



Introduction: A Freelancing and Self-Employment Research Agenda

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Abstract. This paper provides an overview of the content of the next two issues of this journal. The need for the research has been driven by the transformation of freelancing over the last two decades from a predominantly precariat shadow workforce serving as substitutes for employees to a far more diverse workforce incorporating high earning and highly skilled workers who serve a dynamic role for businesses; mainly working as complements to employees and frequently undertaking innovation. This transformation has been paralleled with a rapid rise in the number of freelancers in the workforce and the increasing use of flexible working and outsourcing business models by firms. These issues contains research which seeks to explain the causes and implications of these phenomena. They provide a comprehensive overview of research on freelancing both in terms of different types of freelancers and the varying activities they carry out.

Keywords: freelancers, freelancing, independent professionals, survey, research agenda.

1. Introduction

Most of the papers in the next two issues of this journal are drawn from academics who were invited by the Association of Independent Professionals and the Self Employed (IPSE) to attend the Global Research Workshops on Freelancing. These research workshops were motivated by a view among academics, practitioners and policymakers that freelancing warranted further research. This has been prompted by the increase in the importance of freelancers in the modern dynamic and innovation-driven economy (Burke, 2012) and the corresponding increase in the prevalence of freelance ‘own account’ self-employed workers in the labour market (Kitching and Smallbone, 2008 and Rapelli, 2012). In this new setting the traditional characterisation of freelancers as a homogenous group of workers who simply serve as cheap substitutes for employees was challenged. Other characteristics of freelancers such as being enablers of innovation, entrepreneurship and risk-management appeared more prominent (Burke, 2012). In fact, in some cases the entire business model of an industry depended on this latter utilisation and hence the availability of freelance workers (Burke, 2011).

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2. Research Agenda

The new innovation and dynamic economy has given rise to greater heterogeneity among freelancers and the activities they carry out. The traditional research focus of academics on precariat and vulnerable workers while still relevant for a significant proportion of freelancers – particularly the low skilled – does not resonate with the labour market performance of more highly skilled freelancers. This latter group are typically operating close to full capacity and earn significantly higher income than employees. For example, the IPSE Freelancer Confidence Index surveys in 2015 have revealed that freelancers across Standard Occupational Codes (SOC) 1, 2 and 3 (encompassing managers, professional and technical freelancers) on average earn 150% more than equivalent employees. The same group have very little spare capacity and are normally working on projects for roughly 85% of the weeks they have available to work. In contrast, to the precariat freelance stereotype who do mundane manual activities, these high human capital freelancers engage in stimulating activities such as innovation, change management and implementation of new technology. Therefore, with one type of freelancer appearing worse off than equivalent employees and another type better off it is clear that future research on freelancers in the labour market requires a segmentation approach. Similarly, while it is clear that businesses have moved to adopt more flexible working models and hence engage more freelancers, it is also apparent that in other circumstances businesses may cynically seek to reclassify permanent employees as freelancers in a bid to avoid paying employer taxes. Again, another reason why segmentation is such a key research priority and hence an agenda item moving forward. We need new research to be able to differentiate between vulnerable, high performance and false freelancing in order to better understand each segment and thereby enable policy and practice which promotes greater business performance and the well-being of freelance workers in the labour market. Doing so effectively is unlikely to entail a ‘one size fits all’ policy approach across all forms of freelancing.

Moving from analysis of the labour market to that of business organisation, it is also the case that this new dynamic and innovative business environment gives rise to a series of new research questions. Many are fundamental such as: How do freelancers add value to businesses? How do firms make the best use of freelancers in order to enhance business performance? What are the institutional challenges for legislation, regulation and industry organisations in order to adapt to a more freelance-intensive business model? How does public policy and practice adapt to this new environment in order to support the use of freelancers by businesses in a manner that enhances economic performance, promotes job creation, sustains the tax system and protects the welfare of workers? This list is far from comprehensive but the reader will appreciate that as our understanding of freelancers has become better informed it has also become clear that the most common depiction of freelancers as a relatively homogenous group of relatively

low price-quality substitutes for employees is not only inaccurate but misleading for public policy, people who might choose freelancing as a career and businesses who might consider using freelancers. A new research trajectory is required in order to provide a re-appraisal and generate a more in depth multi-dimensional understanding of the heterogeneity of both freelancers in the labour market and their functionality for businesses.

The answers to some of these questions have begun to emerge but more research is required. The purpose of the IPSE Global Research Workshops was to disseminate this new research on freelancing and to encourage further analysis in the academic community. The IPSE sponsored workshops were organised by Suneeta Johal, (Head of Research, Education & Training at IPSE) in co-operation with a number of academics. Invitations were sent to international scholars in the field to present new research or survey articles of existing research on freelancing. Following these presentations a sub-set of articles were invited for submission to the *International Review of Entrepreneurship* and these then went through a peer review process leading to a further sub-set of revised articles being eventually accepted for publication.

