

New forms of employment

Crowd employment, Latvia

Case study 24: Academy of Ideas

The innovative Latvian brainstorming platform Academy of Ideas was started in February 2011 as a type of crowdsourcing service. Ideas are collected on the website – mainly focused on marketing concepts and public opinion surveys – and votes are cast for the best idea.

Introduction

New technologies are changing the labour market, providing more employment opportunities. Crowd employment is one area of growth built on new technology. It is a way of collecting ideas and opinions from a large number of people, often using the internet as a platform, and has been developing for some time. Crowd employment has been described as a development that ‘allows firms to connect with enormous numbers of prospective labourers and to distribute tasks to an amorphous collection of individuals, all sitting in front of computer screens’ (Felstiner, 2011).

This case study is focused on the Latvian crowdsourcing platform [Academy of Ideas](#). It is based on desk research on crowdsourcing as well as interviews with a representative of the platform, two buyers of services (clients) and two providers of services (players). Comments from the [Free Trade Union Confederation of Latvia](#) and the [Latvian Information and Communications Technology Association](#) are also included.

General characteristics of Academy of Ideas

The Latvian brainstorming platform Academy of ideas began to operate in February 2011 as a type of crowdsourcing service. The websites for collecting ideas and voting for them were already in place in Latvia, but were not linked to the creation of ‘economic value’.

The owner of the crowd employment platform is Ludere Ltd, an ICT company, self-funded and in private ownership, which was established in 2010 specifically for the development of the platform Academy of Ideas. The chairman of the board of Ludere is a founder of the platform Academy of Ideas. The platform has a very small team – the owner, who is the manager and administrator of the platform, a part-time accountant, and one additional part-time administrator. The administrator monitors the quality of ideas and deletes those that are irrelevant or repeated, and communicates with different stakeholders on the platform.

The main service of the platform is to provide new and creative ideas for clients, mainly marketing ideas and also for gauging public opinion on current issues. The motto of the platform is ‘200 ideas in 3 days’. In most cases the ideas involve marketing for business people who are looking new concepts.

Both players and clients on the platform tend to be concentrated in Latvia, where Academy of Ideas is the sole crowd employment platform. The platform has had 40 different organisations as clients. There were between 30 and 40 regular players who participated for at least one or two months. In total, the platform has had 3,000 players.

The owner of the platform refers to them as ‘generations’; the number of players has changed, and during 2011 and 2012 around six generations have been replaced. Some people participate regularly – for approximately one year – but in most cases they operate for only one or two months, mainly because the platform has been functioning intermittently.

Around 150 tasks have been launched on the platform since its inception. The Academy of Ideas player base is pretty active and generates up to 100 ideas for more complicated tasks – for example creating a recipe for national ice cream – and as many as 500 ideas for simpler tasks, such as creating a company motto.

Clients range from private individuals to small and large businesses as well as public sector entities and NGOs. They represent different type of activity, from sports and education to dog health therapy. Clients are generally open to new technological solutions, especially the ones that are helpful in determining social opinions or attitudes. Clients believe that it is no longer possible to engage the public with traditional means and are willing to explore alternatives like online contests.

Among the clients interviewed were the Ministry of Environmental Protection and Regional Development of the Republic of Latvia ([VARAM](#)) and the National Library of Latvia ([LNB](#)). VARAM is responsible for implementing policy in three areas – environmental protection, regional development as well as information and communication technologies. LNB is a national-level cultural institution under the Ministry of Culture. LNB has a trade union and approximately 36% of all employees are trade unionists. LNB is very active in social networks, using them as a way of maintaining regular social communication.

While it is hard to generalise about the type of players registered on the platform, most are active on social networks and are young students or recent graduates. There are slightly more women, and they include project managers and employees at advertising agencies among others.

The interviewed players included a student in cultural management and a real estate broker, both aged 24, and both with flexible work schedules and relatively high engagement on social networks. Each used social networks for three or four hours a day.

Design and implementation process

Crowd employment platforms do not need to be registered with any particular institution in Latvia, and there is no centralised regulatory body.

