CHAPTER 3
The Emergence of Local and Regional Platforms

3.1 INTRODUCTION

The role of regional/local platforms that cater to specific regional markets is almost entirely missing in the literature. Research so far (Stephany et al. 2021) has drawn mainly on the experience of global online gig work platforms such as Upwork, Fiverr, Freelancer, or Amazon Mechanical Turk, neglecting platforms that operate at the regional and local levels and gig workers in non-English-speaking countries. For instance, the Online Labour Index, launched in 2016 and one of the most comprehensive mappings of the global online gig economy, initially tracked only five major English-language online gig work platforms, although it recently added five platforms in Spanish and Russian. Regional/local platforms connect employers and workers from one or a few countries within a region. Examples of regional platforms include Workana and SoyFreelancer in Latin America and the Caribbean, Ureed in the Middle East and North Africa, and Flexiport in India. By contrast, global platforms connect workers and employers from multiple countries across different regions (see chapter 1 for classification of platforms as global or regional/local). While global platforms maximize network effects by engaging large numbers of diverse clients and online gig workers, they may pose higher entry barriers for certain types of workers and even some firms.

This chapter analyzes differences between regional/local platforms and global platforms along several parameters, including size, client profile, language used, payment method, communication across time zones, incentives for using the two types of platforms for both workers and employers, and potential for collaboration with governments. The chapter concludes by discussing the challenges and limitations of regional/local platforms. The chapter draws on a literature review and detailed interviews with 24 regional/local platforms and 4 global platforms that cover a range of regions and business models and were among the top platforms based on traffic data in the six regions. The semistructured interviews were conducted with the founders, CEOs, or senior management of the platforms between summer 2021 and autumn 2022 and lasted a couple of hours each. The interviews were followed up with continued engagement, including requests for additional data. The full list of platforms interviewed and a sample of the semistructured questionnaire are in appendix F.

73 One interview covered two platforms. This was the case for the Khamsat and Mostaql platforms, which are operated by the same company, Hsoub.

74 Several attempts were made to contact Chinese platforms (58.com, Yipinweike.com, and Zhubajie) in cooperation with the World Bank country office, but the local World Bank team was not able to establish contact.
3.2 WHAT ARE LOCAL AND REGIONAL PLATFORMS?

Regional/local platforms connect employers and workers from one or a few countries within a region, while global platforms span several regions. Figure 3.1 presents a stylized classification of the platforms interviewed for this study based on the location of most of the clients and online gig workers. Some platforms, like Workana, are present in multiple regions, but since most of their activity is concentrated in one of the regions, they are classified as regional.

**FIGURE 3.1: Classification of interviewed global and regional/local platforms**

<table>
<thead>
<tr>
<th>Supply side/online gig workers</th>
<th>Demand side/clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global, clients in diverse countries</td>
<td>Global clients in diverse countries</td>
</tr>
<tr>
<td>Global, workers in diverse countries</td>
<td>Workers from a few countries in a region</td>
</tr>
<tr>
<td>Findworka, Jolancer, M4JAM, Meaningful gigs, Native Teams, SheWorks!, Truelancer, Workana</td>
<td>BeMyEye, Bookings Africa, Elharefa, Khamat, Mostaqil, Ureed, YouDo, SoyFreelancer, Wowzi</td>
</tr>
<tr>
<td>Apna, Asuqu, eRezeki, Flexiport, Karya, Oneshaa</td>
<td>Appen, Freelancer, Upwork, Voices.com</td>
</tr>
</tbody>
</table>

