**Freelancers: A manager’s perspective on the phenomenon**

**Abstract**

The current research focuses on freelancing, a rapidly growing form of employment, from an organizational perspective. This work is set to explore the motivations of managers to hire freelancersand the boundary conditions for choosing freelancers for different positions and tasks within the organization. Past perceptions of freelancers as ‘gig workers’ who allow flexibility and cost saving to organizations are questioned. The main proposition is that managers today consider freelancers as agents that bring valuable knowledge and expertise into the organization from outside. 255 Israeli managers from different organizational sectors participated in two independent studies. In Study 1, managers’ perception of freelancers and main motivations for employing freelancers were measured for different job types and organizational roles. Study 2 aimed to deepen the understanding of the personal and professional attributes that managers look for when faced with the decision to employ a freelancer for an organizational task. Results indicate that knowledge and expertise were identified by managers as baseline criteria for hiring freelancers in all organizational roles. The leading personal characteristics managers look for when hiring freelancers were adjustability, adaptability and the ability to integrate into the organizational system. Interestingly, managers were highly inclined towards hiring freelancers for varied organizational roles including managerial positions. Implications of the changing nature of employment arrangements as a strategic HRM activity in a complex and unstable business environment are discussed.

**Introduction**

The landscape of labor markets is changing. A dynamic environment, globalization, growing competition, demographic and technological advancements are all affecting work arrangements in organizations. As part of the need to cope with a complex and unstable environment, organizations are moving from traditional human resources practices to strategic human resources management (SHRM) aimed at maximizing the benefits from human capital resources. In this vein, employment arrangements are shifting away from full-time regular work towards alternative work arrangements such as independent contracting (Cappelli & Keller, 2013; Collings & Mellahi, 2009; Ulrich & Dulebohn, 2015).

The current research focuses on a rapidly growing form of independent contracting, namely freelancing. We explore freelancing employment from an organizational perspective. While previous research explored the motivations of freelancers to become independent contractors (Barley & Kunda, 2006; Miller & Miller, 2012), this work is set to explore the motivations of managers to hire freelancers. We also aim to explore the boundary conditions for choosing freelancers for different posts and tasks within the organization. Our main assertion is that a perceptual change has already occurred in employers’ minds. While temporary, contingent employees were employed in the past mainly at low-level positions in order to achieve organizational flexibility and cost reduction, we contend that managers today are likely to employ freelancers in positions that require highly specialized talent, aimed to bringing knowledge and innovation into the organization from outside, and helping companies become more proactive in handling changes and uncertainties (Poon, 2018).

*The rise of freelancers*

One highly prevalent form of independent contracting is freelancing. The definition of freelancing is rather broad, sometimes unclear. Freelancers may be referred to as ‘contract workers’, ‘own account workers’, ‘portfolio workers’ or ‘contingent workers’, and the research of this growing type of work is somewhat neglected by researchers (Barley, Bechky & Milliken, 2017; Fenwick, 2006; Kitching & Smallbone, 2012). Here we adopt a rather wide definition of freelancing following Kitching and Smallbone: self-employed employees working on their own account, with a client base of organizational and personal clients, with contracts of any duration, working freelance in either primary or secondary work roles (Kitching & Smallbone, 2012, p. 77). Hence, freelancers are independent contractors. They are not employees; they contract directly with clients and specify work outcomes in contracts. They are typically hired on a temporary project basis and may work for multiple clients simultaneously.

According to a report by the US Bureau of Labor Statistics called “Freelancers in the U.S workforce” (Bureau of Labor Statistics, 2015), more than 53 million Americans are now earning income from work that is not a traditional 9-to-5 job; that is to say, one in three workers. According to the Freelancers Union in the US, about 34% of the US workforce is working as freelancers (Berland, 2014). A recent McKinsey Global Institute survey found that 36% of the American working population are freelancers (Poon, 2018) This trend is also prevalent in other parts of the world (Cappelli & Keller, 2013); notably, in the European Union, 30.6 million people were self-employed during 2016 (Eurostat, 2017), and they account for 14% of the total workforce.

The US Freelancers Union is projecting that in 10 years’ time, the majority of employees in the US will be freelancing (Freelancers Union, 2017). There are different types of freelancers, and the vast majority of them combine freelancing with other employment forms. Based on a survey of more than 5000 US workers, about 40% of freelancers are traditional independent contractors, 27% are ‘moonlighters’ – professionals with a traditional job that do freelancing outside of work hours, 18% are diversified workers with multiple sources of income, 10% are temporary workers with a single project-based job, and 5% are business owners of small businesses that still consider themselves freelancers as well (Berland, 2014).

