

Re-crafting the enterprise for the gig-economy

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Abstract

Much of the voluminous literature emerging on the gig economy and the impact of “platform”-based work on labour standards focusses on the vulnerability of workers to particular forms of exploitation: low rates of pay, precarious engagement, and unsafe working conditions. Proposed solutions often focus on classification problems: should these workers be classified as “employees” to become entitled to various labour rights? Classifying the worker as an “employee” necessarily assumes the existence of an “employer”. This paper explores the potential for a (possibly) more radical solution to worker exploitation, by investigating an alternative form of business organisation for these kinds of enterprises. The cooperative (well known in Europe, and in agriculture in Australasia) may provide an appropriate enterprise model in the so-called “sharing” economy.

I. Gig economy work and the challenge for labour lawyers

The emergence of new technologies in the last decade has had a profound impact on contemporary labour markets, and the arrangements under which many people work. An extensive literature is emerging on the impact of what has variously been described as the “sharing economy”, the “collaborative economy”,¹ and the “gig economy”.² We are living in an era where artificial intelligence and computer processing are influencing the way we live, the way economies operate and, most relevant to our concerns here, the way many people now work.

The gig economy, typified by digital platforms such as Uber (in the “rideshare”,³ or passenger transport business) or Airtasker (in the odd job business), involves the intermediation by a digital platform, for a profit, of work contracts between customers or clients who require a service, and workers willing to provide that service. Some platforms offer physical and local services (transport, odd jobs); others provide services remotely (data entry, graphic design, coding), and can involve transactions between engagers and providers in different countries. The OECD Digital Economy Outlook 2017 estimates that, of the 49 million users of the digital services of “Upwork” and “Freelancer” in 2016, there were 10 times as many clients of the

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¹ See for example State of NSW Department of Finance, Services and Innovation, “The Collaborative Economy in NSW – A position paper”, November 2015.

² See for example *Crowdsourcing, the Gig-Economy and the Law* (2016) 37(3) Comparative Labor Law and Policy Journal, for a number of academic studies on the world of digitally-sourced work.

³ This is the terminology adopted by the Road Transport (Public Passenger Services) (Taxi Industry Innovation) Amendment Act 2015 (ACT).

services in high income countries, and 4.5 times more providers of services from low income countries.⁴

Gig work does not necessarily require a long-term commitment from the worker (although it is clear that some workers are now making full-time careers as Uber drivers⁵). Typically, gig economy workers are engaged to complete a particular task (the gig) within a defined time with no expectation of future work.⁶ As a result, and depending upon jurisdiction,⁷ these workers are (generally) denied access to the statutory benefits and rights that employed workers' access, such as a minimum wage and the right to organise.⁸ And this has been the focus of much of the emerging literature on the labour law implications of gig economy work.⁹

Of course, the fragmentation of work into short term "gigs" is nothing new. Labour law scholars have long observed that "employment" is no longer synonymous with full time work in a single enterprise. Three decades ago, Pollert observed that many modern organisations are comprised of a small core of full-time workers supplemented by an array of peripheral or "distanced" workers engaged on a part-time, casual or contract basis.¹⁰ Nevertheless, recent technological advancements are accelerating the growth of peripheral work. A 2015 report by consulting firm Price Waterhouse Coopers suggests that up to 70 per cent of existing occupations are likely to be replaced or altered by technological advancements over the next five to 10 years.¹¹ In the United States, the proportion of the labour force working in the gig economy more than doubled in the five years to 2015 (up from 7.2 per cent to 14.4 per cent).¹² A similar spike in gig work has been recorded in Australia. Approximately 4.1 million or 32 per cent of Australia's working population had undertaken some form of freelance or gig based work in 2014, and this is projected to increase rapidly in the future.¹³ According to the OECD Digital Economic Outlook 2017, the greatest "exponential" growth is in the platforms offering accommodation (AirBnB) and passenger transport (Uber and its rivals).¹⁴

⁴ OECD Digital Economy Outlook OECD (2017), OECD Publishing, Paris, at 229. <http://dx.doi.org/10.1787/9789264276284-en>.

