

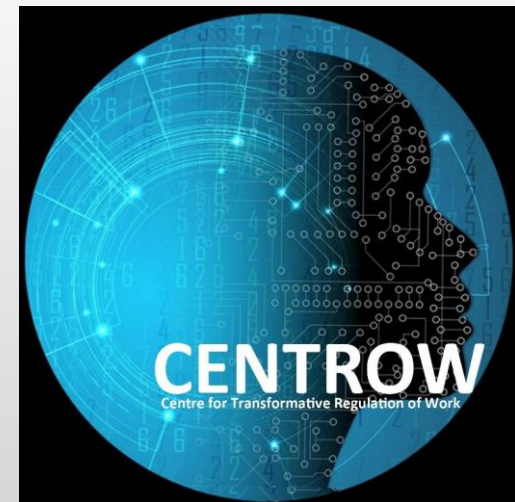
Are we ready for platform coops in SA?

GovTech 2023 - "Platform Economy for Digital Transformation and Inclusive Growth"

Ratula Beukman



platform
cooperativism
Discussion



Are we ready for platform coops in SA?



Are we ready for platform coops in SA?



- In many parts of the world, cooperatives are harnessing the “platform economy” for the benefit of communities, and this movement is growing in strength.
- Could worker-owned co-ops in South Africa get a grip on the digital economy and, in doing so, contribute to help our communities stand together to beat their socio-economic struggles?

Brief historical overview of coops in SA?

- The vision for the economy was a three-way system, propelled by a combination of enterprises owned by the state, private individuals and cooperatives *“as a tool for facilitating the establishment of community-owned enterprises and worker-owned enterprises”*.
- At the time, the reality was very different. The economy was dominated by corporate conglomerates. Registered South African co-operatives were operating along racially divided lines, with state support aligned to the primary strong white agricultural cooperatives.
- In contrast, ‘stokvels’ were an age-old ‘informal’ financial co-operative consisting mainly of women who save monies together to pay for family events like funerals, weddings, and other costly celebrations. This cooperative was and is based on open and voluntary membership, where the contributors to the ‘stokvel’ control how economic participation and distribution occur.

What are platform cooperatives?

- *“Platform coops take the best of the tried-and-true models; the 200-year-old model of the cooperative and the much younger model of the digital platform and bring them together.”*
- Trebor Scholz



There is the need to rethink our digital economy in a more inclusive way

An emerging model is
Platform Cooperativism

COOPERATIVE MODEL  DIGITAL INNOVATION

An international movement with the aim to apply the co-operative principles to the digital economy. The main scope of a platform co-op is to protect the interests of its users.

The image shows a graphic with a light blue background. At the top, a white arrow points downwards towards the main text. The text is centered and uses a mix of bold and regular fonts. A Venn diagram logo with two overlapping red circles is positioned between the words "COOPERATIVE MODEL" and "DIGITAL INNOVATION".

What are platform cooperatives?

- Platform cooperatives are businesses that sell goods or services primarily through a website, mobile app, or protocol. They rely on democratic decision-making and shared platform ownership by workers and users.





**Platform Cooperativism:
an international movement
on the rise**

Impressions of the 1. PlatformCoopBerlinEvent
@SUPERMARKT 04.03.2016
*Forum: Ownership, 13.11.19




**Platform
Cooperativism
Consortium**



INSTITUTE
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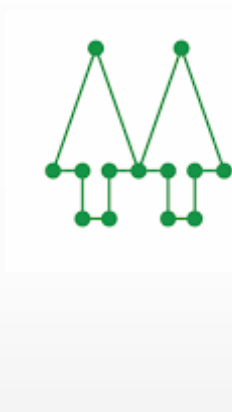
**THE
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WHO OWNS THE WORLD? THE STATE OF PLATFORM COOPERATIVISM

NOVEMBER 7-9, 2019



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THE INTERNET. OWNERSHIP. DEMOCRACY.
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Domestic worker platform cooperatives: DPCP

- The Centre for Transformative Regulation of Work (CENTROW) at the University of Western Cape conducts applied research focused on marginalised workers.
- In 2020, due to sectoral research and the recognition of the innovative potential of labour platforms, the Social Law Project a unit at the Centre, focused on the development of a worker-owned platform, **We Care — Digital Platform Cooperative Project (DPCP)**.
- The DPCP consists of 60 domestic workers from the urban centres of Cape Town and Johannesburg.



