benefits.

The platform economy, ranging from e-commerce websites to app-based services, has changed how goods and services are distributed and consumed. They have enabled easier access to markets for producers and service providers while offering consumers greater convenience and choice. This shift has created substantial value, especially in terms of efficiency and accessibility.

Growth of the Gig and Platform Economy

The Asia-Pacific region is home to a diverse set of economies, ranging from advanced technological hubs to emerging markets with large informal sectors. The gig and platform



A Grab worker in Vietnam

economy, characterised by temporary and flexible work arrangements facilitated by digital platforms, has gained significant traction in this region. Countries like India, China, and Southeast Asian nations have witnessed the rise of gig workers across various sectors, including transportation, healthcare, and e-commerce.

For example, in India, the gig workforce is projected to grow to 23.5 million by 2029-30, contributing 4.1% to the GDP.

Similarly, in Indonesia, the number of gig

workers in ride-sharing and delivery services has surged, with platforms like Gojek and Grab leading the market.

Challenges Faced by Gig Workers in the Region

Despite the growth in gig and platform work, gig workers in the Asia-Pacific region face numerous challenges. Job insecurity, lack of social protection, and limited access to basic workers' rights are prevalent issues. The absence of collective bargaining power and the often exploitative nature of platform algorithms contribute to the vulnerability of gig workers. Moreover, gender disparities are pronounced in certain gig sectors, further exacerbating the need for a more inclusive approach.

Key vulnerabilities include:

- **High Commission Fees:** Platforms often charge high commission fees, reducing the take-home pay of gig workers.
- **Exploitative Algorithmic Management:** Algorithms can lead to unfair treatment and discrimination.
- **Gender Pay Gap:** Significant disparities exist, with women often earning less than men in the same roles.
- **Lack of Social Security Benefits:** Gig workers typically do not receive health insurance, retirement benefits, or paid leave.

The UK Supreme Court's ruling in Uber BV v. Aslam (2021) exemplifies the ongoing battle for recognition, where Uber drivers were classified as workers entitled to basic employment protections like minimum wage and paid annual leave.

VULNERABILITIES OF TECHNOLOGY PLATFORM INTERMEDIATED GIG-WORK	
Accounting idle time to the worker fully	High commission fees by platform
Exploitative algorithmic management	Dispute resolution - Lack of fair dispute resolution mechanism
Gender Pay Gap - Significant gender pay gap in many countries	Pay disparity - Workers in developing countries earn 60% less than workers in developed countries on freelance platforms
Unable to cancel/refuse work without negative impacts	Employment Categorisation - Mostly categorised as independent contractors/partners/self-employed
Unilaterally determined by platforms:	Lack of social security benefits
Exclusivity clauses	Lack of systems for filing complaints
Deactivation of accounts	Unclear legal jurisdiction for legal redressal
Dispute resolution	Workers facing account deactivation

The Role of Cooperatives in the Gig Economy

Cooperatives, with their principles of democratic ownership, member control, and equitable distribution of benefits, present a compelling alternative to the challenges posed by the gig and platform economy. By bringing together gig workers as member-owners, cooperatives can empower them to collectively negotiate for fair wages, better working conditions, and access to social protection. Cooperative models have been successful in various sectors globally, and adapting these models to the gig economy can be a transformative step.



*Informal Women Workers
Picture Credits: SEWA Federation*

In India, the Self-Employed Women's Association (SEWA) has been instrumental in organising women workers

in the informal sector, providing them with a platform for collective bargaining and skill development

Challenges and Opportunities for Cooperative Integration

While the cooperative model holds promise, integrating it into the gig and platform economy comes with its own set of challenges. Regulatory frameworks often do not recognize gig workers as employees, making it difficult for cooperatives to advocate for their rights. Additionally, building awareness among gig workers about the benefits of cooperative ownership and fostering a sense of collective identity pose initial hurdles.

Opportunities include the potential for cooperatives to offer a more sustainable and equitable alternative to traditional gig work. By providing education and training, effective governance structures, and leadership development, cooperatives can address many of the challenges faced by gig workers.

Role of the State and Policy in Enabling Environment

Governments and policymakers play a crucial role in creating an enabling environment for cooperative integration. Implementing supportive legal frameworks, providing financial incentives, and collaborating with existing cooperative networks can facilitate the growth of cooperative initiatives in the gig economy. Governments can also bridge the gap between gig work and the benefits provided to permanent jobs by creating a supportive framework for fair and equitable gig work.

For example, the state of Rajasthan in India has introduced policies aimed at supporting gig workers, including social security schemes and legal recognition of gig and platform workers.

Conclusion

Positioning cooperatives in the gig and platform economy in the Asia-Pacific region requires a multifaceted approach that addresses the unique challenges faced by gig workers. The cases of SEWA in India and emerging cooperative models in Malaysia highlight the potential of cooperatives to create sustainable and equitable alternatives within the gig and platform economy. By embracing cooperative principles, gig workers can gain collective bargaining power, access to social protection, and a sense of community in an otherwise fragmented landscape. Governments, businesses, and civil society must work collaboratively to create an ecosystem that fosters the growth of cooperative models in the gig economy, ensuring a more inclusive and sustainable future for workers in the region.

Realising Data Cooperatives in the Digital Epoch: SEWA's Journey to Reclaim Agri-Value Chains

By Ms. Ranjitha Kumar, Research Associate, IT for Change

Introduction

Agri-digitalization - the integration of digital technologies across the agricultural supply chain to derive data-driven insights - has significantly changed the landscape of today's food systems. Emerging innovations are owned and deployed by a select few big agri-tech giants. They enclose commonly derived data to create and sell proprietary algorithms, the benefits of which accrue primarily to large agriculturalists and farmers. This is particularly true for the Indian agricultural landscape, where the confluence of emerging digital concentrations of power and existing caste-class dynamics come at the cost of destabilising small and marginal farmers, who form over 80% of India's farmer population.

In response to these developments, Indian cooperatives are embarking on a journey to reclaim digital and data-driven innovation in agriculture by exploring alternative models of data ownership. There is immense potential for worker-centric digitalisation in cooperatives: a model of data stewardship where elected representatives are authorised to exercise select data rights of their constituents, coupled with a governance system that allows for the value emerging from pooled data of farmers to be equitably distributed to data creators and owners. A scenario of 'right' digitalisation will benefit farmers within cooperatives by not only giving better access to competitive agricultural markets but will bolstering the ability of cooperatives to collectively bargain within the current exploitative techno-agrarian landscape.

These alternative experiments in digitalisation continue to take place within the oppressive dynamics of data capitalism, where market logics often subsume the efforts of such cooperative endeavour. The real threat of co-optation and free-riding of experiments emerging from the platform cooperative movement has been observed, where successful alternative systems are struggling to compete against big tech's monopolisation. However, the process of theorising and executing such a system often goes undocumented. Cooperatives are at the risk of institutionalising specific affordances and making trade-offs that often replicate the dynamics of the capitalist market, to emerge as scalable and sustainable enterprises. The dynamics of the Global South and its position within the global digital order present further complexities for worker-led digitalisation: accessibility and the privatised ownership of the internet and technological infrastructures interact with the socio-political landscape of land ownership in India, creating challenges that demand a blueprint markedly distinct from those employed by digital-first cooperatives in the Global North.



*Megha Adivasi Mahila Agriculture Producers' Cooperative
Picture Credits: SEWA Federation*

In this paper, we summarise IT for Change's consultative work done with the SEWA Cooperative Federation across the span of four years. This is part of ITfC's larger investigation of emerging models of platform cooperatives. The partnership with SEWA explores the efforts to construct a functional alternative digital system in the form of a data cooperative for the Federation and Tapi District Megha

Adivasi Mahila Agriculture Producers' Cooperative, or Megha Mandli — a cooperative comprised entirely of women farmers belonging to the Adivasi communities of five blocks in the Tapi district of South Gujarat. We expand on the theoretical underpinnings of how agricultural data cooperatives may be institutionalised, highlighting SEWA's ongoing experiments to pilot parts of this vision while navigating the larger technological paradigm of data capitalism.

SEWA's Data Cooperative: Theorising a Federated Digital layer for Women Farmers

After a needs assessment in the form of a mixed-methods baseline, IT for Change and SEWA Cooperative Federation co-theorised an ideal-type federated techno-institutional model for a data cooperative where data ownership and management is vested in the hands of shareholding women farmers.

The proposed techno-institutional model foregrounds itself as a radical alternative to other data-sharing models. Governed and executed by marginalised farmers belonging to a cooperative the ownership of data lies in the Mandlis, enabling the Federation to both take advantage of data centralisation by having consent to access anonymised data, as well as preventing undue group profiling and expropriation of data from women farmers of the India by restricting access to big-agri-tech. This model closely follows SEWA's existing principles of economic hyperlocalism and federation.

By adopting a *FAT by Design* approach, the model also proposes that principles of Fairness, Accountability, and Transparency must not only be at the time of access to databases but also at the point of creating centralised data systems to ensure datasets with unknown biases and unclear provenances are appropriately collected, cleaned and integrated. To inspire trust and confidence from women farmers engaging with the digital ecosystem, there must be maintenance of data ancestry, historical origins of data and its movement across the database: this is not only a data architecture question, but a question of generating trustworthy data.

To unify multiple federated systems through one governance mechanism, the techno-institutional model must also be grounded through a data rights approach. Proposing a federated data cooperative requires a rights-based approach to data generation, ownership and redistribution. Principles of data minimisation, data collectivisation and collective workers' rights to data have been determined by a ground-up mapping of women's data governance needs through a series



SEWA Cooperative Federation's Digital Interventions: Conquering the Gender Digital Divide, One Women's Cooperative at a Time
SEWA's Digital Interventions with Megha Mandli

of consultations with farmers of Megha Mandli. These must either be incorporated into self-designed digital systems or be used as barometers to assess digital ecosystems built out by third-party organisations.

Creating sustainable and scalable alternative digital paradigms — assessing cooperatives' abilities to negotiate with the current dominant innovation paradigm within data capitalism

The Federation began exploring avenues to digitise parts of the (agricultural) supply chain in Megha Mandli, while simultaneously building out principles for

an ideal-type data cooperative. Despite the desire to design an in-house digital ecosystem, such a process proved challenging. Building out digital systems not only requires immense technical knowledge that cooperatives are often unable to access, but requires capital to invest, often without returns for many years until the system achieves network effects.

The lack of capital and profitable cooperatives in the Global South is a result of a variety of socio-political factors: the agrarian sector is rife with the concentration of power within the hands of large, dominant-caste farmers, and supply chains are rapidly being monopolised by big-agri-tech players. Farmer Producer Organizations (FPOs) and cooperatives that bring together small and marginal farmers do not have the bargaining power to negotiate and gain from current agrarian dynamics, often at the mercy of global market dynamics. When cooperatives digitise to improve their standing in this complex and unequal field, they are faced with the reality of needing to reach the market with the same if not improved efficiency as their competitors, but with lesser capital and access to data-driven insights.

The realities of innovation and app development in the Indian CSR/Social enterprise model lead to fragmented, unsustainable experiments.

Without the economic capital and human resource capacity necessary to build in-house digital ecosystems — including renting/buying server space, front-end and back-end application development, UX/UI design and research — most cooperatives are reliant on corporate-controlled digital ecosystems that invariably enclose them into exploitative value chains.

Smaller players in the crowded market of Indian tech development are looking to challenge the dominant agri-digitalisation paradigms by building boutique digital solutions for Indian farmers, cooperatives and FPOs. In a similar vein, the SEWA Cooperative Federation and Megha Mandli have experimented with digitalising parts of its supply-chain management in collaboration with such external digital partners.

Megha Mandli has used a digital platform to complete order management and procurement of seeds and inputs for two crop cycles in 2023 through a nominally modified FPO management app. The app is handled by the frontline workers of Megha Mandli called Aagewans and Sakalit Saathis, often by those who can purchase their smartphones.

In 2023, Mandli piloted a digital-lite application to carry out the following activities:

1. Conduct a needs-assessment survey of the types and quantities of seeds for season-dependent crops, i.e., paddy and okra and other agri inputs of farmers for procurement - these inputs will be sold to shareholders at a discount.
2. Onboard and keep track of all buyers - women farmers - of the Mandli's input products.
3. Conduct stock management/record crops available at the time of survey.
4. Conduct stock management/record actual stocks, where the application is used to inform frontline workers on how many quintals/kilos of seeds are left for sale.

It is key to note that tech-development social enterprises who attempt to innovate in this space are also at the mercy of the predatory non-profit funding space; the imperative of constant access to external funds poses serious challenges to the sustainability of digital platforms. Successful adoption of digital apps is not merely determined by socio-economic constraints that emerge from the cooperative but is also a result of funder-determined limitations around the use of grants. Many of these contractual agreements between cooperatives and digital partners imagine an end-point to their partnership, where the former is expected to have built scalable and sustainable

digital ecosystems by the end of the intervention, either self-supported by additional funding, or through the sustenance through a profit-oriented economic model governing the digital layer.

When digital partners become tech intermediaries, they inevitably influence the agricultural decision-making of cooperatives and their stakeholders

The vesting of technical skills and infrastructure ownership in digital partners can potentially modify the functioning of the cooperative, and key livelihood decisions the cooperatives make in future crop cycles. In Megha Mandli, we observed this in the choice of application for the pilot, and app features that receive more prominence.

Decision-making about what types of seeds to promote and procure is often determined by frontline workers and with inputs from the Federation's Enterprise Development Team. However, during the pilot, digital partners participated in key cooperative-level decisions such as the crop and seed variety that would receive support and subsidy from the Mandli. Over time, the relationship between digital partners and the cooperative ended up influencing purchase and selling practices, the locus of decision-making potentially being situated outside of the cooperative process, antithetical to the needs of its stakeholders.

A model of third-party digital intermediaries has implications on collective data ownership, a fundamental feature of a data cooperative

The important role that digital partners play is in hosting platforms: this often means that data resides with them, and the data governance principles they adopt through contractual agreements with the cooperative shape ownership and access to data. In the Federation's case, the various pilots proceeded without a finalised Data Sharing Agreement, without clarity on what happens to the extensive data already collected in the year-long process of the initial pilot.

In the absence of a Terms of User Licence and Data Sharing Agreement which can limit usage and monetization by digital partners and ensure that data-driven gains are solely the property of the cooperative, the mandate of the app's ability to improve functionality may replace the original imagination of a data cooperative. As previously noted, cooperatives who engage in alternative experiments must still play to the tune of volatile agricultural markets; the lack of an explicit commons-oriented data governance model results in a lack of guidelines for digital partners on limits to data monetisation and sharing. In the latest iteration of the input-management app, a farmer profile that is Aadhaar enabled is the "base" of the data stack being created, despite initial goals and imaginations of preventing individual farmer profiling within the proposed data cooperative.