*Source: Study team compilation based on platform interviews and data.*

However, this classification is constantly shifting, because platforms are dynamic businesses responding and adapting to market trends and opportunities. While some global platforms actively look for more local or niche markets to expand their user base, some smaller local platforms also try to expand and grow into global platforms. Global platforms often try to include strengths of regional platforms by setting up local offices in select regions. Platforms such as Freelancer and Fiverr are good examples; they provide Spanish-language versions to better tap into the Spanish-speaking world. Regional platforms, once they establish themselves, also seek to expand their global coverage by identifying newer markets and clients. Workana is an example of a large regional platform that expanded outside its original market. Founded in Argentina in 2012, Workana focused on the Spanish-speaking world for the first seven years of its existence but expanded to Southeast Asia in 2019. The Southeast Asia component of Workana is based in Malaysia, where Workana opened

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75 Figure 3.1 provides a more detailed classification of a selection of online gig work platforms than the analysis laid out in chapter 1. The category “workers/clients from a single country” comprises platforms whose workers/clients are mostly from a single country; the category “workers/clients from a few countries in a region” comprises platforms whose workers/clients come from diverse countries but are confined to the same region; the category “global” includes platforms whose workers/clients come from a variety of countries and from multiple regions.

a local office. The expansion to Malaysia and Southeast Asia was driven largely by the proximity to Singapore as a digital and commercial hub and the potential of the gig economy in that region. Within the two regions (Latin America and the Caribbean and East Asia and Pacific), Workana adopted different strategies tailored to the regional contexts. When Workana operates in Latin America, the platform functions in Spanish and Portuguese. In Malaysia, however, Workana operates in English like the larger global platforms, because of the more diverse ethnic composition of the East Asia and Pacific region.77

3.3 HOW DO LOCAL PLATFORMS COMPARE WITH GLOBAL PLATFORMS?
SOME STYLIZED FACTS

Regional platforms differ from global platforms in key aspects, including size, language used, currency of payments, transaction value, payment mechanism, communication across time zones, and employer type. Table 3.1 summarizes the key differences between global and regional/local platforms, which are discussed in this section.

### TABLE 3.1: Key differences between global and regional/local platforms

<table>
<thead>
<tr>
<th></th>
<th>Global Platforms</th>
<th>Regional/Local Platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size and network effects</strong></td>
<td>Significant number of workers and employers from countries from around the world</td>
<td>Vary in size, with a base of workers and employers located in a specific region or country, especially in the case of the smaller platforms.</td>
</tr>
<tr>
<td><strong>Employers</strong></td>
<td>Variety of employers, from MSMEs and start-ups to big corporations</td>
<td>Predominantly MSMEs and start-ups (especially in the case of the smaller platforms).</td>
</tr>
<tr>
<td><strong>Language</strong></td>
<td>Predominantly English</td>
<td>English or local languages, depending on the region/country.</td>
</tr>
<tr>
<td><strong>Task type</strong></td>
<td>Broad ranges of tasks</td>
<td>Tending toward more limited, specialized ranges of tasks such as IT- or digital marketing–related tasks.</td>
</tr>
<tr>
<td><strong>Currency</strong></td>
<td>Predominantly US$</td>
<td>US$ and/or local currency.</td>
</tr>
<tr>
<td><strong>Transaction value</strong></td>
<td>Likelihood of higher pay due to a broader range of employers and work opportunities</td>
<td>Often lower pay because the market is limited regionally/locally.</td>
</tr>
<tr>
<td><strong>Payment mechanism</strong></td>
<td>Different payment mechanisms (for example, bank transfer, PayPal, Payoneer); online gig workers from countries where certain payment methods are not accessible may be indirectly excluded</td>
<td>Payment mechanisms adapted to the solutions available locally.</td>
</tr>
<tr>
<td><strong>(A)synchronous communication</strong></td>
<td>Potentially significant differences in the time zones of workers and employers</td>
<td>Closer time zones between clients and workers.</td>
</tr>
</tbody>
</table>

Source: Study team elaboration.
Note: IT = information technology; MSMEs = micro, small, and medium enterprises.