Domestic worker platform cooperatives: DPCP

- The DPCP project provided various trainings to the domestic workers in governance, management and business skills
- Its constitution embodies shared ownership and democratic corporate governance.



Domestic worker platform cooperatives: DPCP

- The workers are building a platform cooperative from scratch. The 60 founding members are involved in the co-design of all processes, which has led to worker-focused features.
- The project is the first platform cooperative in South Africa and is distinct from private commercial platform offerings in several ways.
- The worker-owned application will launch in 2024.



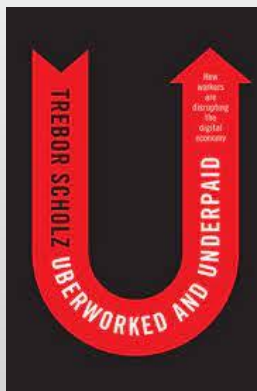
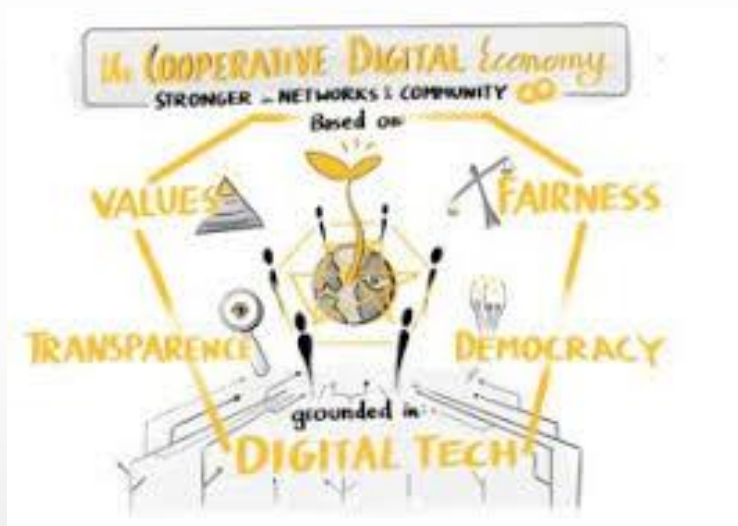
Domestic worker platform cooperatives: Up&Go

- Worker co-ops like Up&Go are proud to own their IP rights through the platform – they have the intellectual property of the platform – which is in their own hands.



Domestic worker platform cooperatives: Up&Go

- Up&Go is a platform company
- Not a typical platform company – it is a “platform cooperative”
- This means that the workers, the domestic cleaners are sharing the governance and ownership of the platform
- They are deciding on wages; they are deciding on benefits
- They are deciding what customers are charged
- It is a truly democratic workplace



What makes Platform Coops different?

- *“They are made of a group of people who get an equal vote in decision-making and genuinely share that process – for example when it comes to how much customers should pay for services rendered, how much workers should be paid, whether or not data should be collected and to whom it is sold.”*
- *“Another difference is that they are scaling equality - workers are paid more and are more secure in their jobs.”*
- *“Another difference is that everyone at the company owns it together – it is shared ownership which means that the intellectual property of the software is owned together – it means that they can create a small network of companies like social franchises and scale up the company to compete against large tech companies.”*