Local agrarian landscapes, their risks, limits and affordances often determine the success and failures of data cooperatives

The app's capabilities to meet Mandli's digitisation requirements are interconnected with the longstanding agricultural supply-chain challenges. In our case, Vyara remains a district of mostly small and marginal farmers, with no large markets other than APMCs. The ability of the app used by Megha Mandli to capture accurate pricing for the seed survey, as well as its eventual goal to connect farmers to the market hinges on an optimised supply chain: poor public digital and physical infrastructures, limit the capabilities of the emerging data cooperative.

The year-on-year market price fluctuations of crops such as okra and paddy particularly affect marginal farmers, whose crop choices and allocation of land for non-subsistence farming are

determined by financial limitations. Farmers make different seed choices every year based on their past experiences, their community’s shared knowledge, climatic fluctuations, and their shifting desires for their output; a fundamental challenge for the Federation continues to be accurate demand forecasting of farmers’ seed requirements.

Despite embarking on a month-long survey on seed requirements, frontline workers and Mandli staff are not privy to the prices of the seeds being sold. Paddy hybrid seeds sold in markets fluctuate in price every day. The Mandli also faces the challenge of collective bargaining with agro-traders for cheaper rates despite an established relationship due to smaller purchase orders. The Mandli also struggled to estimate the price at which they would be able to procure seeds months down the line — marginal farmers were unable to commit to purchasing from SEWA due to this price opacity, leading to frontline workers performing duplicate digital input surveys.

Similar challenges plague farmers as they try to reach markets for the sale of produce: most farmers with the SEWA Federation sell at the APMC where the draconian open auction system with no price transparency hinders the application’s capacity to provide timely sale price information to frontline workers on their phones, despite the app having this functionality.



Illustrated depiction of the application’s user interface
 Picture credits: [ITforChange.net](https://www.tforchange.net)

An in-progress digital layer working to improve complex agrarian supply-chain challenges is changing workflows within Megha Mandli, burdening frontline workers while simultaneously invisibilizing their labour

In some instances, the tool’s pilot in Megha Mandli was fragmented, resulting in various app-related inefficiencies — a common issue with technological innovation and development within market-driven approaches. Launched for the first time in Gujarat, the technology development team reportedly used Google Translate for language localisation, with the frontline workers

having to work independently to contextualise several of the wrongly translated words.

As a digital-lite application— capable of being used offline — the app’s data syncs with the server once the device has internet connectivity. Faulty syncing, even with internet connectivity was frequently reported, affecting stock updates where frontline workers reported logging sales for seed varieties that were already sold out, while also having to use notebooks to continue their survey work, periodically transferring the same data to the app. Additionally, in the initial paddy seed survey conducted in 2023, most frontline workers did not directly input information on the app due to reported data safety concerns, continuing to collect data on their physical notebooks.

This duplication of work goes unnoticed in transaction records in the app — leading to a facet of women’s labour being invisibilized. This is an inherent part of application design and development within dominant paradigms of digitalisation where the unpaid labour of users becomes key in improving the UI/UX of the app, as well as its predictive capability. Frontline workers serve the needs of the application development process, as opposed to gaining from the pilot; these gains may only arrive as the application reaches network effects.

How can improving cooperatives' autonomy and state mechanisms support an equitable pathway to digitise?

Data cooperatives are envisioned as alternative digital ecosystems that can effectively lead to the creation of a digital commons, with the governance to withstand the attempts of digital enclosures in today's food systems. Despite their potential, experiments in data cooperatives face challenges in a rapidly privatising techno-political ecosystem. On their journey, the SEWA Cooperative Federation encountered several techno-design realities, both driven by the chokehold of the agrarian landscape of Vyara, as well as having to navigate the political landscape of data capitalism to access the affordances of going digital. Cooperatives and FPOs are often reliant on market-driven ecosystems to enter the digital ecosystem, risking the enclosure of their data within the silos of big tech; this fundamentally puts cooperatives at risk of losing democratic governance of their data and institution.

Cooperative and agrarian policy must recognise the need for a digital public infrastructure backbone that can offer cooperatives an equitable, state-owned digital landscape aimed at improving the incomes of marginal farmers. As AgriStack emerges as a vital digital public infrastructure, we must re-envision it as a commons-driven initiative that must protect farmers against individual and group profiling by big ag-tech, with law recognising cooperatives as data fiduciaries through agri-specific data protection act/s.

Cooperatives must engage in internal knowledge development that emphasises technology co-design, involving all stakeholders. The cooperative as an institution should act as the central intermediary in collective bargaining with technology partners, shielding members and providing necessary resource support; this includes capacity building with all institutional stakeholders, including farmers and frontline workers. Cooperatives will greatly benefit from having data governance measures already in place — such as SEWA's imagination of an ideal-type data cooperative. These measures must be enacted to safeguard the profiling of farmers by external digital partners and by the cooperative itself.

Our research reveals the reach and limits of digitalisation, and the importance of safeguarding data creators/owners. In this complex landscape of digitalisation, it is important to document the stories of cooperatives on the path to digitising, locating marginal women farmers as the key stakeholders. Such narratives delineate not only the challenges of platform cooperativism in the Global South but also act as a guidebook for emerging alternatives that aim to challenge the current digital paradigm.

This paper is based on work undertaken by IT for Change in collaboration with the SEWA Cooperative Federation, under the [Re-wiring India's Digitalising Economy for Women's Rights and Well-being](#) project, supported by [The European Commission](#) (EU) and [Friedrich-Ebert-Stiftung](#) (FES). The project explores inclusive models of platform economies through research focused on FPOs, cooperatives, and women informal sector workers. [Creating Sustainable Data Cooperatives in the Global South: Frameworks for Institutional Support](#) is a comprehensive report on ITfC's ongoing work with SEWA.

Empowering Gig Workers Through Data Ownership and Digital Cooperatives: A Path to Economic Inclusion

By Mr. Moses Sam Paul, Partner & Operations Lead - Community Venture Studio & Author – The Internet of Value

Though platforms are a great way to scale and act as a job aggregation mechanism for gig workers, in the long run, data accumulation leads to adverse effects such as vertical integration that cause job losses. This adds to inherent problems such as a lack of social safety net and worker mobility as the reputation and gig data are locked within platforms. So, while designing a new system, we should be cognizant of this fundamental guiding principle that no data accumulation happens at a platform level in a centralized way.

Figure 12: Gig worker - Data Flow and Impact in the Current Platform Economy

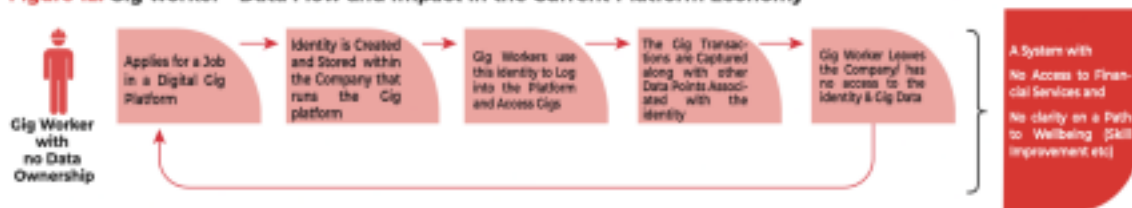
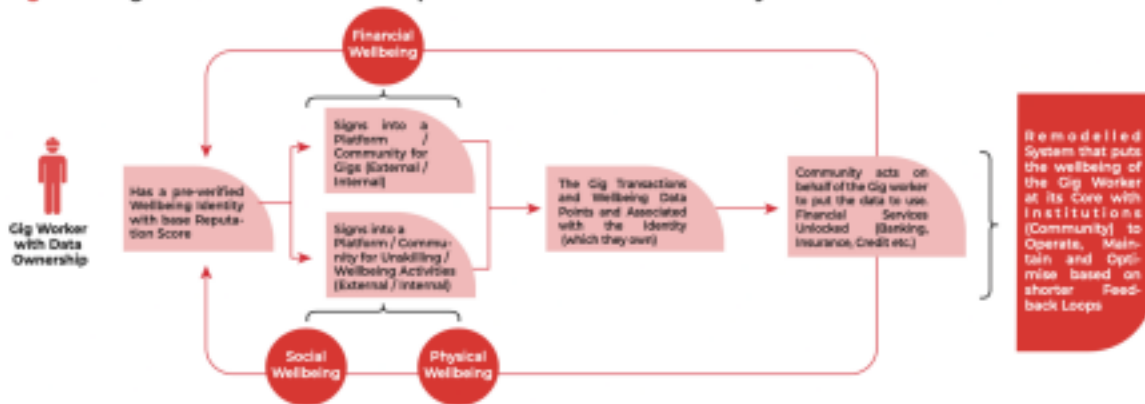


Figure 13: Gig worker - Data Flow and Impact in an Ideal Platform Economy



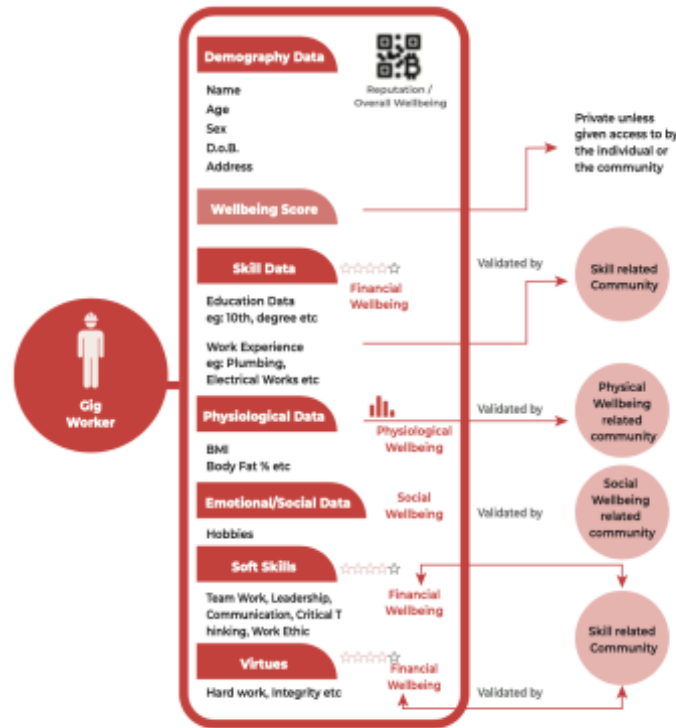
Source: *Data Ownership & Wellbeing of Gig Worker* (Joel, Moses - 2022)

As long as individuals cannot port or move their data from one platform to another, it will be challenging to maintain a record of the work one has done. To improve data modularity, we need to start with a shared identity system that tracks the skills, reputation, and frequency of work one has done. Following this, standards can be developed for each form of labor so that individual applications (built on such platforms) can either communicate or allow users and their data to move between one another.

For such an identity to exist with inbuilt data ownership:

- One has to make sure the key pairs and passwords stay with them.
- They or anyone who they haven't authorized can never see their private data.
- A provision to let the gig worker keep a backup of their data from all network applications on their local devices.

Figure 16: Suggested Digital Platform for Profiling a Gig Worker



Source: *Data Ownership & Wellbeing of Gig Worker* (Joel, Moses - 2022)

Now that the individual identity is established, let's look at a few ways innovative platform models are being built or being built in an offline world and then move to the model we're proposing.

Platform Coops

Cooperatives created by and for gig and platform workers have overwhelmingly embraced technology. Trebor Scholz uses the phrase 'platform cooperative' to describe a model that 'embraces technology but wants to put it to work with a different ownership model, adhering to democratic values [to crack the broken system of the sharing economy/on-demand economy that only benefits a few]' (Scholz, 2017, 14).

Finding inspiration from the legacy of 'traditional' cooperatives, platform coops emulate the services and delivery models of their corporate counterparts but are designed by, or in conjunction with, workers (Stearn, 2016).

Sharing Resources and Improving Access to Social Welfare through Coops

Gig Workers do not have access to complex financial products or the bargaining power to receive better terms on the products they have. Cooperative models bring economies of scale to these instances by combining the demand side for instruments such as insurance, loans and investments. Since the demographic backgrounds of many of those in India's gig economy platforms are similar, using a tech-driven large-scale solution could help accelerate the pace at which services are rolled out for them. We are already witnessing a variation of this among women-led cooperatives. One of the teams, SEWA, we interacted with had set up their own bank to service cooperative members as traditional financial entities avoided servicing them.

Collective Bargaining

Platform workers are at the risk of being underpaid due to the lack of collective bargaining power. Countries such as the United Kingdom have moved towards protecting worker rights through legislation. However, in their absence, there are few avenues for employees to find recourse if they feel wronged by the platform. According to a paper by the International Labour organisation (International Labour Office - Geneva, 2021).

At a Facebook Live event, when asked if Uber would recognise the right of its workers, if they unionized, to engage in collective bargaining, Singh stated, 'The actual model that we operate and the way in which we have this flexible model means that there are certain ways in which you can protect yourself, that you typically wouldn't need certain ways in which you would ordinarily protect yourself in other things. That is the reason why they don't necessarily exist. Such things like collective bargaining and other things, because of the flexible nature of our work, because you can come on and off the platform, the purpose that collective bargaining was originally structured for doesn't necessarily hold.'

Contrary to Singh's comments, and as Hayter and colleagues pointed out, 'the institution of collective bargaining is changing and adapting to the multiple developments in the economy and in organizational practices. Rather than create rigidities and obstacles to flexible adjustment as is commonly argued, industrial relations systems have been robust and flexible and are evolving to meet rising demands for microeconomic adaptability' (2011, 240). Despite the extensive research that underpins Hayter et al.'s claim, many platform companies have been unwilling to bargain with workers directly.

Platform economies have largely gone unchecked from the point of view of labor laws due to the lack of unions for those who work on them. The trend is beginning to shift more recently with large platforms like Amazon giving in to calls for setting up unions among those working for them. There are, however, several hurdles in enabling collective bargaining power:

- Promoting common interests – and overcoming competition – among workers;
- Determining a site (or multiple sites) of agglomeration – virtual, or preferably real – to overcome isolation;
- Identifying the bargaining counterpart; and
- Targeting a source of power to make a collective claim.