### While they vary in size, regional/local platforms are on average smaller than global platforms.

The size of the user base on regional/local platforms is less than half of the user base on global platforms on average. Regional/local platforms average 444,500 registered users, of which 242,300 are unique registered users,78 compared with an average of 1.2 million registered users and

77 The team subsequently learned that Workana recently decided to go back to its original regional focus in Latin America and the Caribbean.

78 Workers can be registered on multiple platforms (multihoming). As described in chapter 2, the registered-worker estimates are divided by 1.834 to account for multihoming and yield unique registered workers. The multihoming factor of 1.834 was derived from survey data collected for this study.
515,300 unique registered users on global platforms. The largest regional/local platforms interviewed for this study include Workana (a Latin American platform with over 2.6 million freelancers⁷⁹) and Truelancer (a freelancing platform in India with over 1 million registered users⁸⁰). Smaller platforms include Flexiport in India with over 62,000 registered users⁸¹ and Ureed in the Middle East and North Africa with over 80,000 registered users. In contrast, global platforms have significantly higher numbers of users (for instance, Freelancer.com has over 65 million workers and employers;⁸² Upwork is estimated to have over 17 million freelancers and 5 million employers and clients⁸³).

Because of their limited size, regional/local platforms have challenges in tapping into the network effects necessary to sustain their business based on the platform model alone. As a result, local platforms often develop alternative features to respond to the needs of clients and workers. Such features and strategies are discussed in more detail in section 3.5.

In 2015, 50 percent of the global online freelancing market was concentrated on only three platforms: Upwork, Freelancer, and Zhubajie (Kuek et al. 2015). While Upwork and Freelancer are global platforms, Zhubajie is an interesting example of a regional platform of a significant size (estimated at 16 million registered service providers and clients) (Zhou 2020) since it operates and caters to a large market in China. From this perspective, Zhubajie is an exception to the general pattern of regional and local platforms being smaller than global platforms. The microwork market was even more concentrated; 80 percent of the market was held by Amazon Mechanical Turk and CrowdFlower (Kuek et al. 2015).

On average, the portions of registered workers who are active are similar for global and regional/local platforms. For both global and regional/local platforms, around one in three workers are active.⁸⁴

Regional/local platforms tend to cater to micro, small, and medium enterprises (MSMEs), start-ups, and self-employed single-owner businesses as well as, to a much lesser extent, big companies (see also chapter 5). This is particularly true in the case of the smaller regional platforms (for instance, Flexiport). Such platforms tend to play a key role in the local start-up ecosystem. They connect small companies with freelancers who can provide support for specific tasks or for a limited period. In turn, these small companies can better utilize their limited financial resources by gaining access quickly to the support and talent they require. Regional/local platforms sometimes attract large companies, especially where the firms have set up local offices and need a workforce that is local, speaks the local language(s), and is familiar with the local market.

In general, regional/local platforms tailor their operations to the local context and thus rely on the language spoken in that country, whereas most global platforms use English as the main language. The websites of global platforms are often in English (namely, the language used to provide instructions on signing up, as well as the descriptions of tasks). Workers on global platforms generally operate in English (as is the case for Upwork, Fiverr, and Freelancer.com, for instance), which is reflected in the large share of gig workers from India, Pakistan, and the Philippines, where many people speak English. Interviews with regional platforms revealed that most of them were

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⁷⁹ See Workana, https://www.workana.com/about.
⁸² According to the data provided on the platform as of March 2023: https://www.freelancer.com/about.
⁸³ The numbers are based on estimates provided by third parties: https://altony.co/work/upwork-up-we-go.
⁸⁴ The analysis developed in chapter 2 shows that 36 percent of workers on regional/local platforms are active and 37 percent of workers on global platforms are active.
designed to meet gaps in the work opportunities for gig workers who do not speak English. For example, Khamsat and Mostaqil in the Middle East and North Africa were created to serve regional Arabic-speaking workers who are often left out of the global gig economy. Another example is Workana in Latin America and the Caribbean, which provides online work opportunities in Spanish and Portuguese. The availability of work in the local language on regional platforms helps overcome language barriers but also may facilitate access to online work for less highly educated workers (see the discussion on language as a driver for inclusion in chapter 4).

