

# 20 The challenges of platform cooperativism and the path ahead

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## 1 Introduction

Cooperativism is not new, but platforms and digital technologies are. Applying cooperative principles to digital technologies and building platform cooperatives means inheriting the hurdles but also the lessons learnt over the two-century history of cooperatives (Benkler, 2017). However, it also requires navigating completely new challenges typical of platform businesses, e.g., expanding the demand till reaching the network effect and the ability to collect and use data. This chapter reviews the legacy and emerging dual challenges of cooperatives and platform cooperativism, namely their political identity and their business hurdles. In the end, it suggests possible paths to strengthen platform cooperativism to address the most pressing concerns of our time: the climate crisis, war, and divisions along gender, race, and class lines.

The structure of the chapter parallels the duality of cooperativism and its primary challenges. The first section outlines the political identity crisis within cooperativism and platform cooperativism. The second, based on an extensive literature review, highlights the challenges of scale, finance, and the market in cooperativism, and – drawing on case studies and data from an international survey – demonstrates how these difficulties persist and may be amplified by the characteristics of the platform economy in platform cooperativism. The third section suggests possible paths to address these challenges.

## 2 Theoretical framework

This study explores the dual nature of cooperativism (Jones & Kalmi, 2012; Marshall, 2014; Jossa, 2020; Dorigatti & Menzani, 2021) and the challenges faced by both traditional and platform cooperatives (Sacchetto & Semenzin, 2014; Hoyt & Menzani, 2013; Danna, 2019; Grohmann, 2021; Bunders et al., 2022; Mannan & Pek, 2023; Bunders, 2023). Cooperatives are defined based on the definition provided by the International Cooperative Alliance (hereafter ICA), while platform cooperatives are defined according to Ed Mayo (2019) and Trebor Scholz (2023).

To contextualise cooperative challenges, I analysed texts from the Barberini Foundation archive, highlighting obstacles related to identity and business sustainability. This discussion extends to platform cooperatives, engaging with selected platform economy literature (Srnicsek, 2017; Van Dijk et al., 2018; Coveri et al., 2022) to examine their particular financial, governance, and operational struggles that can prevent them from effectively addressing the most concerning issues of our times.

To frame these issues within a broader political-economic critique, I draw on Nancy Fraser's *Cannibal Capitalism* (2022), which portrays capitalism as a self-destructive system that externalises its costs onto nature, labour, democracy, and social reproduction – ultimately generating crises that threaten its own stability. Unlike many other definitions, Fraser offers a working conception of capitalism that is broadly shared and provides a practical tool for assessing what alternatives to capitalist arrangements might entail.

### 3 Methodology

The research draws on the literature review from my master's thesis, interviews with co-founders of Cotabo, Fairbnb, and Consegne Etiche in Bologna, and my PhD study on platform cooperatives. It is further informed by an international survey on platform cooperatives' identities, dimensions, and challenges; my fellowship and visiting period at the Platform Cooperativism Consortium (hereafter PCC); and an in-depth ethnographic study of The Drivers Cooperative in New York City, including over 15 interviews and observations at internal assemblies and public events during the summer of 2024.<sup>1</sup>

The survey gathered 86 responses from managers and co-founders of the 245 organisations of interest from six continents, selected mainly through the directory of the PCC and the literature.<sup>2</sup> Only 27 out of these 86 respondents were identified as active platform cooperatives based on empirical data. These data were gathered between March and August 2024.<sup>3</sup> Interviews with some of the co-founders and workers of the three platform cooperatives in Italy were conducted between March and May 2021.<sup>4</sup>

This study employs a multi-method approach, triangulating textual analysis, interviews, and focused ethnographic observation. Sources include texts from the Barberini Foundation, policy reports, and academic research on cooperativism and platform cooperativism. By integrating these methods, it presents an analysis of the identity crises and structural challenges affecting both traditional and platform cooperatives.