India's Self-Employed Women's Association's massive success even with limited technology in place shows that co-operatives/worker unions that act in favor of the gig worker show dividends. There are startups in white-collar skills such as programming and technology development trying out cooperative models in their own right, such as Nilenso from Bangalore, India.

While these models are great on paper, looking at such co-operatives as an economic model shall fix the deep-rooted problem of skilling and well-being. In his book, *The Third Pillar*, noted economist, Dr. Raghuram Rajan states that the state and the market have left the community behind, and it is essential to look at collective inclusion and participatory democracy at a local level. Extending this to the role of a community, it becomes a microcosm of an economy.

This means the production function $y \sim f(\text{capital, labour, and productivity})$ must hold at a community level. The labour component is denoted as the supply in the diagrams below viz., a skilled labour supply is being meticulously created. The capital component is an outcome of the demand, i.e., putting the skilled labourers to work (full-time/contract basics or even tripartite agreements). The matchmaking between the demand and supply of the skills captures the productivity of a community.

Figure 17: Skill-based Community as an Economic Model

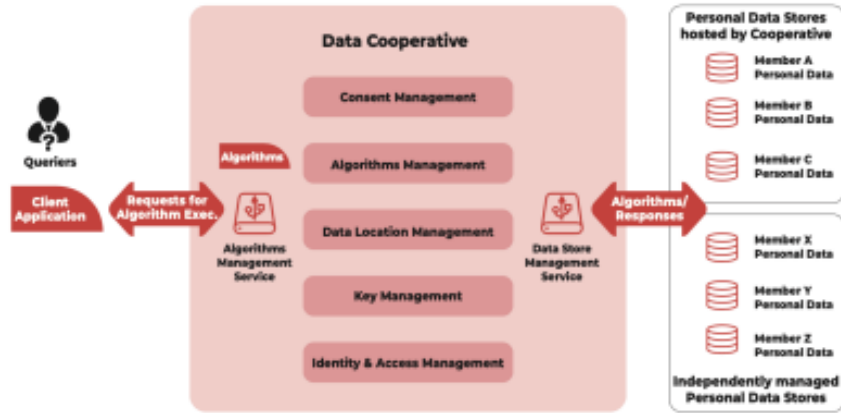


Source: *Data Ownership & Wellbeing of Gig Worker* (Joel, Moses - 2022)

Therefore, key aspects of the data cooperative and the community are as follows:

- Individual members own and control their data;
- Fiduciary obligations to members: The data cooperative has a legal fiduciary obligation first and foremost to its members. The organization is member-owned and member-run, and rules must govern it (bylaws) agreed to by all the members; and
- Direct benefit to members: The goal of the data cooperative is to benefit its members first and foremost. The goal is not to 'monetize' their data but to put the member data to work i.e. getting relevant gigs, projects, and jobs to the cooperative and performing ongoing analytics to understand the members' needs better and share insights among the members.

Figure 18: Overview of a data cooperative ecosystem



Source: Data Ownership & Wellbeing of Gig Worker (Joel, Moses - 2022)

Now that we understand the identity and one self-sustaining community, let us remember that a gig worker is typically part of multiple communities to optimise for their wellbeing and the communities act as a skill/ reputation validator of the data. A relook at the digital representation of a gig worker now with the context of a community's role in the validation of reputation and skill data.

Figure 19: System Design of a Decentralized Community Platform



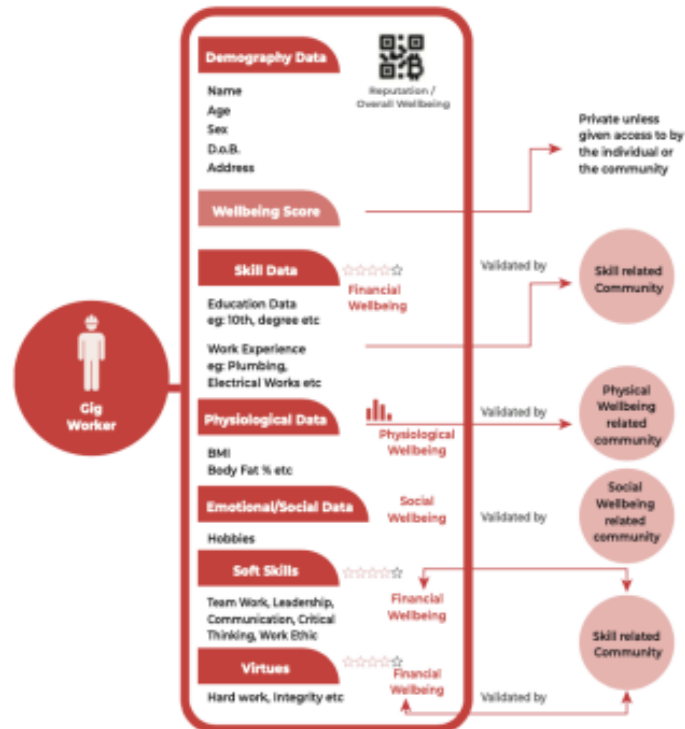
Source: Data Ownership & Wellbeing of Gig Worker (Joel, Moses - 2022)

Reputation Score and Impact on Financial Inclusion

This now brings us to a critical juncture of the reputation score and the impact on a gig worker's wellbeing. For financial inclusion to truly occur at scale, we will need technology to bring down costs of servicing end-users to a fraction of what it is today (e.g. the archaic Nokia phone Model 1100), distribution models to be drastically changed to optimise for the last mile (e.g. Life Insurance Corporation of India/ LIC's insurance plans) and the unit economics to be more inclusive (e.g. sachet packaging). Today's financial inclusion services struggle to scale past a

point for the poorest in India due to the lack of data around them. Our observation is that solely opening bank accounts on their own does not translate to ‘true inclusion’ — a case where an individual is able to access the broad spectrum of services typically offered by a bank. This is why we believe the road to inclusion at scale starts with cooperatives increasing focus on collecting data about interactions between their members and storing it digitally. The next frontier for banking inclusion in India is not about opening more bank accounts, but rather increasing the count and nature of services such that the poorest in India can access these services.

Figure 20: Suggested Digital Platform for Profiling Gig Worker



Source: Data Ownership & Wellbeing of Gig Worker (Joel, Moses - 2022)

Community Validated Wellbeing Identity

Each wellbeing score is validated and pushed back into the gig worker’s identity, contributing to the overall wellbeing score/reputation score. We note that the nature of financial services that can be offered can scale up by working with platform cooperatives as on-boards, especially in last-mile instances where traditional FinTech entities cannot cater today. Initially, they will be serviced through a cooperative banking model where the platform cooperative that brings these workers together will offer the initial services pertaining to lending and insurance. This is because the platform cooperative will be able to better collect loans and hold data on the individual. As the cooperative network scales, it can use emergent solutions such as Open Credit Enablement Network to offer more complex services.

Data Cooperatives: Feeding the Worker Well-Being Score

This encourages workers of the cooperative to leave data trails with the entity (and thereby generate data sets for other FinTech providers to use) and creates a new revenue source for the cooperative. More importantly, knowing the frequency, nature and extent of economic interactions between individuals will help to better the services that are provided to individuals. Mishaps like not possessing data on wage workers could be avoided and we could more frequently track what skill sets are in demand in the market. This in turn would improve the ability of central planning agencies to better optimise course structures and upskilling programmes in the future. Financial inclusion and financial stability are closely interlinked. When the Indian economy finds itself on shaky grounds, it has now become more pertinent than ever before to focus on how the poorest of the country can go beyond just banking.

Mainstreaming Informal Micro-entrepreneurs to E-commerce: The Case of OMS Multipurpose Cooperative (OMSMPC), Philippines

By Mr. Frederick Amiel P. Lasmarias, General Manager, Online Micro Sellers Multipurpose Cooperative (OMSMPC)

With a market presence comprising 99.59% of all the businesses operating in the country, it is without question that Micro, Small, and Medium Enterprises (MSMEs) are what power the Philippine economy. Numerous Economic studies by Multilateral agencies have noted that MSMEs have been essential in the country's economic growth and recovery post-COVID.

Yet for all their size and number, there is another group of unregistered MSMEs which outnumbers them, and this group too plays a significant role in the economy -- providing employment and livelihood to millions of Filipinos. A 2020 report by the Organization for Economic Cooperation and Development (OECD) estimated that there were at least 3 unregistered MSMEs for every 2 that were registered. And while formal MSMEs are not without their share of challenges, they at least have access to whatever government or private programs may be in place to support them. Those in the informal sector do not have such support as the first requirement to be able to avail of these is that they be formally registered.

This informality also meant a difficulty in accessing financial support, a difficulty in accessing local and international markets, and a lack of legal protection of the enterprise. Now, of course, one may argue that all these things can be easily remedied if these enterprises simply formalize and register. According to the Ease of Doing Business 2020 report by the World Bank, the reality is that there is nothing simple about formalizing and registering, at least not in the Philippine context where it takes 13 procedures and approximately 33 days and costs about 23.3% of per capita income, and this is daunting for the enterprise that is still on its start-up phase.



*OMSMPC Support Desk
Picture credits: OMSPMPC*

But akin to how the very first cooperative was born out of institutional challenges and the yearning to break past them through a concerted effort, these challenges were what gave birth to the [Online Micro Sellers Multipurpose Cooperative \(OMSMPC\)](#) back in 2017.

Before the dawn of the internet and the subsequent technological advances it has sired, the most prevalent informal business model in the Philippines was the lowly “sari-sari” store. It was typically carved out of whatever space was available in the home, preferably one that

was visible and accessible from the outside, that was then transformed into a display and selling area of various items (hence the term “sari-sari” which translates to “variety”) on retail. They would typically be run by the matriarch of the home as she is often not formally employed and the sari-sari store is a means through which she could help augment the household income while still being able to fulfil her domestic responsibilities.

This model was so successful that although they still required some start-up capital and were confined to a geographic location, the sari-sari store became ubiquitous in residential areas, each competing for their share of the local market.

Entry of E-commerce Platforms

The entry of online shopping platforms in the Philippines in 2012 presented an opportunity for many of these small-time sellers to set up stores at almost zero cost and reach a wider market. But E-Commerce platforms operate formally. As such, they also require business registration documents for their merchants. Therefore, although it had the key ingredients that made even small-time selling successful – i.e. minimal initial capital, ease of being run home-based, and allowed being operated on top of other familial or domestic chores, these informal businesses would have been barred participation in the first place. This is where the OMSMPC's unique business model became key.

OMSMPC's Operating Model



*Benefits of Being OMSMPC Members
Picture Credits: OMSMPC Instagram*

As a cooperative, OMSMPC takes in these unregistered merchants as members and acts as a consolidator of their products – think of it like a consignment agreement in a Department Store. This is typical of any marketing cooperative really, but what was innovative in the approach was that instead of putting up a brick and mortar store where the members' products could be sold, the coop sought out E-Commerce platforms it could partner with and allowed the individual members to set up shop with the Cooperative acting as the seller-on-record.

The value proposition could thus be simplified as such – the coop's members have the products to sell, so the e-commerce platform allows them to set up shop on their online marketplace while OMSMPC issues the invoices for their transactions. The platform then delivers

the products to the customers and all sales from successful transactions are channelled through the Cooperative which then transmits this to the member merchants, who, because of the unique arrangement with the platform, are still able to directly engage with their customers and take care of their own order fulfilment.

It's a unique win-win-win-win situation where:

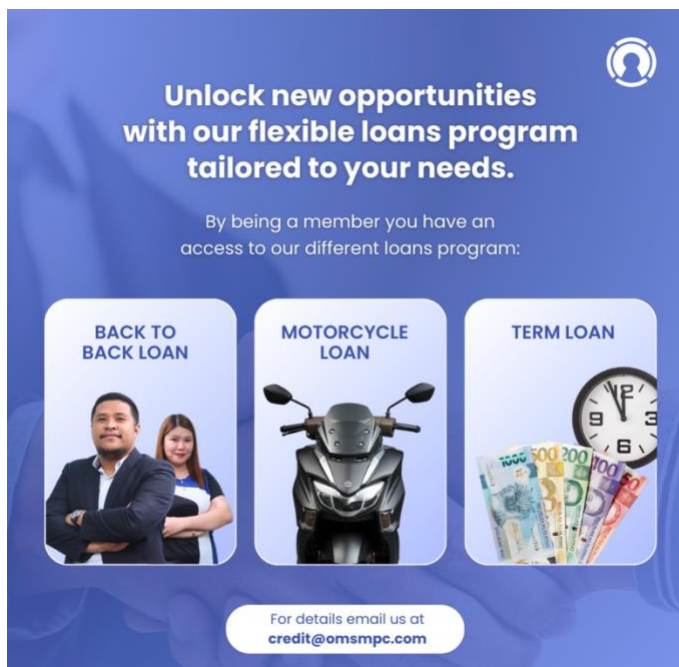
- The member is able to bring their product to the market, the platform gains merchants with an assortment of products to attract customers,
- The customer is able to confidently buy the product while protected by the platform's order guarantee,
- The cooperative earns a 1% commission out of every successful transaction.

Reinvesting Dividends for Upskilling Seller-Members

The commission derived out of every successful merchant-member transaction is used to finance OMSMPC's operations but being a cooperative in nature, these are also very quickly reinvested back to the member to address the other gaps in the institutional support that fledgling entrepreneurs need. The coop thus regularly conducts trainings for its members, and these trainings run the entire gamut from teaching them how to take professional-looking product photos using only their phones and a few household items, to learning how to run a successful social media product campaign, to equipping them with technical skills that allow for product ideation.

Credit Facility Offering

A credit facility offering lower than market rates has also been opened to help members wherever they may be in their entrepreneurial journey – whether they are rookie sellers needing seed money to get started, or experienced ones needing capital infusion to fund their expansion. In the last 7 years that the cooperative has operated, this unique business model and developmental support to member-entrepreneurs has propelled OMSMPC to close to 20,000 members who operate over 38,000 online stores on our platform partners alone. The biggest jump was when the pandemic struck, physical stores were shuttered, and everyone was forced to go online. The presence of the cooperative in turn ensured that households that normally would have been gravely affected by the lockdown continued to be able to eke out a living.