*Traditional Perceptions of Freelancers*

The traditional view on temporary employees was that they are replacements for full-time employees. In this sense, different types of contingent workers (freelancers included) were traditionally perceived as an ‘underclass’, ‘second class’ citizens or low-skilled employees in the worker pool within the organization. Moreover, due to their temporary status, none of them could qualify as talents (Boswell et al., 2012; Burke, 2015; Friedman, 2014). For example, following in-depth interviews with managers in three different organizations, Von Hippel, Mangum, Greenberger, Heneman, and Skoglind, (1997) reported that although temporary workers were employed frequently in all three organizations, managers had negative perceptions about temporary workers and major reservations about these hires. Common reasons for why organizations use temporary employees usually include cost saving, increased flexibility to the organization in the wake of demand fluctuations, and avoiding restrictions such as unions and labor protection laws (Von Hippel et al., 1997). Interestingly, recent simulation to assess direct and indirect costs of employing contingent workers found that employing temporary workers is not as cost effective as it is considered to be (Fisher & Connelly,2017). However, traditionally, contingent employees were sometimes viewed as competitive temporary workforce who competed with the permanent employees for jobs, and often were forced to be freelancers (Burke, 2015; Von Hippel et al., 1997(. For example, Granger, Stanworth and Stanworth (1995) focused on freelancers in the book publishing industry. They identified a number of self-employed career types. The biggest group was ‘refugees’ – freelancers who were pushed to self-employment by market factors and not by will (Granger, Stanworth & Stanworth, 1995).

Recent years brought major development of online labor markets such as Amazon Mechanical Turk (AMT), Freelancer.com, Upwork, etc. Much of the increase in alternative work arrangements in the past few years is associated with technological changes making it easier to contract online (Katz & Krueger, 2017). These markets offer a pool of workers who perform diverse tasks from anywhere, anytime. For example, this is how "Freelancer.com" describes the service it provides: "Just give us the details about the work you need completed, and our freelancers will get it done faster, better, and cheaper than you could possibly imagine" (https://www.freelancer.com/). This statement highlights low cost and flexibility as main reasons to employ freelancers.

Critics of online labor markets claim that these are ‘modern sweatshops’ where employees are abused due to the unregulated employment setting (Caverlee, 2013; Chandler, Paolacci, & Mueller, 2013; Zittrain, 2009). Online labor market freelancers are criticized for poor quality of work since they are motivated to choose to complete as many tasks as possible (and be rewarded for them) investing little effort. Also, the fact that the work is broken into small tasks (‘micro-task labor’), and the fact that task requirements are often poorly communicated, may create misrepresentation of the task with the freelancers having incomplete knowledge about the end result )Caverlee, 2013; Chandler et al., 2013). Unsatisfactory compensation was also raised as a main threat by drawing workers from low-income countries, which brings down payment levels globally (Ross, Irani, Silberman, Zaldivar, & Tomlinson, 2010).

If so, freelancing was traditionally perceived as providing organizations with efficient and competitive employment solutions during business downturns. Online labor markets globalized and made freelancing more accessible both to organizations and employees. Still, freelancers remained perceived by organizations mainly as effective for low-skilled, temporary, non-specialized tasks; for example, performing transportation tasks (Uber, Lyft), running errands (Postmates), providing home services (Task-Rabbit, Handy), and clerical work (De Stefano, 2015; Friedman, 2014).

*New perceptions of freelancers*

A new form of freelancers has evolved, of high human capital freelancers that are highly skilled, highly specialized, and in many cases earn significantly more than equivalent full-time employees. These top-freelancers are involved in projects calling for innovation, strategy, change management and technological development (Burke, 2015). They do not bring cost reduction and do not serve as temporary replacement for full-time employees. They are called to the organization for their rare knowledge and expertise, and they are well rewarded for it.

Barley and Kunda (2006), in their seminal ethnographic study on contingent contractors, presented perspectives of the two opposing camps: (a) Institutionalists who see contingent working as a secondary market with no stability, low wages and low security. (b) The ‘free agents’ perspective, describing contingent workers as "the heroes and heroines of post industrialism" as part of a "libertarian anti-corporate rebellion" (p. 47). Following a large-scale ethnographic study on technical contractors, Barley and Kunda summarized: "What we did not expect to find was a group of social pioneers who partook of a way of life, a culture of work, that challenged the prevailing theories and reputed practices of contingent employment" (p. 45). Indeed, a recent report by the Bureau of Labor Statistics in the US shows that 79% of independent contractors preferred their arrangement over a traditional job (Bureau of Labor Statistics, 2018).

Miller and Miller (2012) presented the concept of ‘super-temps’ – top professionals and managers who chose to pursue temporary, project-based careers. Usually, according to Miller and Miller, super-temps were trained in top schools and most of them worked in big corporations. They became independent contractors by choice in order to gain flexibility and control over the projects they chose to be involved with and their time. "They leave behind the endless internal meetings and corporate politics, which… took 30% - 40% of time…" These are people who value freedom and flexibility (i.e., flexible work hours, vacations, personal time, etc.). The value for the organization is also apparent: "They're increasingly trusted by corporations to do mission-critical work… super-temps are growing in number and we think they're on the verge of changing how business works" (Miller & Miller, 2012).

However, this perception of ‘free-agents’ and ‘super-temps’ emanates from the perspective of the individual freelancer’s experiences, choosing to leave the organizational, corporate perspective behind (Barely & Kunda, 2006; Fenwick, 2006; Miller & Miller, 2012). Employers’ perception of freelancers as high level, specialized work classification, has been insufficiently investigated until now.

