# Standing out in the global digital labour platform: digital reputation in a winner-takes-all market

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# Digital labour platforms as winner-takes-all markets

Winner-takes-all effects imply that small differences in performance translate into much larger differences in the corresponding distributions of economic rewards (Frank and Cook, 2013).

Brynjolfsson and McAfee (2014, p.155):

 *"in a single global market, top performers have an opportunity to win more customers, while the next-best performers face harsher competition from all directions. Suddenly, second-rate producers can no longer count on consumer ignorance or geographic barriers to protect their margins."*

# Digital labour platforms as winner-takes-all markets
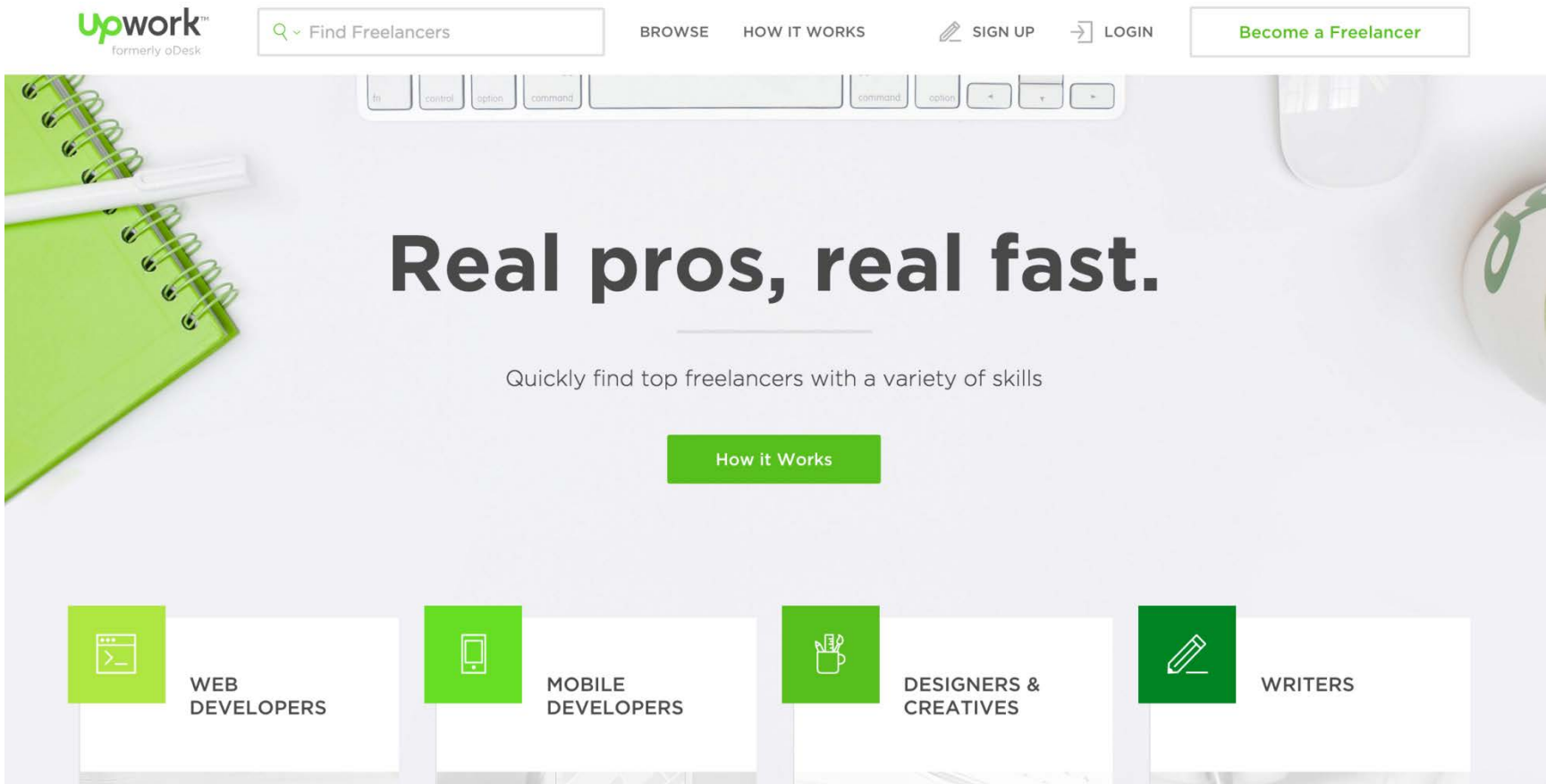
Winner-takes-all effects in the digital economy:

1) At the level of the platform: which platform emerges as the dominant design (e.g. Uber, Airbnb, Upwork, Amazon)

2) For those operating or working via digital platforms:

