New forms of employment
Crowd employment, Czech Republic
Case study 20: Topdesigner.cz

Commercial crowdsourcing in the Czech Republic is a relatively new concept. Topdesigner.cz, founded in 2012, is an online platform which allows individual designers and businesses to interact and find solutions to problems presented on the website. Companies see it as a cheap way of generating ideas and getting work done, while designers can earn money and attract new clients.

Introduction

The terms 'crowd employment' and 'crowdsourcing' are not legally defined by any jurisdiction in the world. Crowdsourcing is normally understood as 'the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people and especially from the online community rather than from traditional employees or suppliers' (Merriam-Webster Online Dictionary).

The term crowd employment is sometimes used for crowdsourcing that involves money payment. The main difference between outsourcing and crowdsourcing lies in the fact that any member of the community can become a supplier, who is selected on the basis of proposed solutions or services. This form of procurement has been used in the Czech Republic since 2006.

There are two crowd-employment-based portals in the Czech Republic – Topdesigner.cz, established in 2012, and LogoPro.cz, founded in 2103. Topdesigner.cz has attracted a larger community of service sellers and buyers and a longer list of completed contests.

This report is based on desk research and structured interviews.

General characteristics of Topdesigner.cz

The first crowd employment-based portal in the Czech Republic was established relatively recently, in 2012. The method has been pioneered by Topdesigner.cz, which specialises in graphic design services. The online platform allows individual designers – called service sellers – and businesses, known as service buyers, to interact and generate solutions to tasks and problems presented on the website in exchange for financial payment.

The portal's operator says it intends to 'fulfil the needs of designers and project contractors through graphic design contests in a sound and competitive environment, facilitating professional development of the promising designers'.

Design and implementation process

The portal Topdesigner.cz is fully owned by two managers of Alka Language Specialists who were responsible for procurement of graphic and PR services for the company.

After receiving tenders from several designers and marketing agencies through a variety of B2B platforms they discovered they had to study each tender, go through the references, compare prices and ask for

additional information. After selecting one service provider, they had to wait for the initial results and decide whether it met their expectations. The company also had to pay for every job, even if it did not meet the expectations.

This was a costly and time-consuming practice. It led the managers to try using crowdsourcing portals in other countries. However, they encountered difficulties due to the language barrier, insufficient knowledge of the context and lack of cultural sensitivity. So, based on their experiences the managers of Alka Language Specialists decided to establish a crowd employment portal serving the Czech Republic.

According to one of the website managers, the idea of creating the Topdesigner.cz was conceived in autumn 2011. They went ahead on their own without the involvement of experts, consultants or managers of other countries' platforms.

The preparation procedures took place in late 2011 and the first contests were launched in February 2012.

In order to recruit designers, they advertised the website in a number of well-known online B2B marketplaces for the IT sector, including webtrh.cz. In order to attract a large enough community of designers, Topdesigner.cz advertised. The idea of advertising was not only to attract people to participate in the contests, but also to build their client portfolios.

There are several reasons why service sellers register and participate in the Topdesigner.cz contests. Firstly, it is a way for people to earning money and improve their financial situation. Secondly, participation in the platform improves a person's chances of attracting clients in the future.

According to the portal owner and the designers interviewed, about one-third of buyers continue business relationship with the designers after the first job is concluded. In addition, buyers' recommendations or comments help designers obtain clients outside Topdesigner.cz.

The portal also serves as a portfolio, where anyone interested can view work and pick a graphic designer on the basis of what they have produced.

Thirdly, many register and participate in order to try something new and develop their knowledge in the area of graphic design. Graphic designers are highly competitive and they tend to enjoy comparing each other's skills.

For buyers, Topdesigner.cz is a source of a large number of designs tailored to their individual needs. Traditionally, buyers have a single graphic designer preparing a single design which does not always meet their expectations. Obtaining alternative designs is often costly and requires more time. Moreover, in the traditional setting, buyers have to pay designers for their work even if the result is not satisfactory. As a result, in the traditional setting, buyers are often distrustful of young and inexperienced designers and prefer someone with a solid portfolio. This does not hold for doing business through the platform, buyers do not know individual designers, their age, experience, or references.