3. Review of Papers

We begin with a set of papers which provide the context for much of the research on freelancing. Burke and Cowling provide an overview of theory explaining how freelancers can add value to businesses operating in a dynamic and typically innovation-driven economy. They emphasise that freelancers enhance the ability of firms to be agile, flexible, innovative and entrepreneurial as well as being able to manage risk in uncertain business environments. The theory is further explored through empirical research based on the views of senior managers and entrepreneurs who use the services of freelancers. John Kitching then documents the rise in the importance of freelancers in the labour market over the last two decades. In the paper he outlines a number of demand and supply side hypotheses which are likely to have driven this trend. This provides a useful insight from a labour market perspective and also raises some questions for future research. In the next paper Jerzy Cieřlik continues the theme of measuring freelancer activity by providing a critical review of relevant data sets in the public domain. In this critique he differentiates between freelancer activity across various forms such as hybrid, freelancers with only one client and more pure freelancers with multiple clients and no time in employment. To this end, he argues that labour force data is the most useful single source but highlights the benefits of a methodological approach which combines labour force data with business establishment data. Nigel Meager then moves the discussion from levels of freelancer activity onto their well-being in comparison to employees. He finds that freelancers have typically better job quality and higher job satisfaction than employees although

they have to work harder, have less training and must sustain greater job insecurity. His findings lend support to the view that freelancing is not confined to the domain of 'wannabe employees'. Dieter Bögenhold and Andrea Klinglmair's paper explores the gender dimension of freelancing. They find that females typically earn less than males and greater proportions are part-time. However, females have higher levels of well-being and job satisfaction than men. Therefore, an emergent finding regarding the welfare of freelance versus employee workers is that studies based purely on financial measures of well-being miss and therefore underestimate some key well-being aspects of pursuing a freelance career. In the next paper Michel Syrett then explores two of the organisation forms which business are using in order to facilitate the use of freelancers: namely, alumni and incubation schemes.

The next set of papers then widen the scope of the analysis. The paper by André van Stel and Nardo de Vries provides a review of the composition and causes of the rise in own account self-employment in most Western countries. Their emphasis is on the heterogeneity within the solo self-employed; particularly with respect to demographic characteristics and start-up motives. Amit Chauradia and Ruchi Galande then address the business decision of whether to use freelancers or employees. They address the pros and cons of business accessing freelance human capital with reference to the research literature on strategic human capital, a resource based view of the firm and transaction cost theory. Their paper highlights how the traditional disadvantages of using freelancers are likely to be weaker in more dynamic and innovative business environments.

Then the next four papers focus on institutional aspects of freelancing. Patricia Leighton provides an overview of regulatory law relevant for freelancers and the businesses who seek to hire them. She explores regulatory challenges associated with legal practice related to fiscal matters, business associations, employment law and social protection. Michael Wynn then addresses the challenges that face trade unions and worker associations who seek to organise freelancers into a collective force in the labour market. His research outlines the scale of change that is required if such organisations are to survive, let alone thrive, in a more freelancer intensive labour market. Tui McKeown unearths the problems that arise when too often researchers and policymakers do not sufficiently distinguish between freelancers and the generic usage of the terms 'entrepreneurs' and 'self-employed'. As well as highlighting the problems this can cause, she provides some suggestions on how to alleviate this blurring of boundaries with reference to practice in Australia. Uwe Fachinger and Anna Frankus address then the issue of life and job security risks faced by freelancers and the extent to which freelancers use insurance to cover these risks. They find that the ability to research this important question is hampered by a paucity of information and hence highlight an agenda for future research. Nevertheless, they note that the evidence which does exist appears to indicate that very little insurance (private and public) coverage for freelancer risks is in place. Finally,

Ana Millán, José María Millán, Concepción Román and André van Stel provide a survey of research looking at the transition of freelancers to employers. Their paper examines the macro and micro determinants of freelancers evolving to employers and find insightful tax incentive and labour market regulatory effects as well as the more expected human capital and macroeconomic cyclical effects.

4. Conclusion

There has been a transformation in freelancing over the last two decades from a predominantly precariat shadow workforce serving as substitutes for employees to a far more diverse workforce incorporating high earner and high skilled workers who serve a dynamic role for businesses; mainly working as complements to employees and frequently undertaking innovation which leads to job creation. This transformation has been paralleled with a rapid rise in the number of freelancers in the workforce and the increasing use of flexible working and outsourcing business models by businesses. The papers discussed in this review provide a significant overview of existing and new research on freelancing in this new context. Combined, they provide a compendium of the current state of the art research on freelancing that will hopefully provide a platform which will enable and inspire further research. The papers provide some new insights and a re-appraisal of freelancing in a 21st Century business context that will better inform public policy, industry practice and career choice. However, the analyses in the papers also raise many more questions for further research and highlight many gaps in knowledge that need to be filled. These research challenges alongside the increasing importance of freelancers for business, people's career paths and public policy all indicate the scope and need for a vibrant research trajectory in this area.

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