#### 3.1 *The political conundrums of (Platform) cooperativism*

Historically, cooperativism is a movement grounded in a form of enterprise (Jones & Kalmi, 2012).<sup>5</sup> With its 200-year history, diverse ethics, and varied historical contingencies, cooperativism is plural in nature, and it may be more accurate to speak of cooperative movements rather than a singular movement (see Chapter 1

by Kaswan et al.). Conversely, the International Co-operative Alliance (hereafter ICA) defines a cooperative as a form of enterprise as:

An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

The inherent dualities of cooperativism – different socio-political movements based on a form of enterprise – are deeply embedded within the cooperative model itself. A cooperative is simultaneously an economic entity and a socio-political project (Ratner, 2015b; Jossa, 2020). It inherently embodies two dimensions: an economic one, as it engages with the market, accepting its logic and rules; and a social one, as it «pursues extra-economic ends and generates positive externalities for other members and, virtually, for society as a whole» (Dorigatti & Menzani, 2021). British economist Alfred Marshall succinctly captured this dual nature: «Some movements have a high social purpose; others, an economic purpose. Only cooperatives have both» (Marshall, 2014).

This duality gives rise to two interrelated macro challenges: (a) defining the political identity of the movement and, by extension, its enterprises; and (b) addressing the socio-economic hurdles to advancing these socio-political projects.

The same dualities of cooperativism are also traceable within platform cooperativism. On the one hand, platform cooperativism should define its political identity. On the other hand, data from platform cooperatives underscore how the traditional economic challenges faced by cooperatives persist and may, in fact, be amplified within the context of the platform economy.

### *3.1.1 Beyond neoliberalism. Cooperativism for climate justice*

Cooperatives, since their earliest beginnings, were conceived to enhance human and workers' conditions (Owen, 1816), mutualism and community (Fourier, 1808), and fair trade (Holyoake, 1893); to realise communism (Lenin, 1923), to support fascism and Nazism (Menzani & Medina-Albaladejo, 2018); and more recently to erase the colour line (Du Bois, 1936) and gender oppression (Federici, 2018) or address climate injustice (Imperatore & Leonardi, 2023). In essence, cooperatives have sought to support diverse political projects by building alternative economies to advance them. Cooperatives can thus be defined as an organisational technology capable of serving a wide variety of socio-political projects, ranging from fascism to communism to (neo)liberalism.

The case of Italian cooperatives, as described by historians such as Massimo Fornasari and Vera Zamagni (1997), exemplifies the breadth of political purposes cooperatives have historically supported. In Italy, there have been red, white, and green cooperatives – communist, Catholic, and liberal, respectively – ironically representing the Italian flag and the main political forces that shaped the country's history after the Second World War. These ideological distinctions persisted until recently but have since merged under an abstract single cooperative movement.

Today, the once neat divisions have largely vanished, with the abstract rhetoric of the ICA taking centre stage.

This rhetoric frames cooperatives as a universally good organisational model. However, the ICA's seven principles rely on ambiguous terms, such as democracy and concern for community, and do not explicitly articulate alternative political values to neoliberalism (Ratner, 2015a; Harvey, 2005). Despite cooperatives' potential to foster economic democracy and address the most pressing concerns of our times, their global promotion is often entangled with political and economic agendas that do not align with such political values. This paradoxical tension becomes evident when international cooperative initiatives receive endorsement from governments that simultaneously support policies contradicting the most basic principles of inclusion and economic justice.

Like any technology, cooperatives can serve multiple purposes. They may facilitate shared ownership, democracy, and improved working conditions – or conversely, exacerbate exploitation, as seen in Amazon warehouses in Italy (Euronews, 2024). Alongside false cooperatives, which exploit the cooperative label, there are genuine cooperatives that nevertheless advance deeply capitalist and corporatist political agendas. Most cooperatives currently employ hired workers without granting them a meaningful share in decision-making power, making them conventional employers (Ellerman & Gonza, 2025). Carl Ratner (2015a) has rightly observed that the ICA's ambiguous definitions and principles have contributed to the neoliberal degeneration of cooperatives. Similarly, Ellerman and Gonza (2025) criticised the ICA's broad definition for failing to distinguish cooperatives based on who carries out the activities – hired workers or members. Others, such as Sandoval (2020), have argued that platform cooperatives, in particular, risk degenerating into neoliberalism due to their embrace of entrepreneurial ideology.

Cooperativism today faces significant challenges and multiple crises. Over the past 40 years, many have highlighted its crisis of identity (MacPherson, 1995; Birchall, 1997). Aside from promoting a cooperative world, the ICA fails to distinguish between political values, ultimately endorsing a model of enterprise that is not inherently beneficial. Cooperatives, under certain conditions, can contribute to exploitation, the climate crisis, the perpetuation of gender inequality, and even the support of fascist regimes. Supporting cooperatives indiscriminately risks endorsing a neoliberal or technosolutionist rhetoric, which assumes that collective and political issues can be resolved through socio-economic and technological means alone. Instead, in its current form, much of cooperativism aligns with a neoliberal agenda, and it is actively contributing to global crises. Micken et al. (2025) make a similar point by delving into the relationship between commons and cooperatives. They argue that not all cooperatives genuinely advance the common good; while some are normalist or promote social-reformist political values, only a few actively seek to transform capitalism and can be described as “transgressionist” in their terminology.

