

MS7087 – Critical Approaches to Data Analytics and the Digital Economy

Platform Cooperativism: Fairbnb as Case Study

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Introduction

The following text constitutes a detailed investigation of the concept of platform cooperativism, which provides an alternate vision to the dominant paradigm of platform applications which are defined by the maxim of profit and are designed to increase private gains (Bunders et al., 2022). Problematizing this aspect of private ownership, platform cooperatives argue for the possibility of privately owned and cooperative platforms, or more elementarily, a radically reconfigured conception of public-private forms of ownership within the industry sectors of algorithms and technology (Christiaens, 2024). Given the growth of the platform society, accompanied by an increase in online communication, the increasingly interconnected nature of the world, and the growth of big tech moguls, the aspect of private ownership on apps and platforms involving labour brokerage needs to be analyzed in greater detail, hence the focus on platform cooperatives. The text will turn to a comprehensive review of the literature, especially in an attempt to define the main terms, along with the central ideological tenets and the different perspectives that have emerged in relation to them. This will be followed by a case study on Fairbnb, with a complementing discussion and analysis of Airbnb, the rental platform that it has emerged in opposition to. Finally, an analysis will be conducted of Fairbnb, given the various theoretical undercurrents and perspectives discussed in the literature review.

Literature Review

Within this literature review, a more effective understanding needs to be circulated of platform cooperativism, the initiatives that embody its practices to varying degrees, and finally the status quo and paradigms that it is being introduced as an alternative option to. The roots and popularity of the term can be traced to Scholz (2014), who in an attempt to counter the deleterious effects of capitalism, sought to promote efforts of creating online platforms based on cooperative structures. Scholz's (2014) concern regarding the unethical labor practices could be seen through Uber, whose benefits are borne mainly by its owners and investors, even though it constitutes an example of platform-based labour brokerage. In doing so, Scholz's (2014) idea is to apply the technological imagination to more collective and collaborative forms of ownership and resource distribution. The belief in the possibility of this can be seen in the claim that "worker-owned cooperatives could design their own apps-based platforms, fostering truly peer-to-peer ways of providing services and things, and speak truth to the new platform

capitalists” (Scholz, 2014, p. 47). Using the same example of Uber, Sandoval (2020) also argues that the corporate middleman needs to be removed, just as Uber needs to be replaced by a service that taxi drivers themselves manage and own. In this case, the platform/application would be designed such that all users would have equal ownership. As Sandoval (2020) further explains, the idea of a cooperative platform is much older than the inception of platform cooperativism, and can indeed be seen as a people’s version of internet ownership whereby technology is meant to serve social ends, collectivizing “the power to own and the right to decide” (Sandoval, 2020, p. 802). Platform cooperativism also relies on an idea from the nineteenth century, which is that of cooperatives. These are defined as autonomous associations that voluntarily come together to meet a set of cultural, social and economic needs, but are also jointly owned and democratic in the nature of their enterprise. No matter what the exact details of the organization are, cooperatives are designed primarily to benefit their members in an equal manner (Papadimitropoulos and Malamidis, 2024).

It is also pertinent to note that cooperatives are intrinsically collaborative in nature, and in doing so, they can become common grounds to mobilize people into calling for more extensive forms of social change. This, in turn, also borrows from Van Dijck et al.’s (2018) insights pertaining to platform society. The defining contours of a platform society are quite useful in this context. They allow for an understanding of increasing connectivity in the world, but with the explanation that they are strictly neither economic or technological phenomena. This is a perspective that sees such platforms as infiltrating and blending in with institutions, and both converging with and diverging from existing structures (Van Dijck et al., 2018). Therefore, a complex relationship can be established between societies and platforms. What also needs to be clarified more explicitly is that platform societies are not just about categories like social, cultural, economic, but also refer to another aspect of the divide, i.e. the public-private dichotomy (Sandoval, 2020). Given the contemporary context in which most of human interactions are carried out on the Internet, it also raises the question of public and private gain. Existing platforms are problematic in this sense, because they not only put pressure on collective and publicly available resources but are also oriented towards maximizing private gain and benefits for individuals (Papadimitropoulos and Malamidis, 2024). It is also in response and opposition to this problematic aspect that platform cooperatives exist as alternate paradigms. The work of Van Dijck et al. (2018) also expresses three different mechanisms underlying the growth of the platform ecosystem. Here, not restricting it to merely economic

or social explanations, the objective is to understand how both platform mechanisms and everyday users play their role in determining outcomes and the dynamics of the ecosystem.