**Unlock new opportunities
with our flexible loans program
tailored to your needs.**

By being a member you have an
access to our different loans program:

**BACK TO
BACK LOAN**

**MOTORCYCLE
LOAN**

TERM LOAN

For details email us at
credit@omsmpc.com

Various Loan Products

Picture Credits: OMSMPC Instagram

The drive to grow the membership base does not stop with the cooperative simply facilitating their entry into the E-Commerce industry though. Self-sustainability has always been at the core of the cooperative movement and governments will always drive businesses to formalize and our mission appropriately marries these two priorities. The OMSMPC's end goal has always been to bring the micro-entrepreneur to a level of success through E-Commerce where their financial gains are now able to offset the typical costs of compliance which would have been far too heavy and unsustainable for them at the onset. More than 6,000 former members (and counting) who are now formal business owners are the proud products of the cooperative. Without the intervention of the cooperative, there is no telling if these businesses would have survived or in their

cases, thrived and maximized the opportunities that the E-Commerce industry offered.

Being a pioneer is not without its challenges though. As is the case with most developing nations, Philippine laws are only now catching up with the sweeping changes that technology has brought to how conventional businesses are now conducted or in OMSMPC's case, the new business models it has created. E-commerce marketplaces have been around for over a decade but the law which was passed just last year in 2023 finally put in a legal framework for businesses

conducted in the digital sphere. However, is still without its Implementing Rules and Regulations as of still yet to be notified. Digital technologies, on the other hand, have been very quick to take root and evolve and there is so much that laws need to catch up on.

The long-time lack of regulations in the E-Commerce industry, for example, is now slowly seeing the encroachment of large foreign companies into our local online marketplaces and oftentimes, these are where our local merchants source what they sell online. These foreign companies, therefore, are able to sell the same products directly to the consumer at much lower prices effectively cutting the local merchants out of the picture.

And much like the small-time entrepreneur contending against the costs of compliance, a unique cooperative like OMSMPC also encounters difficulty in finding its place in the industry as even our government regulators are unsure as to which rules to apply, and compliance is difficult if the rules keep changing or are simply not there. Most recently, the cooperative has been challenged by government regulators are now seeking to invalidate the business model that the OMSMPC has been created on to the detriment of making E-Commerce a once level playing field, into one that much like the traditional marketplaces, is unfairly skewed towards more capital-laden enterprises.

The next steps are thus to continue dialogues with government and private stakeholders to champion the cause of the microentrepreneur and lobby with our lawmakers to help ensure that the online marketplace favours the local enterprises as it should while remaining an equal access space for all.

MyCoolClass: A Cooperative Model for Empowering Online Educators

By Heira Hardiyanti Co-founder, MyCoolClass Coop; Lecturer, IKOPIN University & Former Mentor, GCE Programme of ICA-AP under ICA-EU project

Introduction

The landscape of economic activities has undergone a significant transformation in the past decade, largely driven by digital disruption. This shift, further accelerated by the pandemic, has led to the rapid adoption of digital technologies across various sectors, notably giving rise to the gig and platform economy. In this context, cooperatives are emerging as potential solutions to address the concerns of both workers and consumers. MyCoolClass, a cooperative platform established in 2020 for online educators, exemplifies how cooperatives can offer a fair and equitable alternative in the gig economy.

The Genesis of MyCoolClass Coop

MyCoolClass.com was founded by John Hayes, an English as a Second Language teacher from California, with a vision to provide freelance and independently contracted teachers worldwide with better income, job stability, and benefits. Traditional virtual learning platforms, while profitable, often impose harsh rules and create unstable working conditions for teachers. Recognizing these challenges, Hayes set out to create a platform that addresses the common issues faced by freelance teachers: low pay, strict policies, lack of sick leave, unreliable schedules, and discrimination.

The Cooperative Approach of Mycoolclass.com



*MyCoolClass: A platform for freelancer teachers
Picture Credits: MyCoolClass*

MyCoolClass.com operates on a cooperative model, aiming to unite and empower online teachers globally. This approach ensures that teachers receive fair and equitable salaries and benefits, promoting a sense of solidarity and democratic governance. The cooperative model not only addresses immediate financial and job stability concerns but also inspires a broader shift towards cooperative business models in the education sector.

MyCoolClass.com has achieved significant milestones since its inception. In December 2020, the formation of the cooperative was initiated. By January 2021, consultations with Principle Six and Coop UK helped refine the cooperative structure. Legal documents were submitted to the Financial Conduct

Authority (FCA) in March 2021, and by April 2021, MyCoolClass received official recognition as a cooperative society from the FCA. The platform launched in July 2021 with 300 registered teachers. The first Annual General Meeting (AGM) was held in October 2022. Most recently, in June 2023, the cooperative was restructured, and a new team was established.

Since its launch, MyCoolClass.com has achieved substantial growth and has established itself as a significant player in the online education sector. The platform currently boasts 282 registered teachers, each bringing diverse expertise and teaching various subjects. The student base has also expanded significantly, with over 400 registered students from different parts of the world, benefitting from the wide range of courses offered. MyCoolClass.com has successfully facilitated more than 1,400 lessons, covering 17 different subjects, thereby catering to a broad spectrum of educational needs. Additionally, the platform supports instruction in 8 different languages, ensuring accessibility and inclusivity for non-native English speakers. With an average price of £15 per lesson, MyCoolClass.com not only provides quality education but also maintains affordability, making it an attractive option for both teachers and students.

Despite its successes, MyCoolClass.com faces several challenges – 1) Member engagement is crucial for its democratic functioning but can be difficult to maintain consistently, 2) Leadership transition presents hurdles in ensuring continuity and stability, 3) Financial sustainability is a constant concern, requiring careful management of resources and revenue streams, and 4) Technological advancements are essential for the platform's competitive edge but require ongoing investment and adaptation. To address these challenges, MyCoolClass.com has implemented various strategic approaches. Education and training are provided to members for ongoing professional development. The cooperative has established effective governance structures to ensure robust decision-making processes. Leadership development initiatives focus on fostering new leaders within the cooperative. Technology integration efforts are aimed at enhancing the platform with advanced technological solutions. Diversifying services and offerings helps expand the range of services provided. Mentorship and succession planning prepare the next generation of leaders. Advocacy and outreach promote the cooperative model and engage with external stakeholders. Membership engagement incentives encourage active participation through various rewards. Regular member feedback is collected and acted upon to improve the cooperative's operations. Community-building efforts strengthen the sense of community among members, aligning with cooperative principles.

MyCoolClass.com is a democratically-owned enterprise that strives to provide a robust support system for its members, ensuring they can learn and teach effectively from anywhere in the world. By leveraging the principles of cooperative governance, MyCoolClass.com aims to revolutionise online education and offer a fairer, more equitable future for educators globally. This platform stands as a testament to the potential of cooperatives to transform the gig and platform economy, addressing the vulnerabilities and challenges inherent in traditional models manifested with the use case of a very specific group of teachers and educators.

Amidst the turbulence and hard times faced by MyCoolClass, the cooperative continues to adhere to cooperative principles, particularly Principle 6: cooperation among cooperatives which has been crucial in maintaining its stability and operations. Considering the need for greater engagement and visibility as a cooperative, there is a possibility of changing the website domain from "Mycoolclass.com" to "Mycoolclass.coop." This change would better reflect its cooperative identity. The support from Coop Exchange and VME, which built its Learning Management System (LMS), has been indispensable; without their contributions, the cooperative might have already collapsed. Despite the struggles and difficulties, MyCoolClass has managed to keep running, demonstrating resilience and the strength of its cooperative model.

Towards Legal Frameworks for Platform Worker Cooperatives in the Asia-Pacific Region

By Dr. Morshed Mannan, Research Fellow, Robert Schuman Centre for Advanced Studies, European University Institute, Italy

In the “[world of the polycrisis](#)”, where cascading economic shocks, wars, climate change and pandemics create an overwhelming sense of despair, many people have looked to cooperative businesses to find a way out. One particular type of cooperative that has received considerable attention is the [platform worker cooperative](#) model. This holds the potential to improve working conditions and data protection in the corporate ‘gig’ economy. By overhauling how corporate platforms are governed, from a venture capital-backed model that seeks lucrative ‘[exits](#)’ for investors to a member-controlled model that prioritises the interests of platform worker members, income inequality can be reduced, community concerns can be meaningfully addressed, and democracy can be introduced to workplaces. In the Asia Pacific region, there are now platform worker cooperatives in a wide variety of sectors, from delivery work to ride-hailing to remote freelancing. Some, like [Yatri and AuSa](#) in Kerala, emerged during the COVID-19 pandemic with support from both the state and the cooperative movement, while [Tamsang-Tamsong](#) in Thailand benefited from seed funding from universities and foundations.

As an academic who has researched the emergence of cooperatives in the digital economy since 2017, it is clear that **unfavourable legal frameworks** are one of the primary barriers to the development of platform worker cooperatives. This view has also been expressed by several academics and activists, including [Amelia Evans](#), [Jonas Pentzien](#) and [Nathan Schneider](#). At the multilateral level, the UN General Assembly’s 18 December 2019 resolution on Cooperatives in Social Development ([A/RES/74/119, 10 January 2020](#)) called on national governments to amend cooperative laws to foster the creation of new cooperatives and to introduce support programmes that enable the adoption of information & communication technologies. Building on earlier work, this short essay will outline two of the main legal challenges that platform worker cooperatives face and discuss some of the legislative efforts in the Asia-Pacific region to ameliorate these challenges. For platform worker cooperatives to be a viable and durable alternatives to corporate platforms across this region, legal reform is crucial.

Firstly, platform worker cooperatives face a **definitional issue** – are they a new separate category of cooperative or are they subsumed under existing cooperative types, such as worker cooperatives and multi-stakeholder cooperatives? More controversially, are some platform worker cooperatives in fact cooperatives at all? According to the Platform Cooperativism Consortium, [platform cooperativism](#) is an umbrella term for a movement that includes many types of organisations that primarily use a website, smartphone application or protocol to intermediate the sale of goods and services, with a common feature being their reliance “on democratic decision-making and shared platform ownership by workers and users”. This definition can naturally accommodate worker cooperatives and multi-stakeholder cooperatives that primarily offer goods and services through the use of these technologies. However, there is no requirement under this definition that these cooperatives be organized under the general or sectoral cooperative laws of a given jurisdiction.

There are understandable reasons for this. These laws may be inadequate for the needs of a business that uses a platform business model. For instance, it is common for cooperative legislation in several jurisdictions to specify a minimum number of members at the time of

formation (e.g., [20 members for primary cooperatives in Bangladesh](#), Section 8(1)(a), Co-operative Societies Act, 2001.). This may be a difficult requirement for platform worker cooperatives to initially satisfy when the fledgling organisation has a small group of founders and is considering entity structuring. During research undertaken, one founder of a platform worker cooperative that I interviewed mentioned their difficulty in securing financing from a major financial cooperative in their country as they usually served cooperative borrowers with over 5000 members—not just two founders. Relatedly, a country’s cooperative laws may require founder-members to be citizens of said country (e.g., founders of cooperatives in Nepal must be Nepali citizens, Section 3, [Co-operatives Act, 2017](#); founders of primary cooperatives in Bhutan must be Bhutanese citizens, article 8, [Cooperative \(Amendment\) Act of Bhutan, 2009](#)). While this may be perfectly adequate for platform cooperatives with local members, it may be unsuited to the needs of platform cooperatives with more global aspirations. Cooperative laws may have rigid rules concerning internal governance that are out of step with the realities of platform work and use. Rules that mandatorily require on-site in-person meetings and voting for governance decisions would not be suited to the needs of workers and users who are geographically dispersed across large distances.

Consequently, it has been common to see platform worker cooperatives look towards more flexible co-operative laws. For example, [MyCoolClass](#), a multi-stakeholder platform cooperative comprising teachers, workers, and investors from across the globe, is registered as a co-operative society in the United Kingdom with one director being an Indonesian national and not a citizen or resident of the United Kingdom. The rules of this co-operative society, formed under the Co-operative and Community Benefit Societies Act 2014 permit voting and deliberation in meetings to take place online through electronic means, such as video conferencing platforms and online forums. In some jurisdictions, it is permissible for a worker cooperative to register as a different legal entity form, such as a private limited company by guarantee in the United Kingdom (e.g., York Collective) or [a limited liability company \(LLC\) in various US states](#). The diversity of legal entity forms within the platform cooperative movement will only grow as more worker-owned and community-owned platforms come to be governed by ‘[user trusts](#)’ and blockchain-based [decentralised autonomous organisations \(DAOs\)](#). The challenge that such a diversity of legal entity forms presents is diluting the cooperative identity and cooperative marque, a topic I return to below in the context of access to capital.

Cooperative laws in several jurisdictions across the Asia Pacific have undergone legal reform that, at least potentially, could accommodate the needs of platform worker cooperatives while maintaining the cooperative identity. Already in 2008, the cooperative law of the Philippines encouraged the use of new technologies to support the “viability of cooperatives” ([Art 6\(12\), Cooperative Code of the Philippines, 2008](#)) Similarly, South Korea’s [path-breaking Framework Act on Cooperatives, 2012](#) eased the process of establishing freelancers’ cooperatives, a form of working that has only become more prominent in the past 12 years with the growth of the platform economy. Among other things, the law reduced the number of members required to form a cooperative to five and facilitated the autonomy of such cooperatives by limiting government involvement in the affairs of the cooperative. [According to one South Korean academic](#), the passage of this legislation directly contributed to the registration of 7132 freelancers’ cooperatives within just 30 months of its enactment, many of which were freelancer cooperatives operating in the technology and cultural sectors. Japan’s recent Workers’ Co-operative Act, 2020 (entry into force on 1 October 2022) not only creates a legal framework for worker cooperatives for the first time but also allows member records to be maintained digitally and permits cooperatives to have their members and directors vote on governance decisions via “electromagnetic” means (Articles 10(3)(2), 11(3), 40(3), [Workers’ Co-operative Act, 2020](#)). Both sets of legislation seek to foster vibrant communities and create opportunities for disadvantaged people. Most recently, the United

Arab Emirates recognized “platform cooperative associations” and “digital cooperative associations” as two of the types of cooperative association in its new cooperative law, clearly conveying the interest of the government to promote such enterprises (Article 5(2)(F), [Federal Law by Decree No. 6 of 2022 concerning Cooperative Associations](#)).

The second major challenge that platform worker cooperatives face is **limited access to capital**, which in part is due to legal restrictions on the types of investment these cooperatives can accept. Software development is expensive and when faced with competition from corporate market incumbents with deep pockets, convincing workers and users to switch over to a cooperative alternative entails additional marketing costs and subsidies. Particularly in markets with several established players, a platform worker cooperative may have to raise sums of money that are far beyond the financial capacity of individual cooperative members. A platform worker cooperative may not have many options to turn to. As a co-founder of [Ampled](#), the now defunct multi-stakeholder artists’ platform cooperative, shared in a [public presentation on 9 May 2024](#), cooperative financial institutions can often be hesitant to lend to cooperatives that are not using the funds to buy physical equipment or stock but instead acquiring services and writing seemingly ephemeral code.