⁵ According to the *OECD Digital Economy Outlook 2017*, at 231, Uber drivers in the United Kingdom and France drive, on average 27 hours per week. Time commitment is presently lower in Australia (19 hours per week) and the United States (20 hours).

⁶ G Friedman, "Workers without employers: shadow corporations and the rise of the gig economy" (2014) 2 (2) *Review of Keynesian Economics* 171-188.

⁷ In the United Kingdom, Uber drivers were found by an Employment Tribunal to be "workers" (but not necessarily "employees") for the purposes of the Employment Rights Act 1996, s 230(3)(b): see *Aslam, Farrer & Ors v Uber BV, Uber London and Uber Britannia Ltd*, Case Nos 2202551/2015, decided on 12 October 2016, affirmed in *Uber BV, Uber London and Uber Britannia Ltd v Aslam, Farrer & Ors*, UKEAT/0056/17/DA, 10 November 2017.

⁸ Miriam Cherry & A Aloisi, (2016), "Dependent contractors in the gig economy: A comparative approach", (2016) 66 *American University Law Review*, 635-689 at 683.

⁹ See the papers collected in *Crowdsourcing, the Gig-Economy and the Law* (2016) 37(3) *Comparative Labor Law and Policy Journal*.

¹⁰ For example, see Anna Pollert, "The Flexible Firm: Fixation or Fact?" (1988) 2.3 *Work, Employment & Society* 281-316. See too John Atkinson, "Manpower Strategies for Flexible organisations", *Personnel Management*, August 1984.

¹¹ Price Waterhouse Coopers (PWC), *Future-proofing Australia's workforce by growing skills in science, technology, engineering and maths*, April 2015, < <https://www.pwc.com.au/stem.html> >, 1-24 at 10.

¹² Will Rinehart & Ben Gitis "Independent Contractors and The Emerging Gig Economy", *American Action forum*, 29 July 2015, < <https://www.americanactionforum.org/research/independent-contractors-and-the-emerging-gig-economy/> >.

¹³ Frank Cheung, 'Australia's freelance economy grows to 4.1 million workers', *news.com.au*, 27 October 2015 < <https://www.news.com.au/finance/work/at-work/australias-freelance-economy-grows-to-41-million-workers-study-finds/news-story/629dedfaea13340797c68822f4f2a469> >

¹⁴ OECD, above n 4 at 228.

Much labour law scholarship has been focussed on the risks of exploitation of the growing army of gig economy workers providing physical and digital services, and a common solution appears to be to test the prospects for categorising this kind of work as “employment”, and the platform intermediaries as employers.¹⁵ The admirable object of this scholarship is to guarantee decent working conditions, living wages and a measure of job security for these workers, such as is enjoyed by employed workers.¹⁶ Another solution to the risk of exploitation of labour in the gig economy, and one which accords with some of the rhetoric of the gig economy as an enabler of “micro-entrepreneurship”, is to focus instead on the ownership and control of the enterprise, and to consider ways to enable gig economy workers to share in the profits derived from their labour, and to exercise a greater measure of control over their own work. One way for platform-based entities to be owned and controlled by the workers themselves is to establish worker cooperatives, and new experimentation with worker cooperatives is already occurring around the globe.

II. The corporate employer model.

Before we consider the features and potential benefits and pitfalls of worker cooperatives, it is useful to review the dominant organisational form in our economy (the for-profit corporation) and the relationship between the corporate employer and the worker. With the exception of those managerial employees who take up positions on the board of directors, employees are treated as “outsiders” in contemporary corporate law doctrine. The board of directors owes allegiance to the best interests of the company, and the company’s interests are generally confined to the interests of shareholders. The predominant philosophy of Anglo-American corporate law is that directors of corporations are bound to serve the interests of shareholders who effectively “own” the company,¹⁷ so workers’ claims to share in corporate wealth must be satisfied by bargaining for wages and working conditions.¹⁸ Negotiations with employees – especially when conducted collectively with employee representatives (typically trade unions), are characterised as contracting with external service providers. In this model, the only employees who share profits are those (usually managerial) employees who negotiate for performance-based bonuses. Employee share ownership schemes (where they are available) may provide an avenue for employees to share in the profits of the enterprise, but only in their capacity as shareholders. In our current corporate governance model, minority shareholders have a weak voice in corporate governance, and very little control over management.¹⁹ But that is another story.