Within cooperativism, there is an urgent need to define a shared, collective political identity and to differentiate between cooperatives advancing radical, alternative projects – serving workers, marginalised groups, and the planet – and

those contributing to extraction, exploitation, and marginalisation. Particularly in the face of the climate crisis, which demands urgent and collective political action, cooperatives must support collective solutions to address climate injustice (Tortorici, 2024). It is only by articulating a radical, alternative political vision that cooperatives can reaffirm themselves as a genuine alternative to capitalist enterprises, gain momentum, and fulfil their original *raison d'être*.

### 3.1.2 *What is the political identity of platform cooperativism?*

Despite growing networks, annual conferences, and a rich plurality of thoughts and discussions among platform cooperatives, researchers, and policymakers, there is currently no robust debate on the political direction of the movement nor metrics to assess what good platform cooperatives look like. Some platform cooperatives adopt more radical stances than others, but the movement lacks a political agenda and a coherent identity.

While there are collective actions, primarily led by the PCC through coordination, education, and policy advocacy, the political vision of the movement remains ambiguous. The PCC articulates its own political values – prominently displayed through its website, conferences, and research – emphasising inclusivity, accessibility, reversing ownership and governance structures of digital platforms, climate sustainability, and erasing racial and gender divisions. However, these positions are not the outcome of a participatory deliberative process, nor are they universally shared by platform cooperatives, as emerges from my survey and case studies.

Empowering local communities, upholding cooperative values, and strengthening workers' power emerged as the first, second, and third priorities, respectively, in my survey results. By contrast, relatively few respondents expressed strong concern for environmental sustainability or data privacy. While many platform cooperatives lack a strong climate justice orientation, there are nonetheless promising examples of climate justice synergies between commons-based initiatives and platform cooperatives (Srncic & Guttman, 2025).

Some platform cooperatives embrace more radical, socialist, or environmentally focused values, while others lean toward corporate or business-centric approaches. My case studies show that some cooperatives adopt more radical bylaws and are explicitly justice-orientated, such as The Drivers Cooperative in New York City. Others, by contrast, align more closely with moderate democratic ideals or are primarily motivated by economic convenience or cost reduction for their workers. Political tensions often emerge among members, and a cooperative's political orientation can clearly shift over time. This diversity raises critical questions: can a radical political movement emerge from such pluralism? How can coordination among diverse platform cooperatives be achieved to collectively define shared values?

Moreover, how can a coherent political vision for platform cooperativism be strengthened? What alliances could be built, and which actors could advance the platform cooperativism agenda? As the movement gains momentum and traction,

these conundrums are becoming increasingly pressing and should be properly addressed.

### 3.2 *The digital amplification of cooperative business challenges*

#### 3.2.1 *The traditional hurdles of scale, finance and The market*

Beyond defining a clear political vision for the movement that transcends neoliberalism (Harvey, 2005) and addresses gender, race, and class divisions (Fraser, 2022), cooperatives must also be able to effectively to support these political values in the market. Historically, cooperatives have encountered well-documented challenges in this endeavour. I group these challenges under three umbrella terms: scale, finance, and the market, which encapsulate some primary hurdles they face.

Scaling has always been a critical challenge for cooperatives. First, many have emphasised the inherent difficulties cooperatives face in achieving traditional scaling (Birchall, 1997). Second, even in sectors where cooperatives manage to scale, concerns arise about the erosion of their alternative values, democratic governance, and workers' conditions. In the Handbook of this companion, similarly, Micken et al., Puusa, and Ellerman and Gonza (2025) have each respectively highlighted these challenges, particularly in the context of large cooperatives.

Hoyt and Menzani (2013) have historically shown how, in the pursuit of scalability, European cooperatives have increased their volume of business, but at the price of a significant decrease in participation and the creation of structures typical of large enterprises:

In almost all European countries, the traditional sectors in which co-operative activity had become established – commercial distribution, agribusiness and credit – saw a decrease in the number of these enterprises, as a result of the search for economies of scale, but an increase in the number of members and the volume of business.