Local platforms tend to be more specialized in terms of tasks listed. For instance, Findworka, a Nigeria-based online gig work platform, chose to specialize in information technology (IT)-related gig work by specially sourcing workers with IT skills and providing training to build skills in this field among local gig workers. SheWorks!, a Latin America and the Caribbean platform, tends to focus on tasks in digital marketing and on writing and translation. Global platforms, on the other hand, generally feature tasks across a wide range of categories (business and professional services such as human resources, accounting, consulting, and marketing; creative and multimedia; software development and programming; administrative and clerical tasks such as data entry and data labeling; and writing and translation). See also chapter 1 for a discussion on the distribution of tasks on global and regional/local platforms.

Some local platforms provide alternative payment mechanisms to help address local constraints on making online payments. Limited access to viable means to make and receive online payments internationally prohibits some workers from accessing global platforms. For example, PayPal is not available in all countries, and Jolancer in Nigeria (where prior to 2014 PayPal was not available) tried to overcome this constraint by providing bank transfers as a payment option for Nigerian workers. Jolancer also allows clients to make payments using the Nigerian online payment solution Flutterwave, a financial technology company catering to the needs of the regional market. Because of governmental regulations, all prices on YouDo, a Russian platform, are listed in rubles and all payments are made in rubles as well. In some cases where currency conversion is difficult, online gig workers prefer payments in local currency, which local platforms offer. By contrast, workers are more likely to be paid in US dollars on global platforms. On Fiverr, while prices may be shown in different currencies, the payment currency is US dollars. On Upwork, prices are shown only in US dollars, but billing may be done in the local currency for certain countries. Payment options in local currencies offered by several regional platforms thus help overcome a key constraint for many gig workers.

The ticket size on local platforms tends to be smaller than that on global platforms, although there are several exceptions. In general, clients from high-income countries offer higher pay per task, which can make global platforms more attractive to workers than regional/local platforms. This is especially relevant since online freelancers in developing countries earn on average 60 percent less per hour than online freelancers in developed countries (controlling for types of tasks and basic characteristics [ILO 2021]). In addition, some platforms are introducing minimum rates per hour for work done on the platform (see also chapter 6). For instance, one of the key policies of Workana is to remove ads for jobs that pay less than the legal minimum wage in the country of the online

freelancer doing the job. Upwork also does not support hourly contract rates under US$3/hour and requires a minimum pay of US$5 per project.\textsuperscript{90} The rate, while lower than the minimum wages in most developed countries, can be attractive to workers from countries with low wages.

**Time zone differences can be another factor for clients or workers choosing regional platforms.** Global platforms are more likely to have workers and clients working asynchronously\textsuperscript{91} or for one party to operate outside normal working hours. Several interviews with platforms revealed that time difference is an important factor for some clients when hiring gig workers. For example, on SheWorks!, online freelancers in Latin America and the Caribbean work most often with clients who are local or based in the United States since they appreciate small time zone differences. Workana decided to open an office in Malaysia to be closer to clients in East Asia and the Pacific and to limit time zone differences, thus increasing their responsiveness to customers.