Platform cooperativism is also a field where activism and enterprise come together, embodying the idea that “capitalism can be trained and reformed from the inside” (Sandoval, 2020, p. 806). In other words, a business that has dedicated its workings to the cooperative model implies a more democratic ownership, which is also a departure from the business structures that are contingent upon class differences and private ownership. However, despite the change in its structure, it is still to be noted that platform co-operatives function mainly in the context of capitalism and under markets run by capitalist logics (Papadimitropoulos and Malamidis, 2024). There are positive implications to this paradoxical form of existence, namely the ability to participate in capitalist society despite pursuing objectives apart from profit and expansion in the manner that the traditional corporation engages. There are also certain limitations to the idea of platform cooperatives, given its paradoxical existence in a capitalist market system. They are different from social movements or activism because of how they try to enact change from within capitalism (Zygmuntowski, 2018). Public funding has been reducing in recent years, and this has created a shortage of opportunities to foster and support social causes. This is also connected to the fact of working realities in the increasingly relevant gig economy, where partial work and freelance have created precarious conditions. In an ideological sense, they also display a sense of ambivalence. They are often unable to escape the market and its capitalist pressures. This is known as the degeneration thesis (Egan, 1995), which is a wider phenomenon faced by social endeavours within capitalism, and argues that they are bound to politically fail. In this discussion, Srnicek (2017) introduces the monopolistic nature of major firms and the extensive cadre of resources behind them, which makes it difficult to resist sustained pressure. At the same time, it can be argued that cooperatives have worked in some cases. Scholz and Schneider (2016) give examples of cooperatives that have continued to challenge the economic status quo in an effective manner and impact the lives of their members in a substantial manner. The difficulty is further compounded by the fact that the more radical a cooperative’s agenda, the harder it becomes to procure funding and secure interests within the capitalist market.

It would also be pertinent to look here at cooperative’s perspective towards entrepreneurialism, which is the other side of the enterprise. And here, concerns can be raised in relation to the work of specific theorists, such as Foucault (2008) and Littler (2017), who point out (a)

neoliberalism as the extension of the capitalist logic to domains that are not as economic, and (b) problematic in its organization of life to the ends of competition and is destructive. In other words, the ambivalent relationship of cooperatives to capitalism does not help their profile, as it refers to its tendency to surrender completely to market power by conforming to the model of a business to pursue that cause (Scholz and Schneider, 2016). Additionally, neoliberalism is quite pervasive in the contemporary world, so it is hard to imagine a life completely free from its influence (Zygmuntowski, 2018). On the positive side, it can be argued that despite the nature of their operation in the capitalist system and subordination to its logics, they are aiming at subverting the system from within and advocating a reformist conception. However, the presence of a democratic ownership structure is no guarantee for equal dividends among the collective of owners (Christiaens, 2024). It is still highly possible for the disadvantageous logics of entrepreneurialism to impact the governance structure and operation of the cooperative. Brown (2015) also provides insights here, demonstrating that the presence of democracy is far from a reassurance of and has historically been known to be instrumentalized for harmful purposes. Social exclusion, along with racial and economic discrimination, are known to have been found in cooperatives (Schor, 2017; Sandoval, 2020).

Case Study

The example of Fairbnb will be used here to demonstrate a particular focus on the rental market and its short-term scope. This example is shown in the context of extracting value from different localities, and how adverse effects can be mitigated by making use of cooperatives and cooperative structures. While the hotels and accommodation industry has seen an upsurge in recent years, Fairbnb constitutes a direct response to Airbnb, serving as an alternate model of business for exactly the same form of enterprise (Vale et al., 2024).

Here, a concise overview of why Airbnb's business model is considered harmful is important. The types of short term lettings that Airbnb promotes are harmful for local environments (Petruzzi et al., 2024). Van Dijck et al.'s (2018) example from Amsterdam, Netherlands, explains how municipalities and city administrations often have to deal with increased volumes of waste, along with the possibility of local people being gradually priced out by the market. And while Airbnb could still have had a positive where it was seen as a platform for bringing people together, it eschewed relying on individual property owners by shifting its emphasis towards owners of multiple homes, which were more likely to be corporations. Thus, it is seen

as extracting value from areas where there is a larger proportion of host properties (Van Dijck, 2018). This can create serious problems, as prices are driven up by the presence of tourists, while locals and migrants might be unable to find long-term affordable housing options (Petruzzi et al., 2022). The adverse effects of accumulation and dispossession by Airbnb can be observed in the instances of Edinburgh and North Devon (Petruzzi et al., 2024). It was out of, and as a response to these problems that the enterprise of Fairbnb.coop was formed in 2016, by people from the cities of Amsterdam, Bologna, and Venice. Advocating what they term as community powered tourism, the company advocates a shift back to a sharing ethos in the platform community. Its key to authenticity and sustainability is thus linked to its non-prioritisation of profit. The manifesto of the cooperative comprises of three main principles: collective ownership, democratic governance, and social sustainability (Papadimitropoulos and Malamidis, 2024).