However, Topdesigner.cz is also attractive for financial reasons. The price of jobs on the website, including the commission paid to the portal's operator, is a fraction of what graphic design companies or advertising agencies charge for the same job.

Design companies and agencies charge higher prices for several reasons. They have higher labour costs (for example, office rent, studio equipment, regular salaries) and guarantee the quality of their work.

By contrast, the portal prices are set by the platform management and are well below competitive in the market. From the seller's point of view, they are either recruited from students or usually use crowd employment as secondary income.

Finally, the variety of designs and ideas, presented by a pool of workers, serves as a source of inspiration for buyers.

Most of the designers have become acquainted with the portal through its adverts at webtrh.cz, an IT-oriented online B2B marketplace through which Topdesigner.cz was promoting its first contest. Most of them were already acquainted or had experience with similar portals abroad.

Working method, processes and procedures

The operators of Topdesigner.cz provide services in the form of design contests. The portal mediates contacts between sellers and buyers.

The portal's business activities are regulated by the Commercial Code, Civil Code and the Consumer Protection Act. Its operation does not require any special licence.

The operator – or platform manager – is responsible for the distribution of payments. The total payments of the buyer cover the contest operator's fee (20%) and seller's remuneration. There is no fee for designers selling a product. The fees are paid in the form of a prize, which means neither VAT nor tax is charged by the portal. In line with applicable laws, the portal pays the prize without deducting contributions to health and social insurance; however, if the amount exceeds CZK 10,000 (€3,633 as at 11 February 2014), the portal is obliged to pay a withholding tax to the Revenue Authority.

The remuneration is paid in line with the portal's terms and conditions. Topdesigner.cz does not provide any social protection for the sellers.

Based on previous experience and comparison with foreign country portals, the operator defines specific minimum prices for each type of contest – logo design, website design, design of print and advertising materials and so on. The 'prize money' is distributed after the contest results are announced. This goes to the sole winner or the three top ranking designers. Even if a buyer sets a higher award, the total expenditure is still much lower (at least 30%) than a graphic design company would normally charge for such a service.

In each contest, buyers and sellers must comply with Topdesigner.cz regulations – it has strict terms and conditions, a privacy policy and a copyright policy. Buyers and sellers have to agree with these regulations when they register – sellers also have to be authorised by the portal.

The terms and conditions regulate the relationship between the portal, buyers and sellers. The services provided by Topdesigner.cz are defined as a set of its rights and obligations. The most important provisions are:

- The portal operator has the right to not publish or to suspend a project it deems inappropriate in terms of content, morality, rules of competition or rules of award. Furthermore, the operator may modify the project's requirements as long as it is in the buyer's interest and with their approval. The modifications usually include clarification of the contest and/or factual changes in the contest to comply with the terms and conditions. Vis-à-vis sellers, the operator reserves the right to delete any graphic designs he deems inferior, offensive, or not in compliance with the general requirements of the project.

- The portal operator is obliged to award the project if the winner is not selected by the buyer within 14 days after the contest's deadline. For this purpose, the operator is considering setting up a committee which would consist of representatives of the operator, buyers and sellers. The committee would award the idle projects. It means that every contest ends with awarding a winner, selected either by a buyer or a committee.

- The portal operator monitors discussions taking place within the each contest. In these discussions sellers and the buyer are allowed to comment on different designs and/or provide detailed requirements. In the discussions, the buyer is usually known, while sellers are anonymous and are presented under nicknames. Any comments that are not related to this purpose are deleted by the operator. The operator is also obliged to delete any such comments that contain a seller's or buyer's contact information.

- The portal operator collects the awards and fees from the buyer. Following the selection of the winner, he distributes the awards to the sellers, subject to applicable laws (after deducting any statutory levies collected by the Revenue Authority).