The development of the Academy of Ideas platform was an informal process. The idea was born out of the growth of crowd employment across the world and a willingness by the founder to introduce game elements in the work process.

Implementation took about six months, starting from the creation of the concept to launching the project. The first version of the platform was unsuccessful – it lasted for only one day because the owner did not find it exciting enough. After just one day it was clear the game element of the project simply wasn’t interesting.

The current platform is the fourth version to be tried. The owner says he relied mainly on research on the experience of platforms in other countries to ensure the unique nature of Academy of Ideas.

The platform was integrated with Facebook in 2011 to achieve speedier feedback as advertising on this social media channel was found to be effective and yielded a high return. It is recognised by all parties involved in crowdsourcing that it was advantageous that a platform application was posted on Facebook. In total 3,000 people participated in the projects through the Facebook application between 2011 and 2013, averaging about 200 people a month.

It has since been decided to withdraw from Facebook because it was felt people were getting tired of applications. Nevertheless, the platform plans to continue to attract participants through

Facebook and advertisements on other social networks. For a few months the platform was also placed in draughien.lv, which is the prototype of Facebook in Latvia. However, the return was very low – marketing on Latvian-based social networks has not been fruitful.

A news story about the platform was shown on Latvian television, and the owner himself compiled and distributed several press releases. A number of articles have been written about the platform, positioning it as an innovative enterprise which motivates people to learn new things and provides human capital growth based on gaming element of the platform (Dienas Bizness, 2013). The platform was also promoted by clients.

One major challenge for the owner of the platform was going through the process at a time when there were issues over a lack of adequate investments and a shortage of ICT specialists. Financial support was needed for programming, and delays in this area caused additional expenditure with no income in return. Programmers were attracted through ICT companies or directly from a pool of freelancers.

The platform operated periodically from its launch in February to November 2011, and again from February to May 2012. In 2012 and 2013 it operated intermittently for just a few months.

The main reason behind its erratic operation was related to the lack of a permanent programmer to solve technical issues. The temporary programmers recruited were unable to make necessary improvements due to the complexity of the platform. Interruptions in operation were experienced while the platform was undergoing improvements.

The issue is linked with a shortage of programmers across the labour market. The owner, who is also the administrator, does not have an ICT background, but soon owner realised technical support was necessary to make improvements to the platform in order to increase its efficiency and to help the business develop.

While during the operational periods there was demand for the service provided by the platform, it is uncertain to what extent it could be turned into a viable business.

The main idea behind the platform is to incorporate a ‘game-playing’ element into work. For players, the platform is meant to offer relief from the monotonous routine of going to work for eight hours every weekday in exchange for a salary and then going home and using part of that salary to play games in social networks. Instead, it offers the same game element at no cost to the players and with monetary awards for the best ideas. Moreover the platform provides feedback to players through public voting thus increasing the motivation, self-confidence and satisfaction of participants who receive remuneration for creating ideas.

The platform is based on the idea that people would be willing to participate and create ideas for relatively little remuneration as long as they received some enjoyment in return. The theory is that young people in particular are willing to work for less money if the work is exciting.

A range of clients turned to the platform for different, but mostly marketing-related reasons. Clients wanted access to innovative ideas, to identify problems or issues and to find solutions. They wanted opinions from their target audience. In some cases the platform has been useful for brainstorming, in others it helped choose winning solutions from ideas generated by staff.

For client organisations, the decision to participate can either be top down, coming from the CEO or HR management to employees, or from the bottom up, with employees who have had personal contact with the creators of the platform, or have even participated as players themselves, suggesting the service to management.

The experience of Academy of Ideas suggests that the decision to join is more complex in situations when there is a service agreement and money exchanges hands.

Clients and players mainly learned about the platform from social networks, by word of mouth or from personal connections. Players said they would be inclined to follow the platform more regularly if it worked without interruptions. Initially, there was less competition for the few

participating players, the tasks were more interesting (perhaps because of the novelty of the concept), and the ideas submitted by players better thought out. This also meant that clients' experience with the platform depended on the time when they started using the platform.