¹⁵ See for example, employee rights advocate and barrister, Josh Bornstein’s opinion piece: <http://joshbornstein.com.au/writing/the-great-uber-fairness-fallacy-as-a-driver-how-do-you-bargain-with-an-app/>.

¹⁶ See also Joellen Riley “Brand New ‘Sharing’ or Plain Old ‘Sweating’? A Proposal for Regulating the New ‘Gig Economy’” in Ron Levy, Molly O’Brien, Simon Rice, Pauline Ridge, Margaret Thornton (Eds.), *New Directions for Law in Australia: Essays in Contemporary Law Reform*, (2017, ANU Press, Canberra), 59-69, for a proposal to introduce a special regulatory scheme for this kind of work.

¹⁷ See Richard Mitchell, Anthony O’Donnell, and Ian Ramsay, “Shareholder Value and Employee Interests: Intersections between Corporate Governance, Corporate Law and Labour Law” (2005) 23 Wisconsin International Law Journal 417 at 439.

¹⁸ See Jennifer Hill, “At the Frontiers of Labour law and Corporate Law: Enterprise Bargaining, Corporations and Employees” (1995) 23 Federal Law Review 204.

¹⁹ See Michael J Rawling, “Australian Trade Unions as Shareholder Activists: The Rocky Path Towards Corporate Democracy”, (2006) 28 Sydney Law Review 227-258.

Most online platforms which populate the gig economy are no different from traditional “bricks and mortar” for-profit corporations, despite the rhetoric of “sharing”. Uber, for example, is a corporate group,²⁰ created no doubt for the primary purpose of generating a surplus from the combination of investment in the “app” technology and the labour of drivers, to feed back to the innovators/owners.²¹ Critical scholars have argued that, as the demand to extract surplus in traditional organisations intensifies managerial prerogative increases, inflexible work practices develop and, most disturbingly, workers are commodified.²² This trend is intensified in the gig economy for a number of reasons. Firstly, the process of surplus extraction is contingent on the owner of the digital platform skimming a proportion of the fee paid to the gig worker by the end-user while at same time avoiding liability for any obligations to workers. Uber has sought to achieve this by classifying its contracts as contracts for the provision of telecommunication services by Uber to drivers, rather than as contracts for the provision of transport services by drivers to Uber.²³ On this basis, gig based work is not easily characterised as a traditional employment relationship, nor even as work performed under a service contract between a principal and a contractor. Characterisation of the driver/worker as an independent client of the telco platform is also consistent with the requirement that the worker provide the tools necessary to perform the work (in the case of Uber, the motor vehicle) and take the risks associated with ownership and operation of those assets. The significant burden of ownership and maintenance of the fleet of vehicles necessary to provide this passenger transport service is ‘outsourced’ to the individual drivers. And yet, apart from driving 24/7 to maximise revenue from their investment, drivers have little potential to improve the profitability of their micro-business because Uber sets prices for them, and fixes its own commission on fares (at 25 per cent according to the 2015 contract²⁴).

Uber’s reservation of an entitlement to vary prices and its own commission rates without consultation with drivers has produced disputes in some markets. See, for example, the protests in New York in the United States in 2016, when Uber cut fares without warning by 25 per cent.²⁵

Notwithstanding the clauses in the contract characterising drivers as telco customers, and denying any employment or other work provision relationship between Uber and the driver, the contract terms assert considerable power of discipline over the driver, by way of a right to

²⁰ The parent and platform owner is Rasier Operations BV, registered in the Netherlands.