A typical corporate startup would turn to venture capital to cover these costs and receive industry insight, but in the cooperative context there may be prohibitions on contributions from ‘investor members’ (e.g., as in [Myanmar](#)) or there may be legislative silence on the matter, rendering it unclear whether investor membership is a permissible and viable option (e.g., in [Jordan](#), [Bhutan](#)). In Bhutan, for example, cooperatives can access capital through members’ share capital, loans and borrowings, revolving capital that involves the deferred payment of patronage returns or share capital interest, and government-approved grants and donations (article 18, Cooperative (Amendment) Act of Bhutan, 2009). This provision clarifies that this list is not exhaustive and other sources of capital may be available. These constraints and ambiguity can stifle the growth and scale of the platform cooperative, but by the same token can be seen as a measure to protect the difference between a cooperative from a company.

Other jurisdictions have struck a different balance by permitting investor membership in different ways. France allows investor membership but places strict constraints on interest payments, dividends, and [control rights](#) allocated to such a category of member (e.g., a maximum of one-third of total voting rights in members’ meetings, a maximum of one-third of board seats in a worker cooperative). US states like Vermont and Colorado that have enacted the Uniform Limited Cooperative Association Act (ULCAA), 2007 take a bolder approach by permitting investor members to have more extensive control and financial rights. As one Colorado cooperative lawyer has [observed](#) in the past, the greater variety of financing options available in his state has enabled the creation of new revenue-based financing which offers a “return of up to a multiple of 1-5x the original investment, or a fixed percentage of profit for a fixed duration of time”. Finally, certain ethical or social impact VCs may be open to investing in platform cooperatives, without requiring the control rights that may place the autonomy of the cooperative in jeopardy (see [Savvy](#)).

The Asia Pacific region also has flexible fundraising instruments that enable cooperatives to raise capital from external sources, while adhering to the ICA’s cooperative principles. In New Zealand, [up to 40%](#) of transferable voting shares can be issued to non-transacting, investor members for external financing (section 2(1)(a), [Co-operative Companies Act 1996](#)). In Australia, under the Cooperative National Law (2012), cooperatives with the approval of their members can issue ‘co-operative capital units’ (CCUs), which are a [hybrid instrument](#) that has elements of both debt and equity. CCU holders are not entitled to the voting rights of members but can participate in governance processes involving other CCU holders and are entitled to repayment of capital and

participation in positive returns of the cooperative (sections 349-350, [Co-operatives National Law \(2012\)](#)). As the 35 million AUD raise of [Namoi Cotton Co-operative Ltd.](#) in 1998 shows, CCUs can be issued to raise significant sums of capital, be listed on a stock exchange, and have limited control rights that are subordinated to the rights of members (e.g., CCU holders may be able to nominate directors but cannot vote for them or remove them).

As mentioned above with the definition of platform cooperatives, the lure of external investors can compromise the autonomy and independence of these enterprises and even set them on the path of corporatization. Certain guardrails can be put in place to inhibit this trend. A platform worker cooperative may be required to set aside a significant percentage of their positive returns as indivisible reserves, which are non-distributable to members but are used to reinvest in the future of the cooperative. While this is not a standard practice across the Asia Pacific region, in jurisdictions like Jordan and the UAE at least 20% and 10% respectively of the surplus of a cooperative has to be reinvested in the business (Article 32, Cooperative Societies Charter, 2016; Article 11(6), Federal Law by Decree No. 6 of 2022 concerning Cooperative Associations). As Paola Bellotti of Italy's [CoopFond](#) remarked in a recent presentation on indivisible reserves, these funds enable cooperatives to act as “good ancestors” for future cooperators. To that effect, in jurisdictions like the Philippines and Bhutan, when a cooperative is dissolved, its reserve fund is either placed in a trust for the benefit of a federation or union with which the cooperative is affiliated and donated to the community in which the cooperative operates (Art 86(1)(c), Cooperative Code of the Philippines, 2008; Article 25, Cooperative (Amendment) Act of Bhutan, 2009).

Cooperative laws can also earmark a portion of profits to promote cooperatives (e.g., Section 70(1), Nepal Cooperative's Act, 2017), educating members on how to carry out the activities of a cooperative business (e.g., Article 25, Cooperative (Amendment) Act of Bhutan, 2009; Article 45.1, Law of Cooperatives (2021) [Mongolia]), generating employment opportunities (e.g., Article 76(4), Japan Workers' Co-operative Act, 2020), and meeting unforeseen economic losses (e.g., Section 63(1)(c), [The Multi-State Cooperative Societies Act, 2002 \[India\]](#)). Through the use of reserve funds in such a manner, a new generation of cooperatives can be incubated. At the same time, the distribution constraints on the use of such funds can help a cooperative avoid ‘takeover’ attempts by corporate competitors or efforts to convert the cooperative into a for-profit company. While such allocations may not be mandatory in some jurisdictions, it is arguably a good practice to voluntarily incorporate such requirements into a cooperative structure through its by-laws or rules.

In this essay, I have outlined two of the main legal challenges that platform worker cooperatives face, the issue of legal definition and constraints on accessing capital. These are major challenges as platform worker cooperatives are uniquely vulnerable to degeneration and corporatization, due to the nature of the platform economy. I have also shown how existing and new laws across the Asia Pacific are trying to come to grips with these challenges. Several issues have not been addressed, including problems with antiquated and paper-based bureaucracy during cooperative registration and audit, the governance of data generated by platform worker cooperatives, the sustainability of such enterprises, and the interplay of cooperative law with other areas of law (e.g., intellectual property, competition law, employment law, public procurement law) and tax policy.

Addressing these issues will require a collective effort, but as a first step, I would recommend using the [legal framework benchmarking tool](#) that I have developed to evaluate the ‘friendliness’ of a jurisdiction towards platform cooperatives, including platform worker cooperatives. Broadly speaking, for the purposes of using this tool, a jurisdiction is considered to be friendly to platform

cooperatives if they promote the accessibility and digitalization of procedures for forming and operating as a platform cooperative, promote the flexible governance of these cooperatives, encourage compliance with ICA principles, facilitate external financing of said cooperatives, and possess a supportive, ancillary regulatory framework. Based on these bespoke principles, the 44 questions of my benchmark's 'scorecard' can address six key reform concerns:

- (1) digitalization of procedures for registering and operating a platform cooperative,
- (2) accessibility and affordability of platform cooperatives,
- (3) flexibility of cooperative governance,
- (4) compliance with ICA principles,
- (5) financial and fiscal support, and
- (6) employment and competition law supporting platform cooperatives.

A local legal professional can complete the scorecard on a Yes/No basis, with Yes being scored with a 1 and No being scored with a 0. The higher the score, the more 'friendly' the legal system is to platform cooperatives, with the highest possible score being 44. There is also an opportunity for legal professionals to provide substantive remarks alongside the score. This scorecard is not intended to rank jurisdictions, but rather serve as a basis to open a conversation in local jurisdictions on the needs and scope of legal reform to support the development of platform cooperativism, an effort that only gains in importance as we head into the International Year of Cooperatives in 2025.

Navigating Challenges of The Cooperative Movement in Malaysia's Gig Economy

By Ms. Rahmathbee Zarinatun Mohd Abdul Kader, Mr. Mohd Fitri Ab Rahman and Mr. Muhammad Afnan Hasim, Cooperative Institute of Malaysia (CIM), Selangor Darul Ehsan, Malaysia

The Gig Economy has rapidly transformed the labour landscape in Malaysia, providing new earning opportunities but also presenting challenges to financial health and stability. A study of 16,166 gig workers in Malaysia and China by the UNCDF Centre for Financial Health found that gig workers face unpredictable incomes, difficulties accessing financial services, and limited social protection.

The Gig Economy, also known as the sharing or platform economy has experienced significant growth in recent years, transforming how people work and earn a living around the world. In Malaysia, the Gig Economy is also making its mark, with a growing number of workers turning to freelance, part-time, or temporary jobs to supplement their income or as their primary source of livelihood. According to a report by EMIR Research, an estimated 26% of Malaysia's workforce, or 4 million people, are engaged in gig work, spanning various sectors such as transportation, delivery, professional services, and creative industries. The rise of the Gig Economy in Malaysia is driven by several factors, including technological advancements, changing demographics, and the increasing demand for flexible work arrangements.

The Gig Economy has brought about significant changes to the labour market in Malaysia, providing new earning opportunities but also presenting challenges to financial health and stability. According to a study by Zurich Insurance, about 38% of full-time employees in Malaysia work in the Gig Economy, and most of them are young people aged between 25-34 (46.2%) and 35-44 (32.5%). The Gig Economy in Malaysia is popularly known as a sharing or on-demand economy, and it includes various industries and professions.

The Gig Economy has been expanding rapidly in Malaysia, with the COVID-19 pandemic further accelerating digital adoption among entrepreneurs. The Malaysian government has acknowledged the importance of the Gig Economy and announced plans to stimulate its growth, including allocating RM25 million for the Global Online Workforce program and RM75 million to help stimulate the Gig Economy in other ways. The government is also encouraging gig workers to make payments to the Social Security Organization (SOCSO) and the Employees Provident Fund (EPF) to help them save more.

The Gig Economy could raise the appropriation of economic synergies for Malaysian consumers by strengthening the digital ecosystem and focusing on shared economy properties. It can also reduce poverty and improve financial management through platforms like Robo-Advisor, which promotes savings and investment habits.

In Malaysia's dynamic Gig Economy, initiatives like eRezeki, AirAsia Rider, and MisiRakyat Rider Malaysia are examples of innovation and collaboration that support gig workers. These projects influence digital tools to enhance workers' livelihoods and foster resilient communities. By examining their successes, policymakers can gather valuable insights to improve and optimize the Gig Economy for the benefit of all stakeholders.



Innovation and Collaboration to Support Gig Workers

eRezeki stands as evidence of the power of technology in empowering gig workers. This platform provides opportunities for individuals to earn income through various digital tasks, contributing to financial inclusion and economic empowerment.

Projects such as eRezeki benefit individual gig workers and contribute to the broader socio-economic landscape. Creating opportunities for income generation and economic participation helps drive inclusive growth and reduce inequalities. Moreover, by leveraging

digital platforms, these initiatives promote efficiency and scalability, ensuring sustainable impact in the long run.

Policymakers have much to learn from the success of these initiatives. By embracing innovation and collaboration, they can design policies that foster a conducive environment for the Gig Economy to thrive while safeguarding the rights and well-being of workers. This may include implementing supportive regulations, investing in digital infrastructure, and promoting collective bargaining mechanisms.

In summary, while there is limited information on the contribution of the Gig Economy to Malaysia's GNP, there is evidence that the Gig Economy is expanding rapidly in Malaysia and has the potential to contribute to the country's economy by transforming the way businesses and economic agents interact, influencing consumer attitudes towards products and services, and promoting financial inclusion. The Malaysian government has recognized the importance of the Gig Economy and has taken steps to stimulate its growth and development.

Enabling and Inhibiting Factors for Cooperatives in Malaysia's Gig/ Platform Economy

The digital economy surge has revolutionised how businesses operate, leading to a rapid adoption of online platforms across various sectors. This shift is particularly significant for cooperatives, as it presents numerous opportunities for them to enhance their operations, expand their market reach, and improve member engagement through digital platforms.

One critical key enabling factor for cooperatives in leveraging digital platforms is the Malaysian government's strategic focus on digital transformation and economic development. The government has implemented various initiatives and policies aimed at promoting the adoption of digital technologies across industries. This strategic direction creates a conducive environment for cooperatives to embrace technology-driven solutions and stay competitive in the evolving digital landscape.

However, while there are significant opportunities, there are also challenges that cooperatives need to navigate effectively. One of the critical challenges is related to the legal framework governing gig workers in Malaysia. Currently, gig workers are classified as independent contractors, which limits their access to certain benefits and protections typically enjoyed by traditional employees, such as minimum wage, social security, and protection against unfair dismissal.



Gig Workers Are Classified as Independent Contractors

To address these challenges, the Malaysian government has proposed amendments to the *Employment Act 1955* that may redefine gig workers as employees. If these amendments are passed, gig workers would gain additional legal protections and benefits, which could significantly improve their financial security and overall well-being. However, this potential reclassification also raises questions and considerations regarding the obligations and responsibilities of being classified as employees, such as exclusivity clauses and employer control over work arrangements.

Despite these challenges, gig workers in Malaysia have been actively organising themselves into collectives and associations to advocate for their rights and improve their working conditions. Traditional trade unions like the Malaysian Trades Union Congress (MTUC) have also shown support for gig workers, pushing for better conditions and social protections.

In addition to advocacy efforts, cooperatives can play a vital role in empowering gig workers within the digital economy. Cooperatives provide a structured framework for gig workers to collectively own and manage their work, allowing them to have a greater say in decision-making processes and ensuring fair treatment and benefits.

Challenges Faced by Cooperative Movements in Malaysia

Cooperative movements in Malaysia have emerged as a potential alternative to corporate platforms in the Gig Economy, offering a more equitable and sustainable model for workers. However, these movements face significant obstacles, including regulatory barriers, lack of access to funding and resources, resistance from established corporate players, limited awareness and understanding, and adapting to technological changes.

1. Regulatory barriers

Regulatory barriers are a significant challenge faced by Malaysian cooperatives in the Gig Economy. These barriers include complex registration processes, onerous compliance requirements, and a lack of clear guidelines for cooperative-based platforms. Cooperatives in Malaysia face complex registration processes, onerous compliance requirements, and a lack of clear guidelines for cooperative-based platforms.

The registration process for cooperatives in Malaysia can be complex and time-consuming. The Cooperative Societies Act 1993 and the Cooperative Societies Regulations 1994 set out the requirements for registering a cooperative, which can be a lengthy process and may deter potential cooperatives from registering or pursuing alternative models in the gig economy.

Another major regulatory challenge faced by cooperatives is the lack of a clear legal and regulatory framework. The Cooperative Societies Act 1993, which governs the registration and regulation of cooperatives in Malaysia, has been criticised for being outdated and not being able to keep up with the changing needs of cooperatives (Hassan et al., 2018). The act does not

provide clear guidelines on the formation, management, and operation of cooperatives, leading to confusion and inconsistencies in its implementation (Abdul-Rahman et al., 2015). This has resulted in a lack of uniformity in the registration and regulation of cooperatives, making it difficult for them to operate efficiently and effectively.