Though it is a crowdsourcing platform and relations between players and clients by definition have to be anonymous, in some cases players met with clients to discuss ideas, and some of them were put into practice. For example, the platform management engaged an informal group of six or seven players to participate in the creation of the platform and the improvement of its operation. Another example of 'live meetings' includes a monthly awards event for most active players. Usually around 30 players attend this event, the best players are awarded by the platform. Some of them also used the platform for networking among themselves.

The most active players participated for several hours every day. The number of generated ideas for each player was different – from 8 to 10 ideas for one task, up to 100 ideas for other tasks, for example creating a motto. There was less competition when a video or the concept for an event was needed, or when there was a photo contest.

Working methods, processes and procedures

The process can be characterised as comprising a number of steps. First, any person willing can register on the platform through a social network. Next, when tasks are added to the platform with the assistance of the administrator, players watch the stream and generate ideas for tasks of their choosing. The last step is voting for the best ideas. By voting, players collect points and later move up to a higher level in the ranking. Players have reported that having the chance to vote on each other's ideas is the most interesting part of the process.

Initially, there was no registration, but this option was introduced later.

At the beginning, there were few players generating many ideas. At a later stage, when more players were involved, it became more difficult to be recognised for unique ideas, and as ideas became repetitive, interest waned. Initially, the winner was determined solely by internal voting of other players and prizes were received only by the players whose ideas received the most votes – quantity started to dominate the quality. Later, the platform imposed a restriction on the number of ideas each person could submit.

A moderator, referred to as rector of the platform, was appointed to be in charge of the processes. The rector posts a message in Facebook that the platform is operational again, and a new task is announced. Previously, before a moderator was introduced to handle operations, participants received email updates on changes to status, such as when their submitted idea had been deleted for repeating a previous idea. In addition, the Twitter account regularly announced new tasks/competitions.

The procedure for submitting a task is flexible – clients send the tasks to the administrator via email for them to be published on the platform. In some cases, clients consult with the platform administrator to improve the content of the tasks and to make them more interesting. The timeframe from the moment a client requests the announcement of a task to receiving incoming ideas has ranged from a few days to a month, based on whether the client had the contest idea clearly formulated at the time of contacting the platform. There is also a seasonal element, with less activity on the platform in the summer months. The process is generally very flexible, with clients sometimes keeping their contests on the site longer than planned to secure a sufficient number of ideas. In some cases involving small companies or NGOs, when tasks are published free of charge, they are not edited and the client receives all submitted ideas on the platform.

Initially there were prizes or gift cards, but currently money bonuses are provided which are distributed proportionally among the best players. The players receive the financial bonuses by transfer to their bank account. According to the opinion of the players, there has not been any

problem receiving the money. However, one drawback of the present system is the fact that it is not specified for which task the money has been received.

Clients pay the platform for the service, and the platform transfers part of the fee to participants as a reward. Occasionally, there are people who collect \$50 (€39.8 as of 7 October 2014) in one or two months. This is different from the traditional practice in other parts of the world where the winner in a competition receives a reward. In the Academy of ideas platform, a vote is taken on an idea, and individuals who rank in the top 50 receive the money in equal shares. The people who generate ideas are the same people who vote for the ideas of others – that is the point of the game.

Clients pay to the platform between €100 and €150 based on the invoice written by Academy of ideas for one task and in exchange receive around 200 ideas in three days. The price depends on the number of ideas received for one task and duration on the platform. The typical idea generation tasks include naming, marketing, advertising, and designing new products. The platform has no built-in mechanism for conflict resolution. However, according to both parties – clients and players – no conflicts have arisen to date.

In most cases the platform concluded agreements with the clients about a specific amount of money with exceptions when the platform facilitated exchange of services for prizes worth around €35. At the beginning, there was free access to test the service ability of the platform providing only small gifts. This was the case when the decision to participate was taken by a client's staff member because the manager's approval was not required. At a later stage, all employees of the client were informed about this collaboration project.