- The portal operator authorises newly registered sellers.

Following free registration with Topdesigner.cz, the buyer formulates the terms and requirements of the contest. In formulating these requirements, the buyers are advised to be as specific as possible. They are recommended to indicate the nature of their business activity, the colours, font and logo styles they prefer, provide keywords distinguishing them from competitors and reveal other potentially important information. The buyer also selects the number of awards – whether the award goes only to the winning position or the top three positions. The buyer pays in advance the entire amount of awards and fees to the operator's bank account. In the course of the contest, the buyer must submit comments on each design.

Following authorisation, the seller registers with the portal for free. Since the portal does not require any specific legal form, the seller can be a private person, a self-employed person, or a 'legal' person. The seller may freely choose any contest to participate in.

From publication to award, the contest usually takes seven to 14 days, with the maximum length or duration set by the portal's regulations. Taking the whole processing into account, the total timescale from buyer registration to seller remuneration awarded takes between 24 and 34 days. The graphic designs submitted to buyers must be the seller's original work. The originality is checked by both the portal and community (other sellers). The seller of the winning design is obliged to submit a graphic design to the buyer within seven days of the award.

Communication between the portal operator, buyers and sellers proceeds along several channels. Frequently asked questions are discussed by the operator in the FAQ section of the website. Other communication takes place via e-mail or telephone, but only between the operator and the buyer or the operator and the seller. Social media is another frequently used channel. Buyers and sellers communicate with one another through comments submitted under the different contests and graphic designs.

The portal operator monitors the comments. If they violate the terms and conditions or any other binding documents (in particular, protection of personal data, copyright, agreement on prize processing and design transfer), the user account is suspended. In order to manage conflicts, the operator has introduced a temporary suspension policy. Under this policy, the operator suspends a seller's account for seven days if he or she expresses personal opinions or off-topic comments in the general discussion.

An account is suspended for 14 days if the seller offends a buyer, questions the requirements in an unconstructive way, or uploads inappropriate designs (for example, containing contact information or other unauthorised content). An account is suspended for one month if the seller makes unauthorised use of a third party's work, copies another seller's design or is excessively inspired by them. An account is suspended permanently if the seller violates the rules repeatedly. A buyer's account can be suspended if he or she violates the rules of the portal, namely by contacting the sellers directly or avoiding commenting the offers. The duration of suspension depends on the level of violation.

Several important changes have been implemented over the time Topdesigner.cz has been operating. Following experience with low-quality designs and copyright infringement, seller registration has been made subject to authorisation. There is a system for verifying each designer before he or she is allowed to participate in the contests. The designer must submit three graphic designs, the quality of which must be accepted as satisfactory by three professional designers hired by the portal operator. Subsequently, a user account is activated and the seller can start actively participating in the contests.

Communication is now restricted to buyers and only those sellers who have uploaded a design. In the past, sellers were allowed to communicate with one another under the different contests. As some of them posted offensive comments about others' work, the operator restricted direct communication between the sellers.

External support

Since its launch, Topdesigner.cz has been operated by Alka Language Specialists. So far, the portal has not been generating any profits and has been subsidised by the company's other activities. If the portal is not generating any profit during the third year of its existence, it will be discontinued by the managers. The portal has never drawn any public aid, nor is planning to, because there are no aid programmes for

this type of business activity. The managers say they would appreciate such an aid programme, however, it the question remains whether crowd employment support should belong to state policy.

Outcomes

Topdesigner.cz is a pioneer of crowd employment in the Czech Republic. It was developed and launched within four months after the initial idea was conceived.

The platform is quickly gaining popularity as demonstrated by the number of users and contests. In spring 2013, the portal had 2,100 registered sellers, 125 contests completed, and awards totalling CZK 700,000 (€25,430). As of January 2014, there were 3,917 sellers registered, 320 projects realised and awards exceeding CZK 1,650,000 (€59,940) disbursed.