Cooperatives, as member-owned and member-controlled organisations, face unique regulatory challenges due to their distinct structure and purpose. These challenges can impact their ability to operate effectively and achieve their goals. Many jurisdictions do not have specific laws and regulations that recognize and support the cooperative model, which can create uncertainty and confusion for cooperatives. According to 2012, report by the International Labour Organization (ILO) notes that "cooperatives often operate in a legal vacuum, without a specific legal framework that recognizes their particular characteristics and needs". This can make it difficult for cooperatives to access capital, enter into contracts, and protect their assets.

As member-owned and member-controlled organisations, cooperatives have a unique governance structure that may not be well understood or recognized by regulators. For example, a report by the World Bank notes that "cooperatives often face challenges in demonstrating their accountability and transparency to regulators, who may not fully understand their governance structure" (World Bank, 2016, p. 18). This can make it difficult for cooperatives to engage with regulators and advocate for their interests.

There needs to be clearer guidelines for cooperative-based platforms in the Gig Economy. The regulatory structure for the Gig Economy in Malaysia is still evolving, and there is a need for more clarity around the status of cooperatives in this space. The need for clarity can create uncertainty and hinder the growth and development of cooperatives in the Gig Economy.

These regulatory challenges can hinder the growth of cooperatives in the Gig Economy. Addressing these barriers requires simplifying registration, reducing compliance, providing clearer guidelines, and offering tax incentives or subsidies to create a more enabling regulatory environment.

2. Lack of access to funding and resources

Cooperatives in Malaysia have limited access to financing from traditional sources such as banks and financial institutions. This is due to the conservative lending policies of these institutions, which view cooperatives as high-risk borrowers (Hassan et al., 2018). The lack of access to financing has hindered the growth and development of cooperatives, making it difficult for them to expand their operations and provide better services to their members (Abdul-Rahman et al., 2015).

Scaling and sustainability are also significant challenges faced by Malaysian cooperatives in the Gig Economy. Cooperatives in the Gig Economy may face challenges in scaling their operations while maintaining financial sustainability. This can be particularly challenging in the early stages of development, when cooperatives may have limited resources and capacity. Moreover, cooperatives may face challenges in balancing the needs and interests of different stakeholders, such as workers, consumers, and investors.

3. Resistance from established corporate players

Resistance from established corporate players is also a significant challenge faced by Malaysian cooperatives in the Gig Economy. Incumbent corporations in the Gig Economy may view

cooperatives as a threat to their market dominance and may resist their introduction through various means, including legal challenges and lobbying efforts. This resistance can make it difficult for cooperatives to establish themselves in the market and compete with larger corporations.

A study by Hassan et al. (2018) found that many established corporate players view cooperatives as "amateurish" and "unprofessional," which can create barriers to cooperation and partnership. This lack of recognition and understanding can also lead to resistance from established corporate players in terms of access to markets and financing. Cooperatives in Malaysia are the perceived threat to the market dominance of established corporate players. A report by the International Cooperative Alliance (2016) noted that many banks and financial institutions are hesitant to provide financing to cooperatives due to their lack of understanding of the cooperative business model.

Cooperatives often prioritize the needs and interests of their members over profit maximization. This can lead to resistance from established corporate players who view cooperatives as competitors that threaten their market share and profitability. For example, a report by the Malaysian Cooperative Societies Commission (2017) noted that some established corporate players have lobbied against policies and regulations that support the growth and development of cooperatives.

4. Limited awareness and understanding

Limited awareness and understanding of the cooperative model among workers, consumers, and policymakers in Malaysia is another challenge faced by Malaysian cooperatives in the Gig Economy. A study by the International Labour Organization (2013) found that many people are not familiar with the cooperative model and its benefits. Another study by the Asian Development Bank (2018) found that many people in Malaysia are not familiar with the cooperative model and its benefits, which can lead to a lack of support and investment. This lack of awareness can make it difficult for cooperatives to attract members, build partnerships, and advocate for policy changes that support their growth.

Another challenge faced by cooperatives in Malaysia is the negative perception and stereotypes associated with the cooperative model. A report by the Malaysia Co-operative Societies Commission (2017) noted that many people view cooperatives as outdated and inefficient, which can discourage workers, consumers, and policymakers from supporting or participating in cooperatives.

5. Adapting to technological changes

The rapid advancement of technology has transformed the way businesses operate, and cooperatives need to keep up with these changes to remain competitive and relevant. Adapting to technological changes is another challenge faced by Malaysian cooperatives in the Gig Economy. Cooperatives must be able to adapt to rapidly changing technologies and business models. This can be challenging, as cooperatives may have limited technical expertise and resources compared to their corporate competitors. A study by the International Cooperative Alliance (2018) found that many cooperatives lack the necessary skills and knowledge to leverage digital technologies effectively. This can lead to a lack of competitiveness and innovation.

Another challenge faced by cooperatives in adapting to technological changes is the lack of investment in technology infrastructure and digital transformation. A report by the World Bank

(2020) noted that many cooperatives lack the financial resources to invest in technology and digital transformation. Moreover, cooperatives may face challenges in integrating new technologies with their existing operations, particularly if they are using outdated or legacy systems.

In Malaysia, cooperatives have been facing similar challenges in adapting to technological changes. A study by the Malaysian Co-operative Societies Commission (2019) found that many cooperatives in Malaysia lack the necessary skills and knowledge to contribute to digital technologies effectively which can limit their ability to innovate and compete in the digital economy.

Recommendations and Conclusion: Strategies for Cooperatives

To position themselves effectively and thrive in Malaysia's gig/ platform economy, cooperatives can consider the following strategies:

1. **Policy Development:** Develop clear and comprehensive policies and procedures for utilising online platforms. This includes guidelines for data protection, privacy, security, and compliance with relevant laws and regulations.
2. **Partnerships and Alliances:** Foster partnerships and alliances with other cooperatives, industry players, and organisations. Collaborative efforts can enhance market reach, collective bargaining power, and operational efficiencies.
3. **Investment in Technology:** Invest in developing robust online platforms and technology infrastructure. This investment ensures that cooperatives have the technological capabilities and resources to compete effectively, innovate, and adapt to evolving market trends.
4. **Engagement with Regulators:** Actively engage with regulators and policymakers to advocate for conducive regulations and policies that support cooperative growth and development within the gig/platform economy. Collaborative dialogue can lead to tailored solutions and frameworks that address cooperative needs and concerns.

Malaysian cooperatives in the Gig Economy face significant challenges, including regulatory barriers, lack of access to funding and resources, resistance from established corporate players, limited awareness and understanding and adapting to technological changes. Addressing these challenges will require a concerted effort from policymakers, financial institutions, industry stakeholders, and the cooperative movement itself. By working together, these actors can create an enabling environment for cooperatives to thrive, promoting a more equitable and sustainable model for work in the Gig Economy by leveraging these strategies and addressing the enabling and inhibiting factors, cooperatives in Malaysia can unlock opportunities, strengthen their market position, and thrive in the dynamic gig/ platform economy landscape.

Strengthening Social Assets Through Platform Cooperatives in Iran: The Case of Kasab Platform Cooperative

By Ms. Anahita Eslahpazir and Ms. Samiramis Shahesmaili, CEO, Rah-e-Rosh'd Cooperative, Iran



Digikala, a popular e-commerce platform in Iran

Picture credits: [Google Play](#)

Digital business and e-commerce have become contemporary phenomena, driven by technological advancements and the need to evolve production relations. Several key factors have catalysed these transformations:

1. **Technological Development:** The widespread access to technological progress worldwide.
2. **Wealth Monopolisation:** The concentration of wealth, as evidenced by Credit Suisse's 2021 statistics, which show that 1% of the global population owns 48% of the world's total wealth. The distribution of wealth has declined significantly since 2000, with the poorest segment of the population seeing a sharp decrease in their share. In Iran, the household Gini coefficient has dropped to 0.38, highlighting an increasing class gap and impoverishment of the less privileged.

In this global context of rising poverty, structuring and strengthening an alternative economy becomes a necessity. Participatory economics, which involves pooling small capitals from low-income individuals to create value for the majority, emerges as an effective solution. Cooperatives, formed based on member needs, are the best legal structures for this purpose. Unlike traditional profit-driven enterprises, cooperatives create networks based on trust and mutual assistance, fostering a socio-economic environment that maximises public participation and

collective value creation.

The Case of Kasab Platform Cooperative

This article examines the Kasab platform cooperative through a qualitative approach, using document review. Platform cooperatives operate at the intersection of technology-based business and participatory models, representing a new form of economic enterprise. These cooperatives use digital platforms to facilitate the interaction or exchange of goods and services, adhering to the principles of the International Cooperative Union. Currently, there are approximately 290 active platform cooperatives worldwide.

Founding and Objectives

The founders and board of directors of the Kasab platform cooperative are former colleagues from the virtual platform '*Takhfifan*.' Familiar with the digital business space and driven by social

ideals, they proposed the idea of a platform cooperative in 2009, continuing negotiations until 2019. The registration process in Iran required extensive discussions with various government sectors due to the novelty of platform cooperatives in the country.

Structure and Operations

Kasab cooperative provides a market and legal structure for stakeholders, including businesses, service providers, and consumers. Membership is free, and the cooperative allocates 5% of profits to itself, distributing the remaining 95% among active members. This transparency in profit allocation motivates participation and strengthens social capital.

The cooperative operates virtually with thirteen business branches, targeting producers, service providers, and consumers. By minimising intermediaries, it creates a business-to-business (B2B) environment that facilitates direct interactions between sellers and buyers. Kasab also supports home businesses, especially in agriculture, by connecting them to markets and trade opportunities, ensuring access to quality products at lower costs for buyers.

Government Collaboration and Challenges

Despite its independence, Kasab's national-scale activities necessitated government negotiations for permits and support, leading to a Government to Consumer (G2C) model. This collaboration aims to create an effective platform for government involvement in business activities.

Platform cooperatives face several challenges, including:

1. **Maximising Stakeholder Membership:** Ensuring broad participation and democratic governance.
2. **Monitoring and Standardization:** Overseeing business activities and maintaining quality standards.
3. **Privacy and Information Security:** Protecting stakeholder data.

Leadership and Organisational Changes

The rise of a connected digital society has transformed leadership and organisational practices. Horizontal relationships reduce the need for centralised leadership, strengthening social ties and enhancing social capital. Creating common benefits based on real needs and distributing profits from economic interactions foster participation. Despite a general lack of a spirit of participation and teamwork in Iran, this form of digital cooperation offers a significant opportunity to strengthen social capital.

In conclusion, the Kasab platform cooperative exemplifies how digital platforms can create a participatory, transparent, and equitable economic model. Addressing challenges and fostering a cooperative spirit can significantly enhance social assets in Iran and beyond.

Platform Cooperatives and Kerala's State-supported Knowledge Economy through the Realm of Sustainable Development Goals

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Preface – Channelising Cooperation for Addressing Kerala's Development Challenges

The platform cooperatives model proposed in Kerala, guided by the principles of the International Labor Organization (ILO), presents a transformative approach to addressing unemployment and fostering sustainable development. Despite Kerala's high Human Development Index (HDI) of 0.794, youth workforce participation remains low, with 42.63% engaged in employment, education, or training. The Kerala Knowledge Economy Mission (KKEM) under the Kerala Development and Innovation Strategic Council (K-DISC) aims to convert Kerala into a Knowledge Society by leveraging private sector opportunities in employment and enhancing innovative local economic development. Through initiatives like the Digital Workforce Management System (DWMS), KKEM also facilitates remote work and freelance opportunities along with regular jobs, having secured over 103,108 placements, and provided skill training to 18,075 individuals by March 2024. The open economy characterized by task-based employment regulated by platform-specific terms faces significant challenges, including a lack of labor protections, unstable income, and exploitative practices. In response, KKEM's proposed platform cooperatives model combines cooperative principles with digital platforms, promoting democratic governance, shared ownership, and equitable profit distribution. This model enhances employability through targeted skilling and generates local economic value through diversification and aggregation of the petty production system in the state through ethical collaboration and superior application of technology. Drawing on global examples, such as the EU's Directive on Transparent and Predictable Working Conditions and the UK Supreme Court's ruling on Uber drivers, KKEM's approach prioritizes legal recognition, fair treatment, and benefits for open talent workers. By integrating community-based initiatives and local resources, KKEM's platform cooperatives aim to create a more equitable and sustainable open economy ecosystem, contributing to the advancement of sustainable development goals.

Background and context of Kerala's Cooperative Movement

Workforce Participation in Kerala

As per the India Employment Report 2024, 83% of the country's unemployed are youth (aged 15-29), indicating a significant disparity between their career aspirations and available opportunities. India, aiming to become the world's third-largest economy, must address unemployment by tailoring strategies to each state's unique context. Kerala, with one of the highest rates of educated youth unemployment, sees only 42.63% youth workforce participation, ranking 19th among 22 states, despite its higher human development index (0.794 vs. the national average of 0.724). About 19.26% of males and 40.80% of females among Kerala's youth are not engaged in employment, education or training in the state(3). This underscores the importance of leveraging the state's long cooperative history in the three sectors – agriculture, industry and service.

Kerala's History of Collectivization for Equity and Sustainability

Panapayattu or *Kurikalyanam* existed in the northern part of Kerala, known as the Malabar region, as early as the 19th century to meet the economic compulsion of the society, such as marriages or the construction of houses. *Panapayattu* evolved from combining two words – *Panam* means money, and *Payattu* means working hard at something. The system operates on a simple premise: if a person needs money, he will invite a close set of friends and family members on a day and treat them with a light meal. In return, the guests contribute money according to their means. The recipient must repay the principal amount or more when the guest hosts their *Panapayattu*, even if they are not invited. This interest-free financial helping system embedded in the cultural context is based on generous trust and cooperation. The members involved have a symmetrical relationship with each other, basically rooted in social relationships like friendship, which means reciprocity is the basis of *Panapayattu*(4–6).

In the early 20th century, Mannathu Padmanabhan, the founder of the Nair Service Society (NSS), utilised an innovative fundraising method to support establishing and maintaining NSS schools. He encouraged Nair families to plant coconut trees and dedicated the income generated from these trees to the NSS for educational purposes. The income from a single coconut tree could significantly contribute to educational expenses, as coconut farming was a reliable source of revenue in Kerala due to the region's favourable climatic conditions. By mobilising the community in this manner, Mannathu Padmanabhan effectively combined agricultural practice with social and educational upliftment(7).