- <u>Platform favouritism</u>: How do platforms favour certain freelancers, gig-workers ('algorithmic bias')

- The knowledge and skills required for building an '<u>digital reputation</u>'
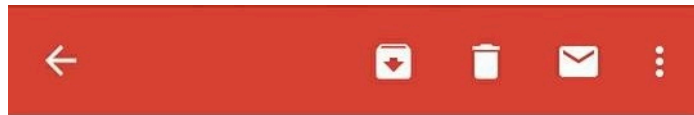
# Longer-term monitoring of digital labour platforms

- Monitoring platform governance and policy changes (since 2012)

- Observation of online discussions of online freelancers (since 2012)

- Collection of data from contractors' profiles on compensation, experience, skills (see Beerepoot and Lambregts, 2015)

- Collection of data on bilateral feedback on work carried out, ratings, job performance score (750 transactions)

# From facilitator to arbitrator of digital labour

# Platform favouritism: recent policy measures by Upwork



Hi          e,

Thank you for accepting your invitation. You are now a member of the Beta Team Builder Talent Cloud® group.

Team Builder jobs offer many perks:
- Submit proposals and commit to larger client projects with confidence.
- Clients commit to paying 30 hours per week minimum on projects expected to last more than 3 months.

You'll have access to these projects, as long as you maintain your Top Rated or Rising Talent status. Please note that when you accept a Team Builder job, you'll be committing to 30 hours per week.

Learn more about this program here: https://support.upwork.com/hc/en-us/articles/221051367. Email team-builder-freelancer@upwork.com if you have any



## Profile Changed to "Private"

Today at 19:55

Effective June 30, 2017 — Read the Community Announcement.

If an established freelancer doesn't earn money on Upwork for 30 days, their profile visibility will automatically change to private. Private profiles are not shown in search and will not be seen by clients unless you submit a proposal to their job. This will:

- Improve client search results by showing them more active freelancers.
- Reward freelancers for working and getting paid through Upwork by ensuring that their profiles appear instead of inactive or unavailable freelancers in search results.
- Protect clients and freelancers from off-platform work, which is against our Terms of Service.

Hello M̶̶̶̶i,

We are contacting you to let you know we have suspended your access to Upwork indefinitely.

Our decision is based on a careful review and the fact that you have submitted a high number of proposals for jobs on our site without many contracts or earnings. Unfortunately, this means the jobs posted by clients are not a good match for your skills.

I know this news is likely disappointing to you. But our goal at Upwork is to enable freelancers to successfully connect and collaborate with clients who need their skills and expertise. Unfortunately, this means we must part ways with freelancers whose skills are not in demand in our marketplace.

If you want to appeal this decision, you can email us at marketplace-appeals@upwork.com. Please note each case will be manually reviewed by our Trust & Safety team to decide if your account can be reinstated.

Please know we don't make decisions like these lightly and wish you the best of luck in your future endeavors.

Regards,

Upwork Trust & Safety

Gisteren om 11:47   Manilla, Metro Manila, Philippines  🌐

Another batch of soon-to-be online workers were given an orientation and primer on having a digital career in the Rural Impact Sourcing Workshop organized by Department of Information and Communications Technology (DICT) in Bislig City, Surigao del Sur.

The workshop was facilitated by DCAP's very own Vice President Leif Brian Margallo and one of the founding members, Glenn Mark Dizon. DCAP supports DICT's mission of promoting online work all over the Philippines, especially in the countryside. Watch out for more workshop coming your way! 😊

#DCAPinBisligCity #DigitalCareerAdvocates #RuralImpactSourcing #DCAP

**Challenges when recruiting freelancers via digital marketplaces**

1) Hard to evaluate formal qualifications of foreign freelancers

2) Hard to assess what is 'decent' compensation

3) High level of uncertainty in online transactions between distant parties

4) 'Reputation inflation' in bilateral reputation systems

5) Simply too many freelancers to choose from


*"feedback texts offer richer evidence of a seller's past transactions beyond crude positive and negative ratings (Pavlou and Dimoka, 2006)"*

Data collected on Upwork:

- 750 bilateral feedback texts for freelancers and clients working in web development and administrative support.

- Freelancers from United States, Philippines and Pakistan.

Analysing:

- The relative significance of different skill-sets for building a digital reputation

- How feedback strengthens the winner-takes-all effect

- Emergence of a personal relationship between distant client and contractor (as opposed to expendable 'gig'-workers)

## Quickbooks online accounting

Feb 2016

## Feedback

### Client's feedback

"Javed was great with details. He cared about getting the job done right and had exceptional communication skills. I would recommend him for any job!"