The significant growth in the number of members has posed a governance problem, as it has resulted in a decrease in their participation in the organisation's activities and, at the same time, the need to create organisational structures typical of large enterprises.

Italian economist Patrizia Battilani (2014, p. 70), reviewing classical enterprise theory, showed how since the 1970s a progressive hybridisation of capitalist and cooperative enterprises had taken place. The hybridisation process for Battilani is not unidirectional but has involved both actors: on the one hand, capitalist companies have begun to take an interest in stakeholders as well; on the other hand, cooperatives have lost their reference values due to managers detached from social needs. In greater detail, since the 1970s, the capitalist firm returned both (1) to profit maximisation and the overriding interest of shareholders and (2) a conception of the firm “as the expression of a set of stakeholders whose interests it pursues and coordinates”, including corporate social responsibility.

Simultaneously, a significant transformation took place in the management of cooperatives. Individuals rooted in social movements, who embodied the core values of cooperativism, were gradually replaced by the first generation of professionally trained managers. These new managers often adopted cultural orientations that closely aligned with those of traditional corporations. As Battilani (2014) highlights, this shift drove cooperatives toward adopting strategies more commonly associated with conventional enterprises. These included managerial and marketing practices such as recruiting executives from traditional firms and implementing business models more reflective of capitalist organisations. This trend has led to an increasing hybridisation between cooperative and conventional enterprise models, sparking concerns about safeguarding the fundamental identity of cooperatives. Central challenges now include ensuring active member participation and reinforcing strong connections with their communities (Battilani, 2014).

Scaling poses a dilemma, as cooperative growth may compromise internal democracy. Derek Jones and Panu Kalmi (2012) framed the debate in an article with the emblematic title: *Economies of Scale Versus Participation: A Co-Op Dilemma?*. The authors show how, however, this trade-off between democracy and economies of scale is by no means so obvious, and that the same tensions between democracy and growth vary depending on the type of cooperative and that some, exemplified by Mondragon and Finnish credit unions, have shown that growth can coexist with democracy. On the contrary, Kasmir (1996) highlighted the limitations of Mondragon democracy and the complexities of workers' conditions beyond the myth of the Basque cooperative.

In the context of platform cooperatives, some scholars have suggested that blockchain-based governance could offer solutions to challenges of scale and participation (Mannan, 2022; Nabben et al., 2021). While some argue that blockchain can enhance transparency, others note its limitations. Critics contend that blockchain technology cannot resolve governance issues that are fundamentally political in nature – issues that are often particularly difficult to address within dispersed and heterogeneous online communities.

Others single out different ways of scaling for cooperatives: up, out, and deep. While the scaling up typical of capitalist enterprises would be difficult and could lead to degeneration for cooperatives, extension through aggregation into networks and “intensive” scalability may be feasible avenues, according to these authors (Pietrangelli et al., 2018, Scholz, 2023).

Even more effectively than the perspectives we have just seen, some authors have unravelled what Zan (2018) refers to as the teleological bias, i.e., looking at cooperatives from their supposedly value-consistent perspective, through careful sociological analyses that show the definitive assimilation of some Italian cooperative enterprises to capitalist enterprises.

Devi Sacchetto and Marco Semenzin (2014) have written, looking mainly at the Italian case, a crude sociological analysis of the involution of cooperativism. The same authors openly condemn those who use an abstract approach and limit themselves to studying cooperatives from the conceptual distinctions that would characterise them, and show the uniformity between capitalist and some Italian

cooperative firms. The alternative character of cooperative enterprises to capitalist ones is but a “remnant of the past”, except for the value rhetoric.

They write in this regard that the current cooperative system in Italy appears to balance two seemingly contradictory processes: on the one hand, the assimilation of market economy principles, with labour organisation and functional structures resembling those of many other enterprises; on the other hand, the development of social relations characterised by a more informal hierarchy, sustained by an ideological framework that reinforces cooperative principles in opposition to capitalist enterprise norms.

Paraphrasing, the growth of cooperatives has led to a convergence with capitalist enterprises, particularly in production organisation and the internal division of labour. Practices such as organisational flexibility, just-in-time production with zero inventory, and a focus on total quality have become widespread among cooperatives. Similarly, the functional structures of large cooperatives often parallel those of capitalist firms, emphasising the division and segmentation of tasks.