The contests are very small scale (with on average €200 per contest). There is high competition on the platform and for each contest. Approximately 75% of the registered designers are from the Czech Republic and 25% from Slovakia. Figures show 80% are under 30 years of age, the majority are male, and only around 10 % of them regularly participate in contests.

The sellers usually use crowd employment as a secondary income. Nevertheless, the interviewed sellers assess the effect of platform work on their main activity positively, irrespective to what the main activity is. The sellers appreciate learning new skills and gaining new experiences they can use in their main activity. Moreover, thanks to the platform, the sellers have the opportunity to monitor the work of other designers and to draw inspiration from it for both their own platform work and their main activity.

Buyers are almost exclusively small companies, recruited from services. The majority are self-employment companies, and the rest are limited liability companies. So far, only one large food industry joint-stock company has used the portal service.

The operation of Topdesigner.cz is following the original business plan and fulfilling the objectives it has set – to increase the number of contests, and both registered sellers and buyers. The portal allows graphic designers from remote places or regions with high levels of unemployment to work and develop their professional skills.

One successful seller lives in a secluded home in the mountains, several kilometres away from the nearest village and several tens of kilometres away from the nearest town. The website helped this designer continue to work without having to relocate or commute several hours a day.

What the buyers particularly appreciate about the portal is that they receive several graphic designs proposals to choose from, even in the absence of a clear initial idea. On average, 70 graphic designs are uploaded per contest and most clients are able to pick one.

In addition, the portal saves buyers' time and resources as they do not have to search for a graphic design or advertising company and negotiate the terms of a job. Also, the fees for the services are much lower compared to graphic or advertising companies. However, some of the sellers are recruited from the design and advertising companies resulting in potential conflict of interest and crowding out of jobs.

The portal does not create new jobs but rather brings opportunities from the entire territory of the Czech Republic and Slovakia to the different graphic designers, irrespective of regional differences and levels of unemployment. Many of the sellers are recruited from designers either studying or being employed in other positions. In this way, it helps increase competitiveness and labour market flexibility. From the sellers' perspectives, satisfaction with their own work, winning the competition, and opportunity to earn money on the side, improves their quality of life.

Strengths and weaknesses

According to the platform manager, the biggest strength of Topdesigner.cz lies in the immense number of graphic contests and designs anyone can review. As the number of designers and contests is growing exponentially, the manager is satisfied with the portal's operations and believes it has a lot of potential in the future.

The portal is an important gateway allowing individuals to find a job. The fact that the designers can work from home helps balancing regional disparities in labour market opportunities. Low prices and the high number of graphic designs uploaded to Topdesigner.cz make the website attractive even for clients or buyers who normally would not use this kind of service.

According to the manager, the biggest weakness of the portal lies in potential buyers' access to sellers' contact information. All the contests and proposals are accessible for every registered user, therefore based on previous proposals, the author/seller could be contacted directly by a potential buyer. The manager has no way of preventing this. Also, future contracts with the same client tend to be concluded without the portal's assistance. Instead of posting a new contest at Topdesigner.cz, the buyer negotiates directly with the designer who created the winning design. They can also refer the designer to other clients looking for graphic services.

The manager also noted that Topdesigner.cz is facing difficulties within its structure, and especially the internal communication about the future of the portal. Another persistent problem is the violation of rules by designers, including copyright infringement – for example copying designs, existing logos and business cards.

Both sellers and buyers are positive about Topdesigner.cz. The designers have access to a large number of jobs, which are remunerated adequately in relation to the expenses related to the job. The designers also appreciate the experience gained here. Most importantly, the sellers are able to build their personal online portfolios, establish contacts with an immense number of clients and obtain references for future work. They also appreciate buyers' comments posted for each graphic design.