²¹ Although business press reports about Uber suggest that the overall business may not be profitable. See Biz Carson, “Uber booked \$20 billion in rides in 2016, but it’s still losing billions” Business Insider, 15 April 2017. Available at <<https://www.businessinsider.com.au/uber-2016-financial-numbers-revenue-losses-2017-4?r=US&IR=T>>. See also Eric Newcomer, “Uber lifting financial veil says sales growth outpaces losses” Bloomberg Technology, 15 April 2017, available at <www.bloomberg.com/news/articles/2017-04-14/embattled-uber-reports-strong-sales-growth-as-losses-continue>.

²² H J Van Buren III, M Greenwood & C Sheehan, “Strategic human resource management and the decline of employee focus”, (2011) 21(3) Human Resource Management Review 209-219.

²³ See the discussion of the Uber contract dated 23 December 2015 in Joellen Riley “Regulating Work in the ‘Gig Economy’” in Mia Rönnmar, Jenny Julen Votinius (Eds.), *Festskrift Till Ann Numhauser-Henning*, (2017 Sweden: Juristförlaget i Lund) at 669-683. A copy of this contract is on file with the author (joellen.riley@sydney.edu.au), and appears to accord in terms with the contract discussed by the UK Employment Tribunal in *Aslam, Farrer & Ors v Uber BV, Uber London and Uber Britannia Ltd*, Case Nos 2202551/2015, decided on 12 October 2016 affirmed in *Uber BV, Uber London and Uber Britannia Ltd v Aslam, Farrer & Ors*, UKEAT/0056/17/DA, 10 November 2017.

²⁴ See above n 23.

²⁵ See Adrian Chen “An Uber Labor Movement born in a Laguardia Parking Lot”, *New Yorker*, 8 February 2016, <<http://www.newyorker.com/business/currency/an-uber-labor-movement-born-in-a-laguardia-parking-lot>>

block the driver from using the platform if the driver's passenger approval ratings fall below an acceptable level.²⁶ This facility in the contract has produced complaints from some drivers that they enjoy no job security. *Oze-Igiehon v Rasier Operations BV*²⁷ is a case in point. Mr Mike Oze-Igiehon was a driver, who had undertaken substantial financial obligations to purchase a vehicle suitable for Uber work, but was blocked from the Uber app because of some adverse ratings. It was accepted that his contract with Uber was not an employment relationship, so his only claim against Uber was for breach of contract. In all the circumstances, it was held that Uber had not breached the contract by deactivating his use of the app following complaints, and indeed that Uber had no obligation under the contract to "prove that each complaint received was truthful and accurate".²⁸

In summary, under the contractual arrangements with Uber, the drivers undertake the financial burdens and expenses of fleet provision and maintenance, they cannot set their own prices and so influence the profitability of their own work, and they have no guarantee of protection from capricious dismissal. In some respects, they are business people in their own right, owning their own vehicles and determining their own hours. In other respects, they are treated as servants, subservient to the dictates of the platform. In all respects, they have little say over the organisation of their work, and little opportunity to share in any wealth created by the enterprise.

III. Identifying alternatives

There are respectable arguments that the working people who contribute much of the wealth of corporate enterprise should not be treated as outsiders, but as stakeholders with a legitimate claim to share in the wealth created from their collective endeavours.²⁹ Our concern is to investigate the potential for a different organisational form, better designed to ensure that the workers in a venture derive not just a minimal fee-for-service (as is presently the model for many gig economy platforms), but an opportunity to share in the profits of the venture, and to facilitate an efficient sharing of the risks inherent in equipment ownership. The for-profit corporation is not the only organisational model available in modern economies. Among alternative organisational forms is the co-operative.³⁰ We argue that cooperatives may provide a more appropriate organisational structure for gig economy businesses, given that gig economy businesses already rely heavily on investments made by the workers themselves.

IV. Why cooperatives?

We argue that the current contractual arrangements in the gig economy risk delivering inequitable outcomes because platform owners are able to take a disproportionate share of the surplus derived from gigs, while bearing none of the liabilities of employing labour. If workers were part-owners of the enterprise, or formed their own cooperative enterprise to negotiate terms with the telco platform, gig economy workers may secure greater influence over the

²⁶ See Georgia Wilkins "Driver sues Uber after termination", Australian Financial Review, 19 May 2016, 9.