During the late 1930s, a crucial period for developing the communist movement in Kerala, P. Krishna Pillai, a prominent leader in the Indian Communist movement, demonstrated his support for trade unions in various innovative ways. One notable example was the planting of coconut trees at Communist Party branch offices. This gesture represented a commitment to workers' welfare and the sustainable development of local resources(8).

The palliative care movement in India began in Kerala in the late 1990s with the involvement of volunteers from the community(9). Since then, palliative care has evolved into a silent revolution in healthcare in the state. People with serious health related suffering in Kerala are now receiving palliative care in their homes through the active collaboration of volunteers, local self-governments and multidisciplinary healthcare teams. This approach exemplifies a more humanised and compassionate form of healthcare in our modern, technology-driven era.

Micro-financing through the largest self-help group of women, the *Kudumbasree*, which started in 1998 in the state, aims at eradicating poverty and promoting gender equity. Renowned for its innovativeness and extensive reach, *Kudumbasree* is at the local self-government level. The collective empowerment of women, with the aid of government programs, has fostered a sense of agency among the *Kudumbasree* members. This is evident from the 31,261 micro-enterprises by individuals and groups belonging to *Kudumbasree*(10,11).

The local communities in Kerala protected sacred groves as part of their cultural and religious practices. However, the Western Ghats Ecology Expert Panel Report in 2011 provides a framework for the system to protect the sacred groves to conserve the existing biodiversity without compromising the local communities' cultural and religious practices, promoting sustainable development(12).

In 2018, Kerala witnessed the worst flood in the century. However, the state was able to reduce the havoc caused by the flood and recover in a short time with the collective efforts of its public

and the government. This is not restricted to any specific public group; for instance, the college-going students steered up by WhatsApp groups ensured the rehabilitation works and supplies were on time, and the fishermen communities with their fishing boats stepped into the rescue operations. The state realised that the collective effort of its people forms the cornerstone of its resilience(13–15).



Labor Workers in Kerala

The United Credit Cooperative was formed in Kerala in 1922 by Kerala Aatmavidhya Sangham, determined to find their means of life and labour with dignity and stability, which were denied by the influential upper caste then. They initiated a labour contract cooperative society to provide labour and income to the natives by contracting local constructions. Later, they were renamed the Uralungal Labour Contract Cooperative Society (ULCCS), and the first project they undertook was the rebuilding of bunds of farmlands that collapsed in the 1924 flood. In 2024, the ULCCS was the recipient of the Best

Performer award by the National Highways Authority, competing with leading construction companies in the country. ULCCS has completed more than 7500 diverse projects; the cooperative and initiative model of ULCCS is recognized by the United Nations Development Programme (UNDP) as a model Cooperative. ULCCS owes its success to participatory democracy. Workers elect the board of directors, and site leaders are chosen from among the workers based on managerial ability. A board member oversees each work site. ULCCS operates in a non-credit manner and promotes gender equality. According to the Economic Review 2023, State Planning Board, Government of Kerala, there are 16,352 cooperative societies in the state, of which 12,241 are functional. Among them, the majority are consumer cooperatives (4,629), followed by credit cooperatives (3,751) and women's cooperatives (1,248). ULCCS is a notable example in the cooperative sector for its inspirational and evolving strategy(16,17).

From *Panapayattu* to ULCCS, Kerala's cooperative movement has consistently demonstrated optimism for a more productive economy despite numerous challenges. Kerala has now initiated an inclusive, equitable, and sustainable model to address challenges and foster opportunities. This is a continuation of its unique and unparalleled development strategy focusing on the overall human development of the masses with an emphasis on equity and sustainability, contrasting the national model of local employment growth and widening disparities among the haves and have-nots. The state identifies three key domains: the public sector, which generates up to 1,40,000 jobs annually, enterprises including startups, and the private sector excluding jobs created in local knowledge industries. However, the ILO reports a steady decline in permanent core jobs in various industries due to three primary factors. Firstly, the rapid evolution of technology makes it difficult to maintain a permanent workforce with up-to-date skills, necessitating a more flexible workforce. Secondly, industries requiring creative talent find it challenging to keep permanent staff due to the need for diverse and intermittently needed skills. Lastly, many organisations are adopting contingent work arrangements to avoid the costs of providing social security and other benefits associated with permanent employment, offering them greater flexibility and reduced financial obligations(3). There is a need to address the shrinking of core jobs and the denudation

of rights of employees around lifelong contracts and formal workplace framework and keep growing the job opportunity creation process.

Kerala Knowledge Economy Mission – An Innovative Initiative by Kerala

Initiatives like the Kerala Knowledge Economy Mission (KKEM) under the Kerala Development and Innovation Strategic Council (K-DISC) aim to transform Kerala into a Knowledge Society by leveraging private sector opportunities. KKEM aims to create employment opportunities for two million educated individuals, focusing on women re-entering the workforce, marginalised communities, and people with disabilities. The focus is also on social and behavioural change communication to address youth preference for public sector jobs. The Digital Workforce Management System (DWMS) employs a platform of platforms model, incorporating AI technology to transform career profiling. It offers personalised guidance and tools to align workforce skills with market demands, focusing on promoting remote work and freelance opportunities(18). As of March 2024, KKEM and partners secured 103,108 placements and provided skill training to 18,075 individuals.

The Current Landscape of Work

Since the work and the workplace landscape is undergoing a profound transformation driven by technological advancements, globalisation, and changing societal expectations, remote work, flexible schedules, and collaborative digital platforms have become integral to the modern work environment. This shift has prompted organisations to redefine traditional workplace structures, fostering a more adaptable and inclusive approach to work. As employees increasingly seek a balance between professional and personal life, employers are adapting by embracing innovative work models that prioritise both productivity and employee well-being(18). The booming open economy in India illustrates this shift (table 1)(19). Open talent work significantly diverges from traditional employment relationships, which typically involve long-term employer-employee bonds, salaries or wages, benefits, and protection under minimum wage and anti-discrimination laws(20).

In contrast, open talent workers are hired for specific tasks or set durations, often project-based or temporary. These workers, known as "independent contractors," "freelancers," or "self-employed," are regulated primarily by platform-specific terms of service rather than standard labour laws. Platform work falls into two categories: "crowd work," performed online and remotely, and "work-on-demand via app," which is location-based. Studies reveal that open talent workers face challenges such as a lack of labour and social protections, unstable income, poor working conditions, and low bargaining power, as they cannot unionise, increasing their long-term vulnerabilities (box 1). Platform-mediated open talent work also faces challenges such as exploitative algorithmic management, high commission fees by the platform, significant wage gap between workers in developing (lesser) and developed countries and between women (earn lower) and men, inability to cancel/refuse work without negative impacts and account deactivation(20). Recognizing the evolving needs of open talent workers, KKEM is also undertaking a concerted effort to create work-near-home infrastructure. This involves developing co-working spaces, digital hubs, and collaborative environments that provide open talent workers with convenient and productive spaces close to their residences. Such infrastructure enhances the efficiency of open talent workers and contributes to the overall development of local communities by fostering a sense of entrepreneurship and community engagement. From January 2022 to mid-May 2024, the DWMS platform facilitated open talent work for 0.10% of the 35,840 jobs secured by employees. Most of these open talent workers, 67.57% (N=37), were men. Another similar initiative is the Kerala Savari App which emerged as a homegrown

alternative to traditional ride-sharing services like Uber. Providing a unique and localised experience, Kerala Savari app caters to the specific needs of the region's commuters. The platform gained attention for its user-friendly interface, competitive pricing, and commitment to supporting local drivers, offering a distinctive alternative to global ride-sharing giants based on exploitative algorithms.

Platform Cooperative Model under Kerala's Knowledge Economy Mission



KKEM Employers Portal
Picture Credits: KKEM

In this context, platform cooperatives put forth by KKEM offer an alternative to the traditional open economy model by combining the principles of cooperatives with the digital platform economy. The proposed model is a digital platform owned and governed by its workers, who collectively make decisions about the enterprise. This model adheres to cooperative principles such as democratic governance, shared ownership, and equitable distribution of profits⁽²¹⁾. According to KKEM, platform cooperatives refer to *any collective or any form of collective enterprise that follows the*

cooperative principles and values irrespective of its legal form of registration and is not limited to the regular definition of 'cooperatives,' which falls under the state's cooperative act. The entity may be registered as a limited liability partnership collective or cooperative based on the relevant statutes. The KKEM model uses skilling to enhance industry-relevant employability and individuals' intellectual capabilities, skills, and professional growth. Additionally, it views skill addition as a method for generating local value in Kerala, initially aiming to provide 60% external and 40% local opportunities on the platform. This balance will shift towards more local opportunities as a high-value ecosystem develops.

Solutions that KKEM can implement through the proposed model are the following:

A. Proactively leveraging rising freelance opportunities

- a. Connecting jobs and skilled workers – workers will have access to a wide range of small and big jobs/project works, which are validated and easily accessible to skilled workers located in Kerala.
- b. Upskilling and improving employability – KKEM can upskill the registered knowledge workers in relevant skills, future technologies, and associated and auxiliary skill sets that improve the employability of the individual, which could be proactively linked to plans for domestic knowledge enterprise creation.

B. Devising systems for fair payments on the platform

- a. An independent third-party evaluator - can be appointed to evaluate the quality of deliverables and work parameters.
- b. Arbitrator – to look into disputes arising from open talent-work contracts and services between employers/employees/platforms and amicably and swiftly solve them.
- c. An independent ombudsman can be appointed to look into disputes arising from open talent contracts.

- d. Escrow Account mechanism – Payments for open talent jobs will be made to an escrow account, which will be released only after successful and satisfactory completion. The escrow account mechanism also prevents exploitation of the worker and non-payment. (similar to the model followed in Uruguay and other countries)
- e. Rating mechanism – A rating mechanism for employers and open talent workers will be developed as part of the platform architecture.

C. Providing additional Value through a Social Security Framework based on insurance and volumes

- a. *Provision of Social Security* - KKEM can benefit open talent workers, as the strategy paper outlines.
- b. *Existing Social Security schemes* - The DWMS platform can explore linking existing social security schemes and the seamless delivery of benefits directly to the beneficiaries without leakages and delays.
- c. *Reduce Exploitation* - The Knowledge Economy Mission through the DWMS platform would reduce exploitation by providing oversight, dispute resolution, and norms to ensure open talent workers' quality of work and deliverables.
- d. *Collective bidding* – The formation of collectives and platform cooperatives would help bid for larger projects, which would otherwise have been difficult for an individual or sole independent contractor.
- e. *De-risking the individual* – The formation of collectives of knowledge workers, through collective contribution, can de-risk the individual's inputs in the event of an unforeseen circumstance such as a health issue or a personal emergency.
- f. *Division of labour* – Within a collective or a platform cooperative, the division of tasks and labor about various aspects of a project can be easily divided (rather than the burden being taken up by one individual). For example, a collective can also comprise diverse skills and divide various aspects, such as IT and software development, business proposal development, marketing, sales, design, and testing, amongst themselves.

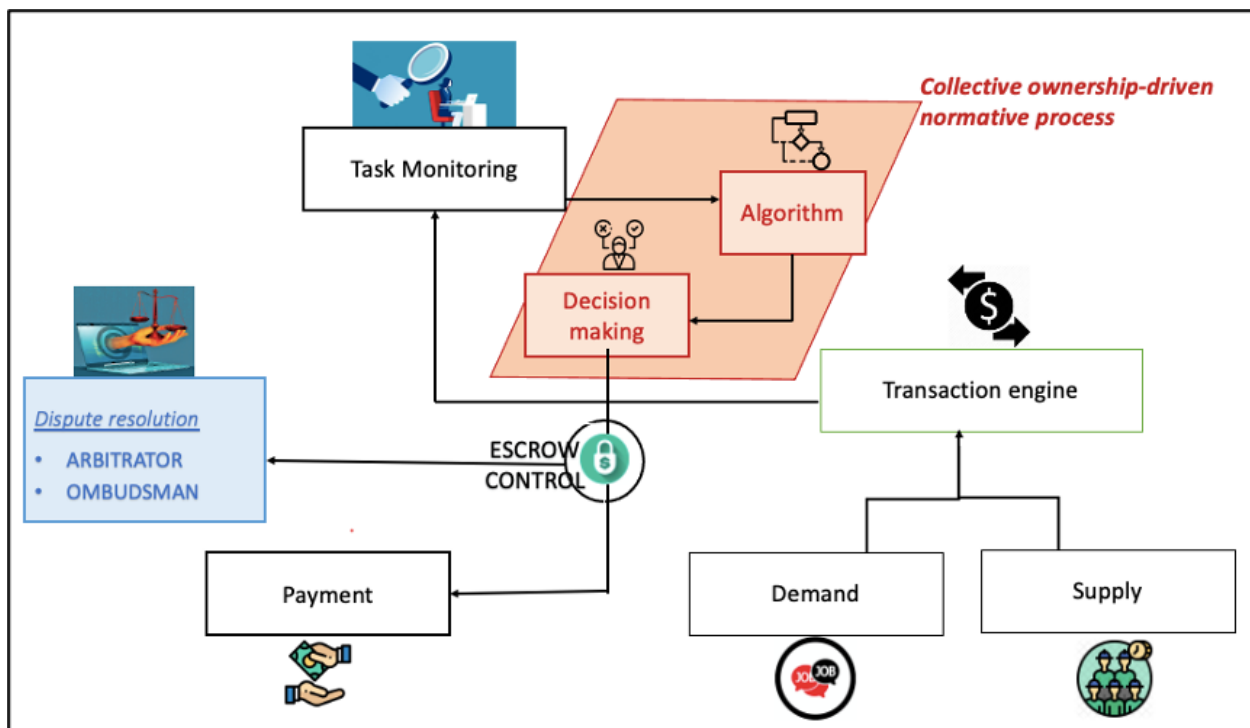
D. Creating Collectivization as an instrument for equity and collaboration

- a. *Mobilisation of workers into collectives and platform cooperatives* – Knowledge workers can be mobilised into collectives and platform cooperatives based on their common interests and collective skill sets. For example, a platform cooperative of IT workers, a collective of graphic designers, or trainers can all collectively bid for projects and divide the work between them.
- b. *Provisioning Social Security and Skilling through Collectives and Platform Cooperatives* – These collectives and platform cooperatives, comprised of skilled knowledge workers, can be the conduits for skilling based on niche domains and specific skill sets relevant to taking up open talent jobs. They can also act as vehicles for provisioning social security benefits. A knowledge worker can be part of many collectives simultaneously, and the social security provided to him/her can be accrued based on the work she undertakes both individually and while being part of a collective organisation.
- c. *Collectives as potent vehicles for bidding on larger projects* – Skilled workers with similar and diverse skills can come together to form a collective or a platform cooperative to collaborate and bid for larger projects, which, as individuals, they usually would not have been able to do.