However, unlike other enterprises, cooperatives rely on solidarity values not as superficial embellishments but as a deeply ingrained social and political construct. These values are actively maintained through cooperative management rhetoric, the engagement of individuals within internal labour relations, and mutualistic practices (Sacchetto & Semenzin, 2014). Within cooperatives, social relations often take on characteristics that, while at times resembling corporatism, typically foster a hierarchy that appears more democratic than in capitalist firms (Sacchetto & Semenzin, 2014).

Nonetheless, when examining the entire value chain in which cooperatives operate, the broader impacts of cooperative practices can reveal significant levels of exploitation, particularly affecting migrant workers. The disparities in social relations and working conditions between so-called “false cooperatives” and “authentic cooperatives” are considerable. Still, it is crucial to analyse the social practices of cooperatives within the context of the entire value chain they are embedded in, given their aim to promote solidarity both internally and externally (Sacchetto & Semenzin, 2014).

Sacchetto and Semenzin (2014) further describe the distance between management and labour within large cooperatives but also the progressive reduction of participation in the life of the association and the compression of political involvement to meet economic needs in smaller cooperatives. In large cooperatives, worker-members often struggle to navigate the various hierarchical levels or engage in active participation. The sheer scale of these organisations has diminished opportunities for involvement in cooperative life, as functional divisions fragment both the skills and knowledge of members. In many cooperatives, member participation is limited to an annual assembly, which primarily serves to approve the financial statement, determine profit-sharing distributions, and set compensation for administrators. This assembly often plays a formal role, limited to information sharing, decision acknowledgement, and electing the board of directors for the upcoming term, with direct intervention sometimes proving difficult. Puusa (2025) highlighted that passivity, lack of expertise, the dominant role of the board, and a

director-centred structure can undermine democracy and participation, particularly in large cooperatives.

These new, more limited forms of participation lead to member disengagement and erode trust in cooperative managers (Sacchetto & Semenzin, 2014). In large cooperatives, the experiences of managers and workers increasingly diverge, particularly regarding solidarity, participation practices, and internal democracy. In smaller cooperatives – provided they are not directly tied to exploitative labour practices – managers and workers may share similar experiences. However, even in such cases, economic pressures often suppress the political and social dimensions of collective action. The reduction of social interactions has significant implications for shaping cooperative groups. Since collective identity is built through participation, the scarcity of participatory practices, juxtaposed with rhetoric emphasising solidarity and mutualism, contributes to the formation of a contradictory collective identity (Sacchetto & Semenzin, 2014).

Italian economic historian Vera Zamagni (Danna, 2019) recently highlighted the challenges facing cooperativism in a recent interview, citing its struggles to raise adequate capital and specifically noting the shortage of managers who embrace cooperative values:

Its [the cooperative enterprise's] critical points are basically two: not having enough capital (those who make cooperatives are usually not rich) and not finding enough managers who are prepared to manage an enterprise that is not capitalist. More investment in cooperative culture and management would be needed.

On the one hand, Puusa (2025) clearly outlined how, in some large cooperatives, managers have lost sight of the cooperative duality – prioritising the business dimension while neglecting the socio-political values that underpin cooperative identity. On the other hand, finance has long posed a significant challenge for cooperatives. While they often have access to labour, they frequently lack capital (Forman, 2022), making it difficult to secure the resources needed to launch and subsequently expand their businesses. The absence of adequate infrastructural investment support further limits their capacity to grow and compete in wider markets.

The chronic lack of capital ownership by cooperative members impedes both the formation and the growth of cooperatives. Legislative attempts to address this issue highlight its importance (Bonfante, 2017). Despite access to banks, cooperative funds, and national/international funds, the capital conundrum (Borkin, 2019) persists, hindering the expansion of cooperatives.

Cooperatives face significant challenges in competing within capitalist markets, which are primarily designed for traditional capitalist enterprises. In many countries, cooperatives are not even recognised as a distinct legal structure. Existing legislation is often tailored to conventional firms, failing to account for the unique hurdles and specificities of cooperative enterprises (Penzien, 2020).

Beyond the structural barriers imposed by the market, cooperatives also struggle to compete with capitalist actors that frequently rely on cheap labour, offshoring, and unethical practices. This competitive disparity has long been critiqued by traditional socialist scholars, such as Marx (1864 & 1867) and Luxemburg (1899), who argued that cooperative efforts are either unable to effect systemic change or risk internalising the logic of the market, leading to self-exploitation of workers or eventual failure. Historically, cooperatives have thrived in market niches or sheltered markets. However, when they evolve into industrial giants, they often lose their alternative, movement-driven ethos, further complicating their potential to enact broader societal change.