The platform, besides facilitating the generation of ideas on a specific task, also allows players to communicate directly with clients by posting questions that appear publicly on the platform.

Regarding the law and regulations, there have been no discussions either at the European level or at national level about crowdsourcing. Whether physical or online, businesses in Latvia adhere to the same regulation. There is no legal labour relationship between the players and the platform or between the players and client. The issue regarding the copyright has yet to be clarified.

External support

Initially the platform owner approached several business incubators for support for its programming and also sought support for finding new clients. Then the platform joined a business incubator in the regional city of Valmiera. That business incubator helped Academy of Ideas apply for support of European Structural Funds administered by the state institution the Investment and Development Agency of Latvia ([LIAA](#)).

In general, the platform management recognised that financial support by a business incubator was bureaucratic and largely ineffective. This type of financial support comes with strings attached that do not necessarily make financial sense. For example, the platform was forced to contract support from an ICT company to take care of programming instead of hiring a programmer as a staff member, spending more money with less benefit in result. The financial support also proved fragmentary and did not cover staff costs, while in fact Academy of ideas needed to invest in growing its staff and team building. The financial support received was not linked to the development of the business as a whole, but only to its separate activities.

Additionally, the requirement of European Structural Funds that financial resources are reimbursed only after the final stage of project implementation are not acceptable to small enterprises because they do not have their own start-up resources to invest in the project.

The platform's other avenue to fund development was bank loans. Academy of Ideas' business plan was initially rejected, however after revision was subsequently accepted. The platform also participated in competitions, such as the competition on educational innovations and digitalisation

organised by Latvia's Ministry of Education and Science. The competition was very stiff – out of 200 applications only 20 received support, and the platform was not one of them.

Outcomes

Initially, the platform had ambitious goals – it expected more clients and participants than it was able to attain in the short-term. The platform has considerable potential, but the main obstacles are mundane problems like lack of financing, programmers and other personnel.

The platform is concerned with improving the quality of people's free time, connecting leisure with work and the possibility to do something useful. It is the first prototype that proved the feasibility of crowd employment platforms in Latvia.

Whether the client's goals were reached depended on the task, because the target audience of the platform was not always appropriate for completing the task. Some of the ideas generated on Academy of ideas were put into practice – for example, proposals on how to involve people in the regions and how to increase their sense of belonging. In most cases, the answers confirmed the ideas, convictions, and course set by the clients.

Even in cases when the ideas were not implemented, clients recognised that the intended goals were reached as questions related to clients were updated and clients' staff members had an opportunity to participate in the development of the content. There was positive impact on clients' staff members in the sense of participation in company activities as in some cases they were involved in the preparation of tasks searching or preparing additional materials. Finally ideas produced were sent to staff members of the client as part of internal communication. As a result using the services of the platform one of the clients established collaboration with entrepreneurs.

None of the players felt like an employee, however some of them regarded the platform like a business model where ideas cost money – 'my ideas, your money'.

The real motivators for players were prizes and the fact that ideas were put into practice. Generally, competitions cannot be regarded as a source of profit, although some prizes are more attractive than others. At the end of the day, however, the players participate in the process for enjoyment. Nevertheless, one player pointed out that there is a narrow boundary between work and leisure, it depends on the definition.

Another motivator for players was the chance to meet new, interesting people and to establish contacts in social networks or even face-to-face during award events. Some players said they still maintained contact with people 'met' on the platform.

The platform had a positive impact on the knowledge and skills of the players as well – in some cases players sought additional information to complete a specific task. For example one player learned how to create a video to be able to participate in a relevant contest. In general, both parties involved in crowdsourcing (clients and players) were happy something new was happening in Latvia.

Players were aware that even small and not particularly time-consuming ideas cost money. Currently, it is not possible to earn a living wage through the platform, but for a student it is an excellent way to earn additional money by taking on a supplementary job in the evenings. It is also an opportunity for people to try their hand at completing specific tasks – such as making ads or creating mottos. In line with the findings of other researchers, the primary motivators for participation in crowdsourcing are the opportunity to make money, the opportunity to develop creative skills, the potential to take up freelance work, and the love of a community platform (Brabham, 2010).