Three key factors enabling the seamless operation of the KKEM platform for non-exploitative open talent job provisioning are:

- Blockchain-Based Traceability
- Escrow Account for Open talent-Work Payments
- Independent Ombudsman for Dispute Resolution

The platform integrates these components with the concept of collectives and a microservice-based architecture, forming its backbone (figure 1). This aligns with the New Labour Code by the Government of India, which envisages the provision of social security for open talent workers in all sectors(22).



Proposed State-supported platform architecture with non-exploitative, collective-owned algorithmic process

Lessons from Global Response

In the European Union, the Directive on Transparent and Predictable Working Conditions aims to provide open talent workers with more precise terms of employment, advance notice of work schedules, and protection against unfair dismissal(23). In the United Kingdom, the Supreme Court ruled in 2021 that Uber drivers are workers, not independent contractors, entitling them to minimum wage, holiday pay, and other benefits(24). Additionally, California in the United States passed Assembly Bill 5 (AB5) in 2019, which requires many open economy companies to reclassify their workers as employees, granting them access to benefits such as health insurance and paid leave(25). These examples demonstrate a global trend toward enhancing the rights and protections of open talent workers through legislative and judicial measures. China's recent revision of labour laws, notably the amendment to the Trade Union Law, signifies a significant stride towards protecting and enabling unionisation among open talent workers. By officially acknowledging the rights of open talent workers to join and form trade unions, China sets a

precedent for ensuring social security and representation for this expanding workforce segment(26). Meanwhile, in Vietnam, ongoing debates about the legal status and rights of app-based drivers emphasise the critical need for formal recognition and protection within the open economy. Despite the absence of concrete regulations, acknowledging the employment relationship between drivers and platforms underscores the importance of defining and safeguarding open talent workers' rights(27,28).

Drawing from these global experiences, the proposed platform cooperatives model by KKEM can integrate several vital lessons. First, prioritise legal recognition and protection of open talent workers' rights within labour laws and regulations, similar to China's amendment to the Trade Union Law. Second, clearly define employment relationships within the open economy to ensure fair treatment and access to benefits for workers, as illustrated by Vietnam's discourse on app-based drivers. Third, recognize the economic potential of the open economy and explore opportunities for cost savings and efficiency, as seen in the widespread utilisation of open talent workers in the ASEAN region. Finally, embrace community-based initiatives and local resources to foster collaboration and shared prosperity, mirroring Cuba's approach to the sharing economy despite infrastructural challenges (14,15). Incorporating these lessons can ensure the success of proposed platform cooperatives, contribute to developing a more equitable and sustainable open economy ecosystem, and pave the way to achieving sustainable development goals(29).

Conclusion

The integration of platform cooperatives in Kerala's economy represents a transformative approach to sustainable development, addressing unemployment and promoting equitable growth. The Kerala Knowledge Economy Mission (KKEM) combines cooperative principles with digital innovation, enhancing employability while ensuring fair treatment and benefits for open talent workers. This model tackles open economy challenges such as lack of labour protections and unstable income through democratic governance, shared ownership, and equitable profit distribution. Learning from global best practices, KKEM emphasises legal recognition and protection of open talent workers' rights, skill development, and local economic value creation, contributing to a resilient and inclusive economy. Key solutions include escrow account mechanisms, independent dispute resolution, and a robust social security framework to prevent exploitation and ensure sustainability. By fostering collectivization, the model enables platform cooperatives to bid for larger projects and provide comprehensive social security. Ultimately, Kerala's adoption of platform cooperatives aligns with its sustainable development goals, creating a fairer open economy and ensuring opportunities for all workers.

Table 1: Estimations and projections for the open talent and platform sector

No	Element	Estimation	Source/Details
1	Current estimated Size of the open economy (India)	77 lakh (7.7 million) For the Year 2020-21	NITI-Aayog report (June 2022)
2	Estimated Size of open economy in 2029-30 (India)	2.35 crore(23.5 million)	NITI-Aayog report (June 2022)
3	Estimated Size of the open economy by 2029-30 (India)	USD 250 billion (1.25% of GDP)	NITI-Aayog report (June 2022)

4	Skill-based division of open talent jobs (Presently)	47%-medium-skilled jobs, 22%-high skilled, 31%-low skilled jobs.	Data for the year 2019-20 NITI-Aayog report (June 2022)
5	Platform-based open talent workers(from major 11 platforms) in India	30 lakhs (3 million)	Fairworks Open talent Work Report,2021
6	Present Size of the global open economy	USD 347 billion	Brodm.com , Open economy Case study

Box 1: Specific challenges of open economy

- **Swelling Workforce:** Technology platforms often onboard more open talent/freelance workers than needed, particularly knowledge workers.
- **Driven Down Labor Costs:** Big technology platforms leverage many workers to reduce labor costs steeply.
- **Easy Hire and Fire Culture:** The oversupply of labor leads to under-utilization, idle time, and a hire-and-fire culture.
- **Imbalance of Power:** Platform owners benefit from high labor availability, making demand-based choices, while workers face limited work, severe information asymmetry, and lack of choice.
- **Trade Restriction Clauses:** Some platforms include exclusion clauses in worker contracts, restricting trade.
- **Conflict Resolution Issues:** There needs to be more explicit conflict resolution mechanisms and more apparent jurisdiction for legal redressal, especially with cross-country work allocation.
- **Lack of Social Security:** Open talent job platforms hold power, with no obligation to retain workers, provide social security, or prevent client exploitation.

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The Position of Cooperatives in Digital Economy And Platforms in Iran – Introducing Pishgaman Innovation Accelerator Cooperative

By Ms. Maryam Allahyar, Master's degree in Technology and Information Management

Introduction

The digital economy has become a crucial tool for increasing people's participation in the cooperative sector, making their presence in virtual spaces and the use of electronic tools inevitable. Platform cooperatives, a new form of worker cooperatives where individuals provide their expertise and knowledge as part of a cooperative company. These cooperatives allow everyone involved to benefit equally.

Platform-based cooperative companies offer a fresh perspective in the digital economy. The use of information technology in this context enhances economic efficiency and productivity, fostering the growth and development of cooperatives in the economy. This model can significantly increase participation from both existing members and new investors.

The gig economy, which caters to businesses based on the capacity and number of potential users, provides numerous opportunities for sales and development. Cooperative ownership plays a vital role in creating a network for all members and other value chain components, with all participants as shareholders. This setup ensures that members can earn income from sales or services while also benefiting as shareholders.

New shareholders can contribute not only capital but also services or products, enhancing the overall value of the cooperative. For instance, "Accelerator Noaavary Pishgaman" Cooperative operates with a new ownership model on its platform, managing a network of diverse shareholders. Established in 2016 by the Pishgaman Cooperative Group (the largest active cooperative in the ICT field in Iran), this accelerator aims to facilitate the success of startups.

"Accelerator Noaavary Pishgaman" supports startup businesses by creating a suitable platform for idea development, fostering sustainable businesses, and facilitating growth until commercialization. The cooperative has provided over 5,000 hours of direct training to startup teams and organized 350 promotional events on topics such as experience transfer, problem solving, teamwork, and building a community and supporting networking. It has become an important player for activists, enthusiasts and experts in various fields of entrepreneurship.

Legal Nature of Non-Traditional Cooperatives in the Digital Economy

The cooperative nature of this model allows various stakeholders to act as smart capital, contributing to the value chain with anyone able to add value at any point. This model supports non-traditional cooperatives where both members and non-member shareholders can participate. Member shareholders have higher voting rights and special membership conditions, while non-member shareholders (maximum 49% of shares and maximum 35% voting rights) can hold a significant portion of shares and voting rights.

This cooperative model is particularly effective for platform-based businesses, such as food preparation and distribution platforms. In this model in addition to restaurant, other participants,

including logistics companies (those with transport fleet) can be shareholders. This inclusivity helps in the development and expansion of the cooperative network through member and non-member shareholders.

The key to success in this model lies in differentiating the rights of ownership, shares, interest, and decision-making. The biggest challenge for cooperatives in platform businesses is ensuring sufficient capacities to support growth for businesses that are in different stages of growth. The attractive point is that this model tends to avoid reliance on individual efforts, instead leveraging the collective power of teamwork and the network.

Cooperative Ownership and Network Growth

The legal nature of cooperatives emphasizes the participation of all stakeholders, allowing shareholders to earn from their business while benefiting from the cooperative's growth as they consider themselves as owners and beneficiaries. There is less reliance on individual effort. In startups and platform businesses, the main reason for failure is the lack of teamwork. In this case the collective effort of interested members in all aspects of the cooperative, contributes to the development of the business, creating additional partnerships that drive growth.

In the platform space, the cooperative nature is still emerging, requiring the completion of legal mechanisms through trial and error. One of the most effective methods for providing capital in this space is the model of non-conventional cooperatives, which leverages public participation for growth and prosperity. As cooperatives in the platform economy evolve, the value of shares can increase, and investors may choose to remain in the partnership as shareholders. This adaptability ensures that as the value of assets created on the platform grows, shareholders can continue to benefit.

Introducing "Accelerator Noaavary Pishgaman" Cooperative

As a knowledge-based company in the field of technological and innovative services, "Accelerator Noaavary Pishgaman" aims to enhance the capacities of the innovation ecosystem within cooperatives. It is one of the companies of the Peshgaman Cooperative Group which has led many projects in its value chain.

Accelerator Noaavary Pishgaman's mission is to support the implementation of technological and innovative ideas, facilitating the growth of startups until commercialization. The company's team comprises academic elites and business consultants with expertise in information technology, management, industrial engineering, and more. They come from all levels of an organization.

Pishgaman Accelerator has developed a team of ideas and startup platforms in various fields. These startups operate in areas such as logistics platforms, smart businesses, smart cities, smart health, game development, childcare, citizen service management systems, digital currency exchanges, and medical equipment buying and selling platforms, as well as smart education.

Support for startup businesses at Pishgaman Accelerator is carried out through an acceleration period or cycle. In each cycle, business teams register their ideas and receive initial acceptance. During the pre-acceleration period, they are provided with basic support, including co-working space, internet access, consulting, mentoring, and training.

At the end of the pre-acceleration period, the teams are evaluated. Those who have validated their idea, completed their business team, and built their initial product will enter the acceleration period upon approval by the jury. During the acceleration period, the teams receive additional support, such as financial, legal, and infrastructural resources, based on their operational plan.

Once the final product is ready and presented to the market, the teams prepare an economic justification plan and register the company's legal rights. They then prepare to present their idea and product to venture capitalists. The process culminates in a presentation and investor meeting where the startup team tries to attract investors.

Successful startups that complete the cycle will register their company and transfer up to 20% of the company's shares (proportionate to the growth rate) to Pishgaman Accelerator. The accelerator also engages in other major activities, such as startup studios and shared workspaces, focusing on business empowerment and innovation.

The Pishgaman Startup Studio provides comprehensive services beyond initial consulting and support. It includes small initial investments and covers processes such as ideation, solution validation, preparing an initial deliverable product, and offering ongoing support and investment. This approach minimizes risks, including technical, production, market recognition, and business model risks. In this respect, startup studios are like incubators.

A notable aspect of the Ideas and Platforms team is the cooperative capacity of the accelerator. This support includes forming a company with cooperative legal capacity, attracting capital, enabling free entry and exit of shareholders, and specifying voting rights. These capacities are crucial for the growth of new businesses in the cooperative sector.

In summary, the cooperative model in the digital economy is a promising and effective method for fostering public participation, growth, and prosperity. With ongoing support and development, cooperatives can continue to play a significant role in the success of platform businesses and the broader economy.

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3. Thanks to Mr. Mohammad Kazem Kishoreshahi, CEO of the Center Accelerator Noaavary Pishgaman Cooperative and Dr. Mohammad Reza Rezaeinejad CEO of Pishgaman

Call For Articles: COOP Dialogue 7

Theme: Cooperatives in the Social and Services Sector

The International Cooperative Alliance Asia and Pacific (ICA-AP) is delighted to announce the call for submissions for the seventh edition of COOP Dialogue, focusing on the role of Cooperatives in the Social and Services Sector. This issue aims to explore the contributions of social and services cooperatives to sustainable development, social equity, and economic resilience.

Social and services cooperatives play a crucial role in fostering sustainable development and promoting social equity by providing essential services and enhancing local economies. COOP Dialogue 7 seeks to examine the impact of these cooperatives on community development and social inclusion, analyse the legal frameworks and governance models that support or hinder their growth, and explore innovative practices that enhance their sustainability and effectiveness. This edition aims to identify the key challenges faced by social and services cooperatives, document success stories, and assess their role in addressing crises and integrating tools for improved efficiency.

We welcome submissions on the following topics, among others:

- **Impact:** Evaluating the social, economic, and environmental impacts of social and service cooperatives.
- **Policy and Governance:** Analysing the enabling policies and governance models that support or hinder the growth of cooperatives.
- **Innovative Practices:** Showcasing innovative approaches and best practices in the management and operation of cooperatives.
- **Challenges and Opportunities:** Identifying the key challenges faced by social and services cooperatives and exploring potential solutions.
- **Case Studies:** Documenting success stories and lessons learned from cooperatives in the Asia-Pacific region.

The seventh edition of COOP Dialogue will be released in November 2024 and the office invites articles, research papers, opinions, case studies, stories, and short video stories on the selected theme from anyone interested in cooperatives, labour, social and the services sectors from the Asia and Pacific region. You may use this platform to publicise your work, enhance your visibility, and communicate your best practices and views with diverse stakeholders.

Submission Guidelines

- **Submission of Interest and Abstract:** Please submit a 300-word abstract by **15 July 2024**.
- **Complete Written Material:** Submit your complete articles (1,500 to 2,500 words excluding references) along with pictures in .jpg/ .jpeg/ .png formats (size between 500 Kb and 5 Mb) by **30 August 2024**. Articles can also include graphics, images, and graphs for illustration purposes and hyperlinks to additional information, documents, or videos.

- **Complete Videos:** Submit videos of 3-5 minutes (in .mp4 format, max size 500 Mb) by 30 August 2024.
- **Language:** English
- **Format:** Word file only
- **Originality:** Authors are encouraged to submit original articles to avoid copyright issues.

For any queries, please contact the COOP Dialogue team at coopdialogue@icaap.coop.