### 3.4 WHAT ROLE DO LOCAL PLATFORMS PLAY ON THE SUPPLY AND DEMAND SIDES?

On the supply side, regional/local platforms may have lower entry barriers than global platforms for some workers to participate in the online gig economy. For example, regional/local platforms tend to adapt to local constraints such as online payment regulations (as discussed earlier) or limited digital infrastructure or access to devices in the design of their platform. See chapter 7 on operations for a description of Project Karya in rural India, which adapted its interface design for low literacy levels and populations with limited internet access. Some local platforms (for example, Elharefa, a platform in the Arab Republic of Egypt) develop coworking spaces to help onboard people with limited connectivity at home or those who need hands-on support. Time zone proximity also benefits workers, such as women who prefer to work during regular working hours. First-time gig workers or youth doing their first job prefer platforms where they can meet with platform staff in person and resolve issues that they may encounter more directly than in the impersonal online context of global platforms. Since they are part of the same ecosystem, local platforms understand training needs and can provide more-targeted training programs. Regional/local platforms have lower entry barriers, especially for populations not fluent in English, in addition to gender (see box 3.1) and youth inclusion. The higher proportion of tasks in the local language is especially appealing for countries where English is not the main spoken language. Another barrier to entry on global platforms that was highlighted during our focus group discussions in Kenya was the perception that employers from high-income countries often prefer workers located in high-income countries. Gig workers in developing countries often attempt to hide their true location by masking their IP address or creating fake profiles to appear as workers from countries such as the United States or the United Kingdom (Fairwork 2021). Local platforms therefore seem easier to access for workers in developing countries with limited exposure to digital platforms (Figure 3.2).


\textsuperscript{91} Asynchronous communication refers to a work relationship in which the parties are not in direct, real-time contact and communication is delayed because of time zone differences.
FIGURE 3.2: Regional/local platforms and the local ecosystem

Role of Regional/Local Platforms in the Local Ecosystem

- **Supporting local online gig workers by:**
  - Lowering entry barriers
  - Adapting the gig model to local constraints
  - Limiting language barriers in the gig economy

- **Cooperating with local governments as:**
  - More accessible potential partners on policy goals
  - New source of workers

- **Responding to the needs of local businesses by:**
  - Catering to resource-constrained local MSMEs and startups
  - Providing a pool of local talent with local knowledge for larger companies

Source: Study team elaboration.
Note: MSMEs = micro, small, and medium enterprises.

BOX 3.1: REGIONAL/LOCAL PLATFORMS THAT ENGAGE WOMEN IN ONLINE GIG WORK

Over 85 percent of workers at SheWorks!, an online gig work platform in Latin America and the Caribbean, are women. SheWorks! actively promotes flexible work schedules among its clients to ensure that workers can find the right balance between their online work and other commitments (such as caring for children or other family members). On SoyFreelancer, also in Latin America and the Caribbean, more than 50 percent of workers are women. This number is higher than the share of women in the labor force in the region more broadly (41.42 percent). SoyFreelancer encourages clients to break up their tasks into small, more manageable chunks when posting them. This practice can provide the flexibility that women may be looking for in online work, allowing them to manage their work time more easily. Similarly, a larger share of women are working on Flexiport in India (36 percent of the workers on the platform) than in the total labor force (20 percent). More details are given in chapter 4.

a. Country/regional averages for the share of women in the total workforce were retrieved from World Bank, World Development Indicators.
On the demand side, regional/local platforms seem to play an important role for local private sector development, especially for MSMEs and start-ups, but also for larger firms needing local talent. The intermediation services provided by regional/local platforms can help local businesses obtain talent for concrete, specific tasks or short-term needs. In particular, start-ups or self-employed people trying to establish a new business do not have the resources to hire talent and need the flexibility to hire for shorter, concrete tasks (for instance, designing a logo). Tasks such as marketing require knowledge of the local context, and gig workers can be a valuable source of cost-effective talent for resource-constrained MSMEs and start-ups. Wowzi, a Kenya-based influencer marketing platform, offers options for companies to create locally relevant social media campaigns. Interviews with Ureed and SheWorks! highlighted the importance of knowing the cultural context for certain tasks. Gomez-Herrera, Martens, and Mueller-Langer (2017) also point to cultural distance as a factor shaping the way gig work is traded, having studied transactions completed on the United Kingdom–based platform Peopleperhour.com between 2014 and 2016. Tasks related to writing, business support, marketing, and public relations were found to be the least frequently traded tasks. Clients from a particular region may also prefer to speak with freelancers about their needs in their local language. For example, the clients on SoyFreelancer, mostly Spanish-speaking entrepreneurs and individuals, prefer to use a Spanish-oriented platform for a more targeted search for talent. Regional platforms often identify this market niche for firms needing “context-specific” solutions as a business opportunity. Ureed and Workana Malaysia emphasized that being able to have in-person meetings with clients and being located near clients are important for fostering trust in the platform-employer and employer-worker relationships. Some clients that want longer-term gig workers may prefer to have the option to work with freelancers in person later, when needed, which is easier to arrange for regional/local platforms than for global ones. Discussions with Ureed confirmed that companies sometimes prefer that freelancers work with them in person, especially for longer-term projects that require coordination and familiarity with the corporate culture of the client. More details are given in chapter 5.