²⁷ [2016] WADC 174.

²⁸ Ibid at [93].

²⁹ See generally the collection of essays in Margaret M Blair and Mark J Roe (eds) *Employees & Corporate Governance*, Brookings Institution Press, Washington DC, 1999.

³⁰ A Fici, "An Introduction to Cooperative Law" in D Cracogna, A Fici, and H Henry, (eds), *International Handbook of Cooperative Law* (2013, Springer) at 6.

organisation of work, and over how income derived from the enterprise is distributed. Worker ownership may also contribute valuable knowledge to improve the provision of services by the enterprise. After all, the people working at the “coal face” in businesses can often see most easily the opportunities for further innovation and improvement. The question, then, is whether the cooperative is the right form of business organisation to achieve these ends.

There has certainly been encouragement of this form of business organisation by the International Labour Organisation (ILO) in the past and now more recently. The origins of cooperatives can be traced back to the International Co-operatives Alliance (ICA). This was a non-profit international association established in 1895 to help advance the cooperative model.³¹ The Mondragon Corporation, established in 1956 as a federation of worker cooperatives, is perhaps the best known example of worker co-operative enterprise in Europe. There has been renewed interest in recent times in the worker co-operative. Economic downturn and business crises have generated interest in the potential for worker takeovers of failing companies.³² In 2002, the ILO adopted a Recommendation (No 193) on Promotion of Cooperatives. The Preamble notes that cooperatives can play an important role in “job creation, mobilising resources, generating investment” and generally contributing to the economy. It also notes that “stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalization”. Recommendation 193 encourages the “promotion and strengthening of the identity of cooperatives” (Art 2) by governments providing “a supportive policy and legal framework” (Art 6) to enable the development of effective cooperatives. A word of warning is sounded in Art 8(1)(b): National policies should “ensure that cooperatives are not set up for, or used for, non-compliance with labour laws or used to establish disguised employment relationships”. And particular reference is made to the potential value of cooperatives to address the phenomenon of the gig economy. Article nine provides:

Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the “informal economy” into legally protected work, fully integrated into mainstream economic life.³³

Recommendation 193 is ambitious in its aims, but appears to have had some traction. According to a review conducted in 2015, “cooperatives are weathering the turmoil of the financial and labour markets relatively well”.³⁴ In 2009, the ILO published a Global Jobs Pact that recognised the role of cooperatives in job creation.³⁵ And 2012 was declared the UN International Year of Cooperatives.³⁶

³¹ See <<https://ica.coop/en/international-co-operative-alliance>>, for more information.

³² See Rob Paton, *Reluctant Entrepreneurs: the Extent, Achievement and Significance of Worker Takeovers in Europe*, (1989, Open University Press, UK).

³³ ILO Recommendation No 193, Art 9.

³⁴ International Labour Office, *The Story of the ILO’s Promotion of Cooperatives Recommendation, 2002 (No 193) A review of the process of making ILO Recommendation No 193, its implementation and its impact twelve years after adoption*, (2015, ILO, Geneva).

³⁵ *Ibid* at 2.

³⁶ *Ibid*.

A. Cooperatives in New Zealand

New Zealand has a long and strong history of cooperatives, beginning with the establishment of the Southland Building Land and Investment Society (now SBS Bank) in 1869.³⁷ The UN listed New Zealand as the most cooperative economy in its 2012 Year of Cooperatives. Recent estimates place the total revenue of cooperative enterprises in New Zealand at almost \$43 billion per annum, by far the largest contributor being Fonterra (at almost \$19 billion).³⁸ While the earliest cooperatives were in the agriculture (notably dairy) and development finance sectors, cooperative enterprises in trades (plumbing, hardware) developed after the Second World War. Cooperative enterprises are governed by the Co-operative Companies Act 1996 (NZ). First among the reasons for enacting this legislation, listed in its preamble, is “[T]o reaffirm the value of the co-operative company as a means of facilitating its shareholders carrying on business on a mutual basis”.³⁹