The debate on whether cooperatives should operate within the market dates back to the movement's origins, with conflicting views on embracing or rejecting cooperatives acting within the market (Zamagni & Zamagni, 2008; Magliulo, 2010). The same Marx (Marx & Engels, 1975) describes in some of his passages communism as based on cooperatives:

If co-operative production is not to remain a sham and a snare; if it is to supersede the capitalist system; if united co-operative societies are to regulate national production upon a common plan, thus taking it under their own control and putting an end to the constant anarchy and periodical convulsions which are the fatality of capitalist production, what else, gentlemen, would it be but communism?

While elsewhere he points out the limits of cooperatives' isolated efforts (Marx, 1864, 1867). More recently, some have firmly defined socialism as the cooperation among cooperatives operating within the market (Jossa, 2020).

The analysis reviewed here, characterised by different approaches, restores the criticality and reality of a cooperative movement in Italy and beyond that has progressively lost its alternative political charge and sometimes flattened into its opposite. Market pressures, individualism, dwindling social support, the growth of cooperatives, their dual structure, sector-specific challenges across countries, under-capitalisation, and other unaddressed factors have contributed to their failure to play a radical transformative role, leading often to a regression into their original opposite.

The development of cooperatives faces significant challenges, particularly in finance, scalability, and effectively managing operations within the competitive market environment. These interlinked challenges underscore the need for a nuanced understanding of cooperatives' challenges and their potential solutions. Cooperatives are everything but perfect; they are facing many challenges, and they have dealt with the same obstacles for centuries. However, the cooperative model of the firm is one of the few viable ones to push forward political value into the economy and expand workers' participation and collective ownership. It is only from solving these challenges that cooperatives can prove to be a viable model for infusing political values into the economy, promoting workers' participation, and addressing the most pressing concerns of our times: the climate crisis, wars, and divisions along gender, race, and class lines.

3.2.2 *The digital raise the stakes*

Similarly, platform cooperatives face significant business challenges, many of which are deeply rooted in the inherent complexities of cooperative enterprises (e.g., democratic governance, achieving scale). However, these challenges are further compounded by the unique characteristics of digital markets, e.g., driving participation, securing financing, and navigating the absence of adequate regulations. The platform business model itself introduces specific obstacles, such as leveraging network effects and managing data effectively.

The platform economy exacerbates the systemic issues of traditional capitalism (Srnicsek, 2017). It is uniquely characterised by data exchange and specific features like network effects and cross-subsidisation (Van Dijk et al., 2018), often designed to establish monopolistic dominance (Srnicsek, 2017; Van Dijk et al., 2018; Coviari et al., 2022). The market is dominated by infrastructural actors that operate as monopolies, supported by trillions of dollars in financial market capital. As of April 30<sup>th</sup>, 2025, the combined market capitalisation of the five largest platform companies – Apple, Microsoft, Alphabet, Amazon, and Meta (recognised primarily as platforms; see Gawer & Srnicsek, 2021) – stands at approximately \$12 trillion (Companies Market Cap, 2025), almost the half of the value of the top 300 publicly traded technology firms at the end of 2024 (Kai-Hsin Hung (2025).

Platforms operate as data-driven businesses, thriving by continuously enhancing their algorithms through vast data collection. This data is amassed via lock-in dynamics and network effects (Srnicsek, 2017; Van Dijk et al., 2018). Most platforms rely on a flexible, precarious, and dispersed labour force, often unable to meet in physical locations and facing substantial barriers to collective action (Della Porta et al., 2023).

Contrary to the early optimism within the platform cooperativism economy (Scholz, 2017; Martin, 2017; Benkler, 2017), these features may amplify the already significant hurdles of establishing cooperative enterprises within the platform economy. This is especially true in an economy dominated by monopolies, lock-in strategies, and financial behemoths. For instance, Uber achieved profitability for the first time in August 2023, 14 years after its inception and after significant investment (Etherington, 2023).

The “capital conundrum” emerges as the most pressing challenge for platform cooperatives (Borkin, 2019; Bunders et al., 2022). The findings of my survey reveal that the vast majority of platform cooperatives started with minimal investment, typically ranging from \$0 to \$100,000. One respondent even highlighted that no investment was required at all. Unsurprisingly, the survey also outlined that, out of the 27 platform cooperatives, “limited access to finance” emerged as the most significant concern, ranking as the primary issue for 15 out of 27 cooperatives.