Trebor Scholz – Platform Cooperativism Consortium – New School

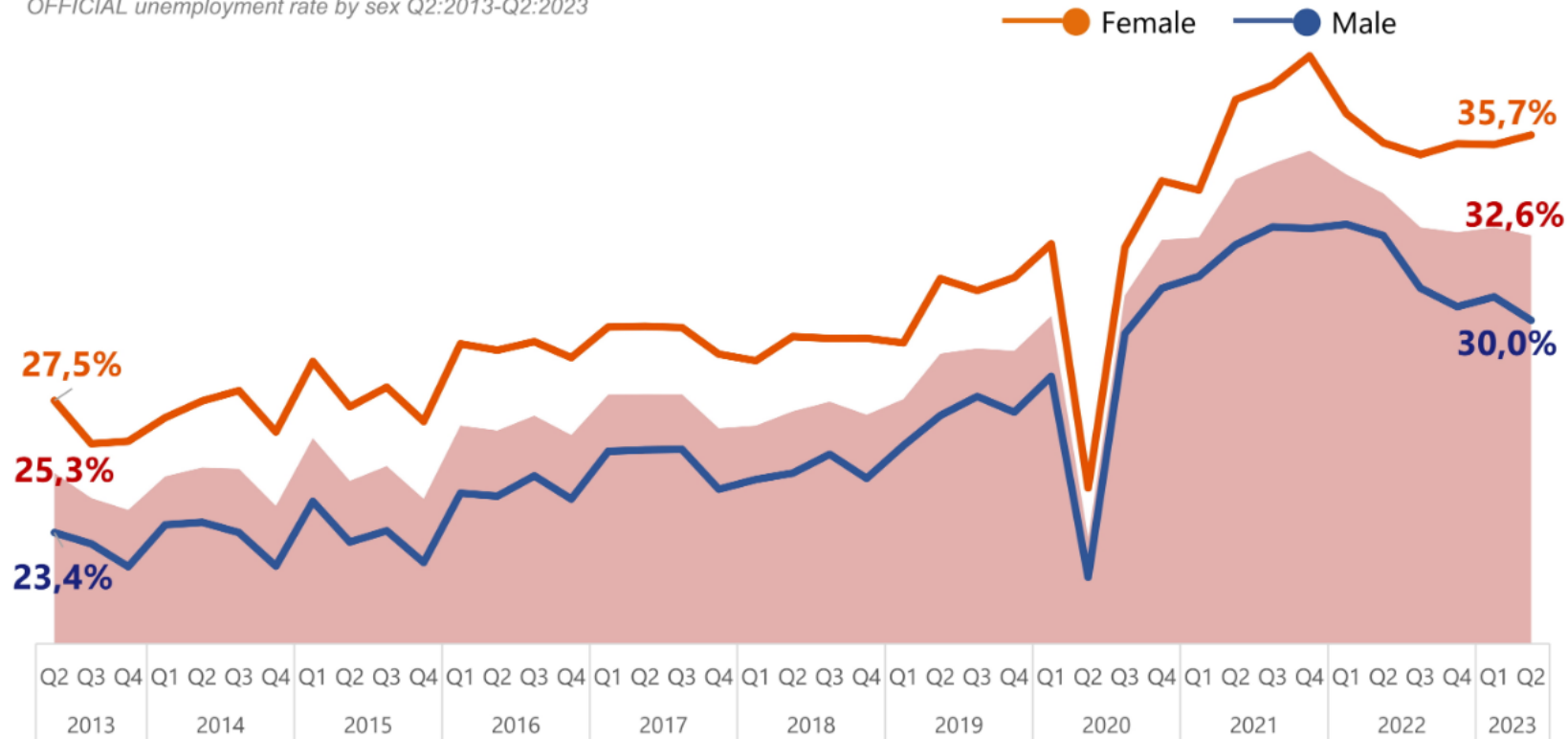
Are we ready for platform coops in SA?

- South Africa continues to grapple with persistently high levels of unemployment, with the burden of joblessness being carried by women and young people. The official unemployment rate in Q2:2023 was 32,6%,
- Unemployment numbers for women remain higher than the national average, with 35,7% of South African women in the labour force currently without work and actively looking for work. **This is an increase of 0,3 of a percentage point quarter-on-quarter, and 0,2 of a percentage point year-on-year.**
- Black African women fare even worse with an unemployment rate of 39,8% in Q2:2023, which is higher than the national average and other population groups.

Are we ready for platform coops in SA?

Over the past ten years, the **unemployment** rate for **women has been higher** than for men. The female unemployment rate increased from 27,5% in Q2:2013 to 35,7% in Q2:2023.