B. Cooperatives in Australia

While there is a new interest in worker cooperatives in Australia, like New Zealand, most Australian cooperatives have been in the agricultural or financial sectors (such as credit unions). In Australia, however, cooperatives have never been seen as the preferred organisational form for generating growth in the economy for a number of interrelated social and regulatory reasons, dating back to the time of Federation. According to Lyons, cooperatives struggled to find favour at this time because of Australian society’s tendency to emphasise individualism and consumerism rather than the cooperative ideals established by the ICA.⁴⁰ From a regulatory perspective, cooperatives failed to gain national recognition, because the Commonwealth power to regulate incorporated enterprises (in section 51 (xx) of the Constitution, commonly referred to the Corporations power) covered only foreign or “trading or financial corporations formed within the limits of the Commonwealth”⁴¹. Co-operatives did exist, but they were local or state-based entities which, due to their non-corporate status, were unable to operate or expand across state boundaries.

Some of these regulatory limitations have now been addressed with the introduction of uniform cooperative legislation across Australian states.⁴² So despite initial social and regulatory obstacles, cooperatives have continued to grow in significance and coverage, particularly over the last five years as demand for more sustainable and democratised organisational forms increase. In 2016, there were over 2000 registered cooperatives in Australia comprising 29 million active members. The top 100 cooperatives had a combined turnover of over \$30.5 billion as well as a total asset holding of \$143.7 billion and operate in a number of key sectors of the economy including primary produce, financial services and consumer markets.⁴³ These include financial cooperatives, such as credit unions, agricultural cooperatives, community cooperatives as well as worker cooperatives.

³⁷ See Cooperative Business New Zealand <<https://nz.coop/>>.

³⁸ Ibid.

³⁹ Cooperative Companies Act 1996 (NZ) Long Title Paragraph (a).

⁴⁰ M Lyons, *Cooperatives in Australia: A background paper*, 2001 Australian Centre of Cooperative Research and Development (ACCORD).

⁴¹ Australian Constitution, s 51(xx).

⁴² Troy Sarina, “Australia”, in D Cracogna, A Fici, and H Henry, (eds.), *International Handbook of Cooperative Law* (2013).

⁴³ Business Council of Co-operatives and Mutuals (BCCM). 2016, National Mutual Economy Report-incorporating the top 100, 17, < <http://bccm.coop/publications/2016-national-mutual-economy-report/#.Wd2ez0xL08Y> >.

C. Worker cooperatives

Worker cooperatives are already found in various sectors of the economy, including transportation, construction and professional services.⁴⁴ See, for example, a relatively new cooperative of health care nurses in California.⁴⁵ Rather than work as employees for a labour hire outfit, these health professionals have established (with the assistance of legal and business advice from the United Health Workers West Union) a cooperative to employ themselves. In Perth, the owners of a family business providing technical and repair services for scientific equipment have converted the enterprise into a worker-owned cooperative, called Galactic Scientific.⁴⁶

Co-operatives UK Worker Co-operative Council publishes a guide to setting up and managing worker co-operatives (although there is presently no special cooperative legislation in the United Kingdom).⁴⁷ The elements of ensuring an effective collective include establishing an appropriate governance and management structure. Depending on size, the cooperative may adopt a flat management structure, where all members participate in management decisions, or a more complex structure. A team based structure can concentrate decision-making about aspects of the business into 'semi-autonomous teams' dedicated to that aspect of the business, and who elect representatives to form an overall governance body. A more hierarchical model may involve the selection (by election from members, or by recruitment of a specialist) of a general manager or managers to handle governance. In all cases, however, democratic control by members is a key principle of the cooperative model.

Another key principle is economic participation by all members. The UK Worker Cooperative Code recommends (as its third principle) that members agree to allocate a percentage of surpluses to reinvestment in collectively owned capital and reserves; agree to a pay and benefits structure for work; facilitate additional investment by members in the enterprise; and ensure that surpluses are distributed fairly and equitably among members according to contribution. The fourth principle is that cooperatives should be careful in any external capital raising that they do not compromise their independence and autonomy, and should adopt sound risk control and prudential practices.