For governments, regional/local platforms could be more accessible as partners on broader policy objectives. Regional/local platforms can support governments’ efforts to include youth and low-skilled people. Box 3.2 highlights an example in the Middle East and North Africa region. Particularly on social protection and insurance, governments may work with platforms to expand social registries or to enhance coverage of insurance or pension programs for informal workers. Chapter 6 discusses this at length. In Singapore, for instance, the platform Grab collaborated with the government to support the provision of health insurance. Regional/local platforms may be better placed to work with governments on tax reforms (see the case of a tax experiment in the Russian Federation in box 3.3). Governments are also starting to rely on platforms to source workers, although this is still limited. A survey of the government workforce in the United States in 2018 shows that state and local governments have started to use gig workers, to a limited extent, to address staffing issues, particularly for office and administrative support functions, accounting, and IT (Center for State and Local Government Excellence 2018). The trend may be growing in other parts of the world. Governments may consider outsourcing sensitive tasks to people or platforms from their countries because of security clearance requirements (as mentioned in interviews with Ureed and the National Aeronautics and Space Administration [NASA]). In addition, using a gig work platform based in the country may also ensure compliance with existing regulations.
BOX 3.2: TRAINING WOMEN TO TAP THE OPPORTUNITIES OF ONLINE GIG WORK

In October 2020, Ureed in cooperation with the International Finance Corporation (IFC) launched the training program “Mastering the World of Online Freelancing” to increase the participation of women in online gig work in Jordan and Lebanon (IFC 2021). Ureed is a platform active in the Middle East and North Africa region that operates in English and Arabic. The program was developed after the needs of women freelancers on Ureed were assessed and included content for both new and existing freelancers. Women who enrolled received a fee waiver for one year from Ureed (that is, the women would get 100 percent of the payment from the client). In addition, Ureed gave clients a discount if they hired from the pool of women and changed their matching algorithm to prioritize women in their searches. A total of 324 women enrolled in the program, and 82 completed one or more trainings (24 percent completion rate). Some lessons from the program include the importance of incorporating coaching and additional support for women with limited work history and limited digital skills. The demand side also needs to be incentivized to hire women freelancers.

BOX 3.3: GOVERNMENT AND PLATFORM COOPERATION ON TAXATION CHALLENGES IN THE ONLINE GIG ECONOMY: THE CASE OF THE RUSSIAN FEDERATION

YouDo, a regional platform in the Russian Federation, worked in collaboration with the government on a tax program aiming to bring workers from the informal labor market into the formal economy. The tax regime is designed to recognize gig workers as self-employed and does not include those who hire other workers. This initiative was first tested in several regions in Russia and then expanded at the national level. The tax regime requires that a small percentage of the transaction cost be paid to the government as tax revenue (the applicable tax rate is 4 percent for individuals and 6 percent for those registered as legal entities; individuals do not have to register officially as individual entrepreneurs in order to benefit from the tax regime). The collaboration between the government and the online platform was useful to get transaction data that made it easier to track the progress of the tax regime. YouDo and other platforms share transaction data with the government, which helps with the straightforward calculation of the tax based on transaction costs.