OFFICIAL unemployment rate by sex Q2:2013-Q2:2023



Source: Quarterly Labour Force Survey Q2 2023

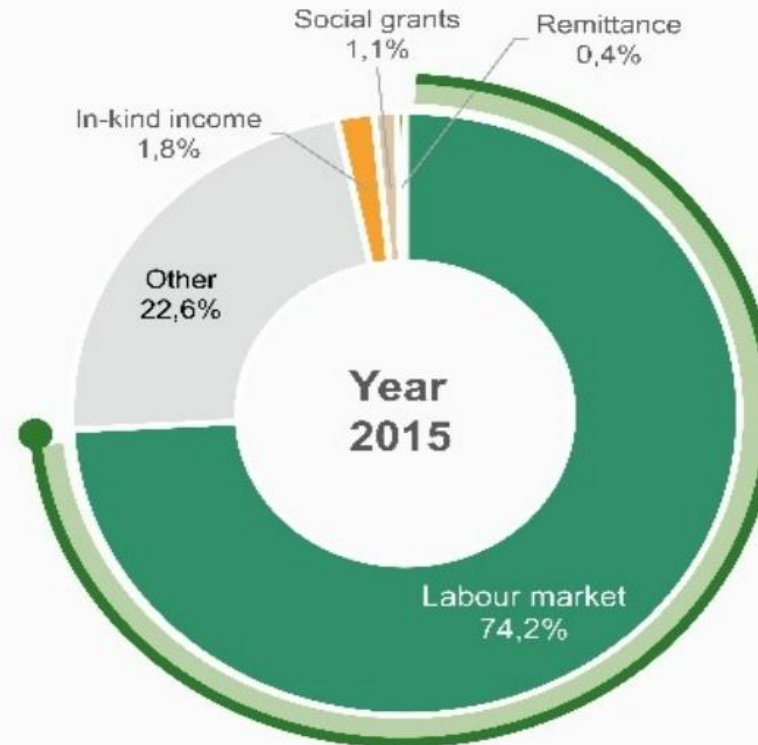
Are we ready for platform coops in SA?

- South Africa is known as one of the most unequal countries in the world, reporting a per-capita expenditure Gini coefficient of 0,67 in 2006, dropping to 0,65 in 2015.
- This is according to the Inequality Trends in South Africa report released by Stats SA. According to the Palma ratio, the top 10% of the population spent 8,6 times more than the bottom 40% in 2006; this ratio reduced to 7,9 in 2015.
- These figures indicate that overall inequality, measured at a national level, has declined between 2006 and 2015.

Are we ready for platform coops in SA?

Labour market income is overwhelmingly the largest contributor to income inequality when compared to other income sources.

Relative contributions to inequality by income sources based on the Gini coefficient (LCS 2015)



Are we ready for platform coops in SA?

- Creative and long-standing interventions are needed to deal with the structural challenges faced in South Africa. In particular, there is an urgency to reimagine employment.
- Commercial platforms are fundamentally shifting how work is organised for workers who participate in the platform economy.
- But, according to the latest report of the Fairwork Project, commercial platform workers "face unfair work conditions, and lack the benefits and protections afforded to employees" like the right to fair pay, fair conditions, fair contracts, fair management, and fair representation.



Are we ready for platform coops in SA?

- Throughout this conference, there was a call for more action, especially by the government.
- The Department of Small Business Development seems fully committed to supporting SMMEs and cooperatives.
- They've been promoting cooperatives since 2004 with the Cooperatives Act of 2005 (amended in 2013) and have seen an increase in registered cooperatives in South Africa.
- However, many of these cooperatives have failed, and there's a need for more support.
- The Department is working on a Co-operatives Development Support Programme (CDSP) - Is there space for the consideration and support for platform cooperatives?
- The SMMEs and Co-operatives Funding Policy
- Additionally, the Small Enterprise Development Agency (Seda) aims to establish 100 more incubation centres/digital hubs by 2024.

Are we ready for platform coops in SA?

In addition to government support;

- We need instructors at law schools and business schools at universities and other institutions to teach about this model.
- Entrepreneurs to start one instead of another traditional platform.
- Incubators should include this model in their vision of funding.
- Trade unions should start platform coops.
- Ethical social impact investors to consider them and create an amazing legacy for equality.

Why I Hold Hope for the Future

- I'm not here to promise a single solution to erase economic inequality forever.
- What we truly need is economic diversity, including small, unionised businesses, employee ownership, and [platform cooperatives](#).
- While challenges loom large, there's hope. When markets stumble and government safety nets falter, people naturally come together.
- They form food co-ops for crisis sustenance and establish platform cooperatives for fair-wage cleaning services.
- As markets and governments struggle with systemic issues, the spirit of participatory democracy is spreading globally. It's time for it to flourish in South African workplaces.

- Thank you!