Even among those platform cooperatives that secured substantial investments, such as The Drivers Cooperative in New York City – which has raised over \$3 million since its inception – the cost of developing and maintaining technology was identified as the main obstacle during numerous semi-structured interviews. Developing and managing an app is neither straightforward nor inexpensive. Many

respondents pointed out that despite significant financial investment, the technology often failed to function properly and was not sufficiently advanced to compete with the apps of capitalist platforms such as Uber or Lyft. These platforms, backed by vast capital reserves, can develop more efficient and sophisticated technologies that outpace their cooperative counterparts.

The capital conundrum is closely linked to two other major challenges faced by platform cooperatives: the development of their markets and the ability to amass and effectively utilise data. Established capitalist platform actors invest millions in marketing campaigns, attracting users during the initial launch phase before subsequently locking them in. Platform cooperatives, on the other hand, typically lack the financial resources to undertake such extensive marketing efforts. While they may have access to a broad labour force, they often face significant challenges in expanding consumer demand.

The survey also highlights that developing and meeting demand is the second most significant challenge perceived by platform cooperatives. It is well established that platform businesses thrive by intermediating between two distinct user groups (Srnicek, 2017; Van Dijck et al., 2018). For example, Uber profits by connecting a vast, always-available supply of drivers with a sufficiently large pool of riders. From the case studies I have examined in depth, with the exception of Cotabo – a longstanding taxi cooperative founded in 1967 that only developed its platform in 2014 – all other platform cooperatives have faced significant difficulties in expanding both supply and demand.

Consegne Etiche – an ethical delivery platform – never fully launched; the project was abandoned due to the local electoral campaign involvement of Fondazione Innovazione Urbana, but even during the beta testing phase, there were evident problems in attracting a decent, paid supply of riders and developing consumer demand. Fairbnb, despite substantial investments, struggled to generate consistent user demand and failed to establish a widespread supply of rental properties before shutting down at the end of 2024. The Drivers Cooperative in New York City, while formally recruiting a significant number of drivers (over 12,000 through its app), faced persistent technological issues that hindered its ability to attract a strong user base of drivers and riders.

These difficulties often lead to the problem of not having access to the vast amounts of data needed to train algorithms and make them as efficient as those used by competitors. Additionally, platform cooperatives may lack the technical capacity to effectively analyse and leverage these data. Owning and collectively managing data also introduces challenges related to data trust – ensuring both the security of the data collected and its respectful use when dealing with third parties, while maintaining transparency and safeguarding the interests of users and cooperative members. Furthermore, the lack of management and social media marketing experience, reported as a key challenge by some platform cooperatives (Grohmann, 2021), could further explain these difficulties.

Ensuring democratic participation is an increasingly intensified challenge within the digital economy. The survey highlights issues of low member participation that have been seen by some as a key reason for the current dominance of

investor-owned gig platforms (Bunders et al., 2022). Mannan and Pek (2023) identify three key challenges to member participation in platform worker cooperatives: member apathy, unequal levels of participation, and constrained participation in certain issues. They also highlight how four distinctive features of platform worker cooperatives – the facilitation of multihoming, the physically untethered nature of work, the relatively low importance of initial platform-worker investments, and the high importance of scale as a strategic imperative – can negatively impact participation within these cooperatives. Bunders (2023) further demonstrates that member participation in four Italian platform cooperatives is negatively correlated with low affective commitment and limited social capital, while size and human capital have no significant effect.

Governance conflicts and concern about management transparency have arisen in both Fairbnb and The Drivers Cooperative. The nature of digitally mediated work often disperses the labour force, reducing opportunities for interaction among heterogenous workers and hindering effective member engagement. While democratic participation has historically been a challenge in traditional physical cooperatives, such as warehouses or retail shops, this issue appears to be exacerbated in platform cooperatives due to the nature of precarious and digitally intermediated jobs. Participating in cooperative activities requires additional unpaid time and effort. This often leads to dissatisfaction and an increased burden on workers who already have demanding schedules, particularly in sectors like the ride-hailing industry, where working hours often exceed the standard eight-hour day.