Strengths and weaknesses

There are a number of platforms for collecting or creating ideas – on the whole, however, Academy of Ideas has three keys to success.

The first one is the game element in the operation of the platform, which makes it more effective and exciting than other platforms. The second is that the platform is integrated into social networks, such as Facebook. The third key to success, which was introduced in the middle of 2012, is that people receive money for their ideas – \$0.5 (€0.39) for an idea, up to \$3 (€2.3) for the best idea.

In other countries rewards may be higher. At [idea bounty](#) in the US, prizes range from \$300 (€239) to \$10,000 (€7,967) and at another US platform, [Naming Force](#), prizes are between \$100 (€79.6) and \$500 (€398). Prizes at Academy of Ideas are merely symbolic, however, the turnout is considerable.

The main advantage for clients is the ability to get ideas and opinions of the general public quickly – for example, using the brainstorming platform is less time-consuming than arranging face-to-face sessions. Using the platform, clients can get 30 to 50 people spending at least half an hour per day on creating ideas for their enterprise using the game approach.

An advantage for both players and clients is the ease of use – by connecting with Academy of ideas through Facebook, they are able to communicate directly with the moderator. However, one of the players felt the Facebook integration was both an advantage and a disadvantage. They said it meant it was limited to the target audience of Facebook. At the same time, it was possible to follow the course of the platform in other social media channels like Twitter. The game concept can be considered as an advantage for both the clients and players who feel more motivated by this dynamic to produce interesting work.

An additional advantage of the platform is location – no matter where a person lives, it is possible to receive ideas of good quality in a very short time. For players this is also an advantage as it allows them the chance to work virtually and at convenient times, saving time and commuting costs.

However, trade unions see the fact that this type of employment supports mobility among young people – as they can earn additional money under formal or informal employment terms from any place of the world – as one of the major drawbacks.

This type of employment definitely makes the labour market more flexible. By outsourcing small occasional tasks, an employer can organise the work more easily, and employees can earn money by performing these tasks. During the economic crisis, when the unemployment rate was very high, non-standard employment forms had a positive impact because they enabled people to earn additional money.

Potential investors recognise the possibilities of the platform concept, but before they invest in it, the product needs to be improved. The quality of ideas and tasks initiated by clients are of essential importance.

In general, all parties are satisfied with experience of crowdsourcing and some of them are disappointed the platform is not operational at all times. However, there are disadvantages – like the need to consider what questions would correspond to the target audience of the platform (mainly users of social networks like Facebook). Clients recognise that some questions were not appropriate to the users of social networks. The main disadvantage is that the platform does not operate regularly, and there are significant interruptions between the old and new versions of the platform.

Disadvantages, such as getting too many repeated ideas, are preventable, but some challenges still remain. For example, it is very easy to lose control in the internet environment. The application

should increase scale, distributing the participants according to different competitions, and thus ensure ideas of high quality, not merely a huge quantity of ideas.

It was also noted that often the same people participate in all the competitions and win the highest places.

Another disadvantage of the platform for clients was that an idea was not always formulated precisely. Because the platform does not allow for clarification, some clients felt it was difficult to understand exactly what was wanted.

For clients, it is a difficulty that people do not always have a sense of responsibility for their suggested ideas, and they do not consider how these ideas can be implemented in real life. However, such a disadvantage applies to any form of social network, and some progress is evident on both sides – those who involve participants and those who participate. An additional problematic aspect is that the platform does not employ ‘professional’ workers. However, some young people not only provide their idea but also suggest how it could be put into practice and even express a willingness to participate in the implementation.

For players, a disadvantage is the fact that there is no communication allowed with participants who are not so active and do not participate in award events. It is not even possible to announce that a monetary prize has been awarded, which would let others know that there is a real possibility to earn money or to win prizes.