★★★★★ 4.80

10 hours

$5.56 /hr

$79.67 earned

| | | | | |
|---|---|---|---|---|
| Skills | 4.0 | Quality | 5.0 |
| Availability | 5.0 | Deadlines | 5.0 |
| Communication | 5.0 | Cooperation | 5.0 |

### Freelancer's feedback to the client

"Nice and Very supportive client. Short Project, Clear Instructions and Timely Payment. Highly recommended and would love to work with/for her again. Thanks!"

★★★★★ 5.00 stars

**Feedback scores of work carried out by contractors (N = 750)**

|  | 1,00-1,99 stars | 2,00-2,99 stars | 3,00-3,99 stars | 4,00-5,00 stars |
|---|---|---|---|---|
| US web development | 12 | 17 | 22 | 74 |
| US administrative support | 16 | 9 | 23 | 77 |
| Philippines web development | 15 | 10 | 20 | 80 |
| Philippines administrative support | 4 | 4 | 23 | 94 |
| Pakistan web development | 13 | 7 | 22 | 83 |
| Pakistan administrative support | 17 | 12 | 27 | 69 |
| Total | 77 | 59 | 137 | 477 |

**Bias towards higher feedback**

- Upwork closes accounts of low-scoring freelancers ('one-strike and you're out')

- Low scoring freelancers may look for employment elsewhere

- Freelancers can get a low score removed by repaying clients.

- Freelancers with a paid membership have a better visibility in the search machine

- Good feedback is self-pleasing, few clients would admit unclarities in job postings or failures in hiring


- *"my 4.8 is probably equal to many peoples' 5.0"*

# Knowledge and skills for competitiveness on digital labour platforms (adapted after Anderson and Marshall 1994)

| System thinking ('organisational performance') | | |
|---|---|---|
| Meeting deadlines (111)<br><br>Meeting expectations (66)<br><br>Follow instructions (53)<br><br>Going beyond what is asked for (41)<br><br>Cooperative (33) | | |
| *Skills, Knowledge and Attitudes for Individual performance in a job* | | |
| **Occupation specific skills ('hard skills')** | **Generic skills** | **Personal competences ('critical enabling skills')** |
| Technical skills (161)<br><br>Technical knowledge (40)<br><br>Work is beyond skill level (16) | Communication (171)<br><br>Pace of work (106)/hard working (54)<br><br>Responsive (71)<br><br>Commitment (41)<br><br>English language (16) | Reliable (94)<br><br>Responsive (71)<br><br>Pace of understanding (57)<br><br>Take initiative (31)<br><br>Personality (28)<br><br>Work independently (18)<br><br>Ask relevant questions (7) |

*Which knowledge and skills matter in an economy where labour relations are loosening up and freelancing becomes increasingly common?*

- <u>Digital reputation as the sum of skills which can only be shown while working via the platform</u>: e.g. communication (171 mentions), reliable (94 mentions), availability (73 mentions), responsive (71 mentions) pace of understanding (57 mentions),  accurate (55 mentions), commitment (41 mentions)

- <u>Dealing with high uncertainty:</u> willingness to rehire (292 mentions), recommendation to hire particular freelancer (141 mentions)

## Evaluating a freelancer's performance

*"Estela is one of the most reliable, honest, talented and responsible contractors you will ever find.  In addition, her cost is extremely reasonable. She is very responsible and will help you steer most difficult situation with the utmost personal touch and care:  Hire this individual, as you will never be disappointed by her great personality, kindness, intelligence and talent (plus rate)."*

- <u>Personal competences</u>: personality, reliable, kindness, intelligence, responsible
- <u>System thinking</u>: honesty, utmost care, help you steer
- <u>Personal relationship</u>: First name communication; encourage fellow clients to hire her

# A transaction went wrong………

Client's feedback:

*"Good at making excuses, <u>takes a lot of money</u> and always over promise you the things <u>he's unable to achieve</u>, and delay your time over and over again. In the end, even refuses to upload files of your project. What a <u>cheeky man</u>. I think he is <u>only suitable for simple, and small website task</u>. Highly recommend if you have lots of money to waste !!"*

Freelancer's response:

*"Totally <u>non-technical client</u>. He changed the requirements a number of times and at the end finally put all blame on the developer. <u>I can show change of requirements as proof</u>. Totally abuse in communication and <u>non-technical person</u>. He even didn't know what he required, very bad experience at all."*

# Concluding remarks

- Policy changes/value capture of Upwork strengthen it to function as winner-takes-all markets

- High uncertainty in transactions strengthens winner-takes-all effect (rehiring/ recommendation)

- Digital reputation (as sum of platform-based skills) strengthens winner-takes-all effect

Further research on how digital reputation impacts on:

1) The work that freelancers apply for (e.g. play on safe with accepting jobs, underutilisation of skills)

2) The channels for learning new skills (MOOCs, YouTube)