Through this kind of enterprise, workers are able to jointly own and control the assets associated with the provision of their services, as well as share equitably in the proceeds from their own labour. The gig workers who are presently incurring significant financial debt to equip themselves to secure work (such as the Uber drivers who are required to own a late model motor vehicle), might share those costs and possibly secure some economies of scale, by ensuring that the co-operative owned and maintained the fleet.

The benefit of a governance model requiring democratic decision-making is that members of the cooperative can participate in decisions about the terms and conditions of the work they

⁴⁴ See above n 30 at 24.

⁴⁵ See Nithin Coca, 'Nurses Join Forces With Labor Union to Launch Healthcare Platform Cooperative', 21 August 2017 <<https://www.shareable.net/blog/nurses-join-forces-with-labor-union-to-launch-healthcare-platform-cooperative>>.

⁴⁶ See Employee Share Ownership, 'The common light bulb moment for Galactic Cooperative' 14 August 2017, available at cooperative in Perth <<http://www.employeeownership.com.au/news-archives/the-common-lightbulb-moment-for-galactic-cooperative/>>

⁴⁷ See <www.uk.coop/sites/default/files/uploads/attachments/worker_co-operative_code_2nd_edition_0_0.pdf>.

will undertake and, by doing so, may avoid the “take it or leave it” contractual arrangements presently associated with much gig economy work.

A further potential benefit of the cooperative governance model involves the more intangible benefits of autonomous and self-directed work. Social capital is generated, where organisations with a positive organisational culture or clear common purpose witness informal interactions between workers aimed at improving service delivery to customers. This social capital helps to generate a common language amongst workers, facilitate future information sharing, generate greater trust, and help capture technical skills and develop tacit knowledge.⁴⁸ This type of human capital is crucial for allowing organisations to solve complex problems, and to innovate. The type of innovation generated from enabling workers themselves to fashion their own work is another untapped resource that may be ignored in the rigidly regulated commercial exchanges of much gig economy work. Workers in a cooperative share a common objective and so have the incentive to share information and identify ways in which to continually improve the way their labour is deployed in organisation.

V. Challenges

The authors’ research on cooperatives and their potential to provide better labour market outcomes for gig economy workers is still at a very early stage. The authors know that some worker cooperatives have failed, spectacularly on occasions, in the past, and there will be lessons to learn from interrogating the reasons for those failures. But the authors believe this is a project worth investigating. Gig economy workers are already shouldering significant investment costs in their work, so the argument that gig economy workers will be too impecunious to share in the investment and risk sharing aspects of cooperative endeavour seems misplaced. Many already experience a level of personal autonomy in decisions about when to work, but have limited (if any) avenues to negotiate the terms upon which they provide their labour. If these are truly “micro-entrepreneurs” presently running their own nano-scale businesses, it is surely worth investigating the scope for formation of collectives, governed on the basis of cooperative principles, to better promote the ideals manifested in ILO Recommendation 193.⁴⁹ While this solution may not suit all gig economy activities, it may provide an avenue for some of these self-employed workers to enjoy similar economies of scale to the enterprises that presently engage their labour, and similar opportunities to share in the wealth created by technological innovation. The “sharing economy” may live up to its own rhetoric.

⁴⁸ M Albenese & S Villani, “Organizational Models of Firms and Social Capital: The Different Aptitude of Capitalistic and Co-operative Firms in Accumulating Social Capital” in Anthony Jensen, Greg Patmore, and E Tortia, (eds), *Cooperative Enterprises in Australia and Italy: Comparative analysis and theoretical insights*, (2015, Firenze University Press, Firenze).

⁴⁹ For a treatise on these ideals, see Race Matthews *Jobs of Our Own: Building a Stakeholder Society; Alternatives to the Market and the State*, 2nd ed , (2009, The Distributist Review Press, Texas).