There are weaknesses and difficulties. Sellers say low quality of graphic designs are often submitted, which is combined with the low competence of buyers in the field of graphic design. The buyers pick designs they like, typically without respect to general measures of quality and function in graphic design. As a result, the designers' chances of winning do not fully depend on their professionalism, but also on their ability to meet the buyers' expectations.

Also, the designers perceive the copying of other people's work as a big problem. In some cases, the work is only inspired by a foreign company's logo, but in other cases, the design is exactly the same. The designers guard their work carefully and monitor other designers' work, thus fulfilling the surveillance function. The public visibility of submissions means that other designers can use them as a source of inspiration. Many of the designers say they would be happier if independent professionals advised the buyers in choosing the most suitable graphic designs – even if those recommendations were not binding.

Most of the buyers find a high number of graphic designs as the greatest advantage of the website. The more designs submitted, the higher the chances of finding one that meets their expectations. Topdesigner.cz mediates graphic services that are affordable even to small businesses that would never purchase services from graphic companies. The contests also drive the prices of graphic services to very low levels.

As some of the main problems, buyers identify time spent commenting on each graphic design and poor quality of some designs. According to them, about 80% of the designs are not of professional quality. Website designs are often produced with little invention, resembling the 1990s style, according to some of the buyers. The buyers wish designers were more professional and submitted fewer poor quality artwork.

As for external labour market actors, neither the representatives of the State Labour Inspection Office nor the representatives of employees have a problem with this form of employment, as long as the rules prescribed by the Labour Code are followed. So far, no crowdsourcing-related irregularities have been identified by the State Labour Inspection Office in the Czech Republic.

Future plans

The platform's manager sees a lot of potential in this new form of employment and business activity. There are plans to keep improving the portal. A new portal interface was launched in early 2014. It

contains updated design features and new and innovative services. One of the new services will offer help to buyers in formulating their project requirements.

Later in 2014, the college student who is administering the portal is expected to graduate and is likely to be hired on a permanent basis. It's further expected that Topdesigner.cz will become an independent company.

In collaboration with a Slovak company, the platform's manager is preparing to launch its Slovak version – Topdesigner.sk.

Commentary

In the near future, crowd employment may provide a huge amount of potential for particular occupations and types of workers. Its expansion has been made possible by the development of information technologies which bring together large numbers of people sharing similar interests and characteristics in a relatively inexpensive way. Only two companies in the Czech Republic are currently involved in this type of service, but the sector is expected to grow. This will offer new job opportunities for an increasing number of workers.

Topdesigner.cz is the pioneering platform of this type in the Czech Republic. For buyers, the portal represents a highly attractive alternative of procuring graphic designs. They no longer depend on the creative potential of a single person or agency. In turn, the sellers are presented with an interesting opportunity to demonstrate their skills in various projects regardless of their experience or location. The chance of winning is equal for all as the contracts are awarded to the best solution for a given project.

During the two years of operation, Topdesigner.cz has gained popularity among buyers and in the graphic designer community. This is illustrated by the growing numbers of buyers and sellers. In the Czech Innovation Awards, the portal received the jury's attention for its innovative method of involving junior graphic designers.

Information sources

Websites

Alka Languages Specialists s.r.o.: http://www.alka-ls.cz/

LogoPro.cz: http://www.logopro.cz/

Pročdesignéřipláčou (blog): http://weblog.9c.cz/2012/10/zajimave-projekty/proc-grafici-placou/

Topdesigner.cz: http://www.topdesigner.cz/

Bibliography

Howe, J. (2009), *Crowdsourcing: How the power of the crowd is driving the future of business*, Random House Business, New York.

HR Kavárna (2013), *Crowdsourcing zvyšuje inteligenci podniku*, web page, accessed 7 January 2015.

Marketingové noviny (2012), *Nový portal umožňuje firmám vybrat si nejlepší logo či web*', web page, accessed 7 January 2015.

Meravá, T. (2013), 'Crowdsourcing v grafickémhávu', *Marketing & Media*, p. 31.

Markéta Nekolová, Further Education Fund