3.5 LOCAL PLATFORMS: CHALLENGES AND LIMITATIONS

Our interviews revealed that many (but not all) regional/local platforms struggle to establish themselves as viable businesses. High fees charged to the workers can drive the supply away, which in turn would disincentivize clients from using the platform; the result is similar if clients consider their fees too high and drop out. As such, a viable pricing option for platforms seeking to achieve a critical mass of users can be to lower prices on one side, for instance the supply side, to encourage more users to join the platform and thus grow the attractiveness of the platform on the demand side (Engels and Sherwood 2019). While regional platforms vary in their approaches, they tend to target either the demand or the supply side with reduced fees in order to boost the attractiveness of the platform (see appendix P for further details on the pricing schemes of online gig work platforms).

Not surprisingly, the lack of network effects constrains the growth of local platforms. Scale and network effects are important for several reasons. From the perspective of the buyer, a platform with a larger pool of workers means greater chances of finding the right type of worker for a particular task. From the perspective of the worker, a larger set of tasks posted on the platform and a wider range of employers can mean more opportunities for work. Tapping into network effects is particularly challenging when starting up a new business or regional platform (Graham et al. 2017). As a result, regional platforms tend to struggle with funding, facing difficulties in engaging buyers as well as workers. Smaller regional/local platforms may struggle with getting adequate visibility. Some platforms report that most of the work goes to whomever markets the best in browser searches. The giant global platforms appear first in most search engines, while smaller local platforms may face difficulties in making potential users aware of their existence. Local platforms adapt their business models to gain a footing. The large numbers of merger and acquisition activities, with bigger corporations and competitors buying such platforms, show the high level of competition and volatility in the platform business (ILO 2021). (See appendix O on mergers and acquisitions.)

Lack of scale prevents platforms from leveraging the large amounts of data larger platforms typically use to enhance their product. One example is the way in which workers and clients are matched (for instance, algorithmic matching or the visibility of workers and tasks in search results). Regional platforms that struggle to grow also are unable to factor data-driven applications into their product and their pricing schemes (for example, the features offered by Upwork to online gig workers to increase their visibility on the platform as part of the subscription plan for workers).

Local platforms cannot fully capitalize on the existing global geographical imbalance between the demand and supply of gig work. Workers on online platforms tend to come from developing countries (particularly from Bangladesh, India, and Pakistan), while employers tend to come from high-income countries (such as the United Kingdom and United States). See chapter 5 for trends in demand. Only global platforms can match these workers and employers in entirely different regions. Global platforms are attractive to employers in high-income countries because they can find workers willing to accept lower wages. Workers from low- and middle-income countries are more likely to find that the low wage or rate offered on the platform is still better than their alternative employment options.

Most local platforms interviewed by the team were set up by entrepreneurs with a background in technology but with limited financial or business experience. Most founders were motivated by a niche market opportunity for providing local solutions, in markets where global
platforms had not yet entered. In the beginning, the founders usually rely on their own funding or on funding from friends or family to establish the start-up platform business. Often, founders struggle to grow their platform and generate the necessary revenue from a pure platform revenue model, requiring them to change strategy and pursue alternative monetization methods.

In the face of challenges to developing a commercially viable business, several regional platforms have pivoted to adapt their business models. Several platforms have chosen to specialize in helping clients by managing a small but vetted talent pool. This approach ranges from an add-on service along with regular platform operations for large-enterprise clients to full-fledged third-party staffing services. Other platforms have developed features that incentivize online gig workers to increase their participation on the platform. For instance, in some cases, they charge additional fees to freelancers to access novel features and restricted projects. Box 3.4 presents several examples.