In general, trade unions see more disadvantages to crowd employment as they support stable and permanent work and prefer it over the more flexible and less safe arrangements. Monitoring the implementation of labour rights is difficult, and there are fewer ‘social guarantees’. Employees performing small occasional tasks also have fewer opportunities for personal growth – they can improve some skills, but not grow professionally. Often such employees are young people who combine studies with small occasional jobs even if it means working around the clock.

Trade unions and the ICT association confirm that crowdsourcing in the context of employment relationships is difficult to control. They agree that a major disadvantage is the fact that in the case of nonstandard, flexible employment, work and leisure lose all boundaries. It is possible to overwork, or even to be working constantly.

One external stakeholder assumed that crowd employment could develop but it will be regulated by the market. If there is demand there will also be supply.

While Latvia slowly emerges from an economic crisis, the demand for small occasional jobs is negatively affecting the labour market, according to trade unions. Employees receive small amounts of remuneration, there is no employment and income stability, and no stable development in the workplace.

Another concern is that collaboration between the platform and one client ended for no particular reason. It may be that if the platform owner had spoken to the client, they might have agreed to continue cooperation. Personal contact is a vital factor, but in this case there was none. Moreover, since this was a separate project for the client, someone should have been hired to manage it.

Necessary improvements and recommendations by players and clients to make the services of the platform more effective include:

- making it easier to get in touch with the relevant audience or to direct questions to the target audience;
- allowing transferability of unused generated ideas to others who may have an interest in them;
- ensuring that ideas are rational and well-grounded;
- providing more regular contacts of the platform management with clients;
- clarifying issues of copyright and the protection of intellectual property.

One player said they regularly followed the activities of the platform. Her main recommendations relate to the permanent operation of the platform and to the method of allocating monetary prizes. Currently, the monetary prize is divided among all the participants, with each receiving an insignificant amount. A suggestion expressed by one player is to award the money only to the first three places.

Future plans

The platform gives people an opportunity to demonstrate their creativity, skills, and talents. Furthermore, if someone generates creative marketing ideas, it is possible that the enterprise will notice the participant's skills and establish future cooperation.

One next step for the platform owner is to introduce a similar tool, in particular an enterprise that would enable employees' hidden talents to be discovered, especially among employees with low qualifications. He has already organised the first discussion with the potential enterprise. The next step would be to incorporate game elements in the development and realisation of ideas – starting from making a product to marketing it.

One player suggested issuing internationally recognised certificates 'good ideas player' to the creators of the best ideas. This honour could be noted on the players' curriculum vitae.

Commentary

The case study highlights the lack of a highly skilled work force in the ICT sector. As shown in the case of sellers on the platform, also the lack of financing for ICT professionals and programmers who can keep the platform working without constant interruptions is the main impediment to the successful development of the platform.

Despite technical issues with the platform, people in general are very active and ready to participate and definitely do not feel exploited. They are willing to work for a small reward as long as they feel satisfaction, pleasure, and a sense of being helpful. It may be hard to believe, but such a form of social networking increases willingness to study new things and acquire new skills. It has been proved that technologies are very closely related to the labour market and that the line between work and leisure is very fine.

The case study is an example of people participation in social networks – crowdsourcing matched with a very modest financial return.

Trade unions do not see a way to control crowd employment, but they can increase the awareness of employees about adverse effects of flexible work forms with low security. If the trade union or the State Labour Inspectorate can fulfil this preconditions, then crowd employment could be the wave of the future.

Awareness of employees' rights can be provided by informative materials on labour rights. There are a lot questions regarding the matter of overtime and work safety because nobody understands how to improve safety in unsafe employment forms where the element of supervision is located away from the business.

Non-standard employment forms are outside the scope of trade unions because trade unions operate in places where more than one person needs to be represented; moreover, it is almost impossible to establish a trade union with individuals who are in such scattered locations. In the future, perhaps, trade unions might be organised not only in factories where people can be called together, but also might develop groups virtually to educate employees.

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