### **3.3**     *The paths ahead*

This chapter has outlined the dual challenge facing both traditional and platform cooperatives: defining and asserting a radical political identity while overcoming financial, scaling, and market obstacles. To move beyond neoliberal frameworks, cooperatives must position themselves at the forefront of pressing social issues, including the climate crisis, war, and entrenched gender, racial, and class divisions. This requires a more deliberate and participatory political process that strengthens alliances with radical movements and the solidarity economy.

Strategic collaborations with actors actively countervailing platform power (Culpepper & Thelen, 2020) – such as social movements, unions, and benchmarking initiatives like Fairwork – can reinforce cooperatives' political agenda and working conditions. Applying Fairwork principles (Grohmann, 2021; ICDE, 2023) and other benchmarking frameworks to platform cooperatives (Zhu & Marjanovic, 2020; Morell et al., 2020) could prevent degeneration and mitigate risks of self-exploitation, making cooperativism a more robust ethical and political alternative for workers and consumers alike.

Radical politics, however, should go hand in hand with business development. As this chapter has highlighted, the very tensions inherent in cooperativism compel cooperatives to navigate complex business challenges. Platform cooperatives must thrive as enterprises; it is only by achieving economic viability that they can sustain

and advance their political values. Further research is needed to explore viable solutions to the persistent hurdles of scale, markets, and financing.

Institutional support remains essential. Platform cooperatives thrive when they benefit from enabling legal frameworks, financial infrastructures, and markets conducive to growth. Addressing legal barriers and promoting legislative reforms are crucial steps in ensuring their sustainability. Moreover, second-order cooperatives and federated models – as exemplified by CoopCycle and the Open Food Network – and the open cooperativism model (Bauwens & Kostakis, 2014; Papadimitropoulos & Perperidis, 2025), despite their limited diffusion (Srncic & Guttman, 2025), which warrants further investigation, seem to be viable pathways for scaling while preserving cooperative principles.

Technological innovation also plays a key role. Blockchain could enhance transparency and, in some cases, governance, though its applicability varies across cooperative models. More broadly, reducing reliance on capitalist digital infrastructures (Grohmann, 2021) and developing cooperative digital ecosystems should be other research priorities. Exploring digital public infrastructures, alongside analysing the environmental and social impact of cooperatives, are crucial steps in shaping a sustainable, just, and autonomous cooperative future. Last but not least, platform cooperatives – and the cooperative movement more broadly – must confront the challenge of AI before the terrain becomes irreversibly shaped. In this regard, building broad alliances is essential to developing viable solutions and preserving a minimum level of autonomy for the cooperative movement (Scholz & Tortorici, 2025 a&b).

The challenges faced by platform cooperativism should not hinder its further development. Indeed, a decade after they were first named (Scholz, 2014; Schneider, 2014; Schor, 2014), research is now moving toward a much-needed, more nuanced understanding of the feasibility of platform cooperatives considering different sectors and factors (Bunders et al., 2022), as well as historical, geographical, and political circumstances (Grohmann, 2021). Cooperativism cannot afford to ignore the digital revolution and the most pressing concerns of our time, as its very existence and autonomy depend on its ability to lead these transformations.

## Notes

- 1 An in-depth case study article on The Drivers Cooperative is currently under review.
- 2 Surveys: *GoogleForms*: [https://docs.google.com/forms/d/1V-gXnI-ER1-i4mUEY8Lib-Y9A3PkFzXOU8i1bjtvPNwc/viewform?edit\\_requested=true](https://docs.google.com/forms/d/1V-gXnI-ER1-i4mUEY8Lib-Y9A3PkFzXOU8i1bjtvPNwc/viewform?edit_requested=true); *LiberaForms*: <https://my.liberaforms.org/be-part-of-the-platform-cooperativeseconomic-data>.
- 3 For complete data from the survey on platform cooperatives, please refer to: Tortorici, S. (2025). Mapping platform cooperatives: identities, dimensions and challenges, *Euricse Working Paper Series*, 138|25.
- 4 The interviews were conducted in Italian in May 2021 with co-founders and workers from Cotabo, Consegne Etiche, and Fairbnb. I am grateful to Riccardo Carboni, Damiano Avellino, Michele D'Alena, and Federico Piovesan for their time and insights.
- 5 This paragraph incorporates updated reflections, some of which were previously published in the report *Cooperative Roots for Climate Justice*. The quotes from Dorigatti and Menzani, Battilani, and Zamagni have been translated by the author from Italian.

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