**BOX 3.4: NEW BUSINESS MODELS FOR REGIONAL/LOCAL PLATFORMS IN SEARCH OF PROFITABILITY AND SUSTAINABILITY**

**Enterprise business model**

Some regional/local platforms are developing an “enterprise model” to increase the sustainability of their businesses by partnering with large multinational clients or governments. The platform provides select clients access to a special team of freelancers who provide flexible labor. Workana relies on such a model to offer services tailored to client needs. Workana first seeks to understand the needs of the client organization and then proposes several candidate workers and facilitates the matching process. After the matching, Workana is not involved in the management of the relationship between the worker and the client. It is worth noting that enterprise models are also offered by global platforms such as Upwork.

**Third-party contract staffing**

Third-party contract staffing is another alternative business implemented by some regional/local platforms to attract more clients. Flexiport, an Indian platform founded in 2014, faced critical issues with the viability of its business in the first years of activity. The company decided to pivot its business model when it realized that many clients on the platform required additional support with managing freelancers from an administrative point of view. Flexiport started offering an offline extension of the platform focused on third-party contract staffing. In its business model, third-party staffing refers to support offered to clients for compliance, payrolls, and statutory requirements (benefits, medical insurance). The staffing company takes the worker onto its own payroll. Flexiport now derives its main source of income from the third-party staffing component of the business.

(Continued)
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BOX 3.4: (Continued)

Especially in a cross-border context, third-party staffing services can be appealing for both clients and online gig workers. Native Teams is a platform offering employers record, payroll, payments, and freelancer support services explicitly to bridge the challenges of cross-border work, making it easier for clients to hire online freelancers and for freelancers to manage their work and their legal and fiscal status as freelancers.

Transitioning from platform to recruiting and placement

Some regional/local platforms pivoted their business model away from a freelancing platform that allows clients and freelancers to find each other into a headhunting or training organization. An example is Findworka, a Nigerian platform founded in 2016, which transitioned from a freelancing platform to a recruiting and placement platform in 2018 in an effort to increase profitability and sustainability. Findworka maintains a pool of vetted workers through which the firm finds the right person(s) for the jobs or tasks needed by its clients.

Elite freelancer model

Some regional/local platforms have created “elite freelancer” programs to put the spotlight on their top workers. Elite freelancers are given several benefits, such as having more visibility on the platform and being considered for specific work opportunities. On SoyFreelancer, elite freelancers are charged a smaller commission by the platform, they can communicate with clients more freely than regular freelancers, and they have priority over other freelancers when clients look for workers. In return, elite freelancers have to pay SoyFreelancer a monthly fee (US$4.99 per month). Only a small percentage (2 percent) of freelancers on SoyFreelancer are elites. Another example is Asuqu, based in Nigeria. The platform created the “Asuqu elites” category of freelancers who had completed at least some minimum number of tasks on the platform successfully. The resulting pool of freelancers is used by Asuqu to match with clients who want longer-term engagements.

c. The option is advertised as “Flexi Plus” in the pricing plan for businesses on Flexiport, https://www.theflexiport.com/employers/.
3.6 CONCLUSION

While regional/local platforms may not have received as much attention as global platforms, they seem to play an important role not just for the local labor market but also for the local private sector ecosystem in many developing countries. First, regional platforms have several advantages over global platforms that may make them better suited for some types of work (for instance, work requiring understanding of cultural context) and can make them more attractive to both workers and clients than global platforms. Second, they often have features (such as use of local languages) that may help groups previously excluded from global platforms to participate in the gig economy, potentially making them an important means for inclusion in the digital economy. Third, regional/local platforms play an important role for local private sector development as talent resources for local MSMEs and start-ups in developing countries, which often lack the capacity to hire expensive talent. Finally, because regional/local platforms are concentrated in one country or a few select countries or regions, such platforms may be more inclined to collaborate on development policy goals like training or social insurance measures initiated by the national government. Nevertheless, many regional platforms struggle to reap the benefits of network effects or to derive a sustainable revenue from platform activities and are likely to seek alternative business models to be able to grow.
References