Similar to other platforms, Fairbnb charges customers a 15% commission (Vale et al., 2024). However, this profit is equally distributed between the cooperative and helps cover the cost of maintaining cooperative operations. Consequently, this is also what separates it from platforms that are driven by profit. It also contributes to community projects, as local organisations can apply to be eligible for a share of the commission. Moreover, guests also have options to fund causes they prefer (Vale et al., 2024). It was previously mentioned that Fairbnb operate with the business model that is in direct opposition to Airbnb. To further elaborate, its operating principles are based primarily on a “one property, one host” policy, albeit with some modifications based on local regulations and circumstances. By ensuring that only people with fewer properties are eligible, they help filter out corporations and landlords. In order to make the process more efficient, the cooperative has ambassadors situated in each of the cities where it has listings. By relying on local knowledge and customs, they shape context-specific rules, along with identifying local projects and the coordination that is required.

Analysis

There are certain merits to be made in the case of Fairbnb, because it constitutes one of the key steps taken in challenging and subverting the extractivist model of platforms in capitalism (Kirsanova et al., 2020). These manifest mainly in terms of its three main differentiating factors, which distinctly set it apart from the extractivist profit-based model. These are the significance of limiting investor interference and promoting shared ownership, the linking of

funds for local community projects with the idea of rental enterprise, and the advocacy and support for sustainable tourism .

At the same time, the prior literature has alluded to limitations in the goals of platform cooperatives. Similarly, the larger effects and influence of their actions seems to be in question, since it is unsure how much of a divergence, they represent from the concept of commodifying properties to create income. Upon using the Fairbnb app in the case of popular tourist cities (such as Barcelona and Venice), it could be seen that property sitings were listed in some of the busiest and touristic parts of the city. After all, there is no way of confirming whether they would not be occupied long-term given no short-term rentals. Either way, for those who own property in the busiest parts of the city, it would not be a good idea to list their properties on Fairbnb, while a listing on Airbnb seemed like a much more personally favorable solution (Vale et al., 2024). It is argued, given the inability of a single company to completely challenge the short-term rental market structure, and that perhaps more sustainable policy options need to be pursued, such as market regulations and better local planning. The market for ethical tourism is growing and will continue to do so in the future, but here it is only part of the much larger market of tourism. Finally, Sandoval (2020) also insists that if cooperatives are to work towards their objective of achieving higher levels of labour autonomy, they require three things: (1) designing infrastructures of aid that are bottom up and mutual, (2) developing worker-centered policies that embody the bottom top approach, and (3) the challenging of capitalist vocabularies and registers. It definitely holds true that platform cooperatives like Fairbnb have played an instrumental role in providing such infrastructures of mutual aid and assistance. However, the limitation can also be observed in terms of platform cooperatives' inability to work further on the latter two points mentioned above. Sandoval's (2020) insight applies to Fairbnb, which seems to have predominantly adopted rather than challenge and subvert the vocabulary and logic of the market. Policies that could encourage innovation in the cooperative model have also not been devised.

Here, greater attention needs to be paid towards how platform cooperatives can contribute to more sustainable paradigms of tourism (Morell et al., 2020). This can be done using the Sustainability Development Goals (SDGs) indicators and framework developed by the United Nations. In terms of the different objectives, the agenda of platform cooperatives seem to be in line with them. For instance, in the process of creating jobs, it can help directly address SDG 1 which pertains directly to poverty (Morell et al., 2020). Moreover, in the process of providing

a decent means of living, SDG 8 can also be achieved. Opportunities can be created in terms of global partnerships for business development, supporting SDG 17 by bringing together a diverse network of public and private actors and fostering collaboration between them (Morell et al., 2020). Even within this, however, confusion has been identified in the process of identifying whether the enterprises are actually collaborative or not. Overall, it can be concluded within this case study that while platform cooperatives are taking a step in the right direction, there is still much that needs to be done to better achieve their desired objectives.

Conclusion

Over the course of this essay, a number of key ideas have been fleshed out in relation to platform cooperativism. In doing so, the text proceeds in a logical manner, first introducing the topic in a general sense and then moving onto the literature review, which helps flesh out the theoretical content and the works of scholarship associated with the concept in greater detail. Here, platform cooperatives have been introduced and linked to an older concept of cooperatives which goes back to the history of collective ownership and has existed in several variants over the years (Sandoval, 2020). A detailed discussion on cooperatives illustrates both the political and economic element of their existence, fleshing out how they are used to create an organization that seeks to meld entrepreneurialism and social change. At the same time, a wealth of academic sources highlights the various critical perspectives that can be adopted in analyzing them. Most importantly, these weaknesses and limitations can be highlighted in the paradoxical manifestations of political and economic realities and objectives, which can create tensions. Fairbnb's analysis confirms this contradictory state of being, where the cooperative model actually represents an innovative step away from profit-driven platform models, but this needs to be said with a cognizance of its many limitations. These limitations arise in terms of its failure to shift the central driving force of short-term rental capitalism; i.e. the commodification of homes and houses to produce extractivist sources of income (Matthews, 2017). However, more positive aspects can be observed and noticed in the case of platform cooperatives' ability to assist with sustainable tourism.

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