 In the current study, we would like to question the argument that the main perception of freelancers by managers in organizations is that they enable flexibility and cost saving. We would like to posit that *there* *has already been* a perceptual shift among employers. Managers today no longer perceive freelancers as ‘gig workers’ that allow flexibility and cost saving. Our hypothesis is that the main motivation for hiring freelancers into the organization today is expertise and not efficiency, knowledge and not flexibility, supporting organizational strategy and not a tactic ad-hoc solution. We derive support for this proposition from LoPresti, Pluviano and Briscoe (2018), who have shown that professionalism is the valuable characteristic of today’s freelancers.

As the external environment is becoming more complex, organizations must innovate and adjust quickly to the ever-changing environment. Freelancers become agents that bring work methods and knowledge into organizations from outside. We would like to argue that managers now already understand that freelancers bring expertise and knowledge into the organization, expertise and knowledge that could not have been reached otherwise.

In the 'Handbook of research of freelancing and self-employment', Burk and Cowling (2015) call for research to verify the perceptual shift: "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 re-appraisal and generate a more in depth multi-dimensional understanding of the heterogeneity of both freelancers in the labor market and their functionality for businesses" (Burk & Cowling, 2015, p. 5).

 The current research surveyed 255 Israeli managers from different organizational sectors in two independent studies. Freelancers were defined, as “individuals working on a contract basis for a variety of companies”. In Study 1, managers’ perception of freelancers and main motivations for employing freelancers were measured for different job types and organizational roles. Managers also reported on their willingness to compensate freelancers in comparison to equivalent full-time employees.

Our hypotheses were as follows:

**H1: Knowledge and expertise will be identified by managers as the main motivation for hiring freelancers.**

* 1. The greater the level of freelancers' perceived knowledge and expertise, the higher the willingness by managers to employ freelancers and pay them more, as compared to full-time employees.
	2. Freelancers of lower level knowledge and expertise (as compared to full-time employees) will be less preferred by managers, even at significantly lower employment costs.
	3. This trend (freelancers selected for high knowledge and expertise positions with high compensation) will be effective across different organizational roles, except for management roles, which we expect managers will not prefer for freelancers.

In Study 2 we were interested in developing and deepening our understanding of the personal and professional attributes that managers look for when faced with the decision to employ a freelancer for an organizational task. Therefore, we returned to the same participants and presented them with open ended questions concerning their opinions on the growing number of freelancers in the market, the critical characteristics that a freelancer should have in order to be hired, the characteristics in order to successfully perform his/her job, and more.

Study 2 was explorative, aiming to further understand the motivations for hiring freelancers and the perceptions of the benefits in employing them. We hypothesized that managers are aware of the added value brought to organizations by freelancers mainly in allowing access to expertise and knowledge that is not found within the existing organizational talent pool. We also set a target to understand the required *personal characteristics* that a freelancer should have in order to be hired and the characteristics in order to successfully perform his/her job.

**H2: Unique knowledge and expertise are baseline requirements for hiring a freelancer. Additional personal characteristics are essential so that the freelancer is able to connect**

**to other employees.**

Explorative qualitative analysis is performed to identify personal characteristics that are perceived by managers as critical for a freelancer in order to be able to succeed in an organizational setting. Free-text, open ended questions allow a full and in-depth exploration of managers’ perceptions.

**Study 1**

**Method**

*Participants*

The data were collected from 255 managers in various areas of economic activity: hi-tech, commerce, services (e.g., financial), education and so forth, of which 79.2% were men and 20.8% were women. Their age ranged from 30 to 60 years and above, their education mean was 17.17 years (*SD* = 2.99), and mean number of subordinates reporting to them was 23.41(*SD* = 17.99).

*Procedure*

The study was conducted in 2018. We employed an online platform to survey Israeli managers from different levels, industries and roles. All managers participated voluntarily and anonymity was guaranteed. Online-based surveys have recently become a popular way to collect data and are widely used in the social and behavioral sciences (Steelman, Hammer & Limayem 2014). We first collected demographic data (age, gender, education, etc.) and then moved on to the matrices describing willingness to hire freelancers as opposed to full-time employees for different pay levels. Last, we added open-ended questions with regards to personal and work characteristics required from a freelancer. After having completed the questionnaire, all participants were thanked and debriefed.

*Measures*

The survey was comprised of four similar matrices, but under four different conditions. The participants answered these matrices regarding whether or not they would hire and how much they would pay a freelancer as opposed to a full-time employee (50% less, 30% less, 15% less, equal to, 15% more, 30% more, 50 more – than a full-time worker). Each matrix had a different condition; i.e., the freelancer was perceived to have an *expertise* level: (condition 1) *below* a full-time employee, (condition 2) *equal* to a full-time employee, (condition 3) *higher* than a full-time employee, and (condition 4) *significantly higher* than a full-time employee.

Furthermore, we tested these conditions against six different organizational roles the freelancer could potentially be hired for: (1) managerial role, (2) general-organizational role (e.g., logistics, bookkeeping, etc.), (3) marketing or sales roles, (4) company’s core professional role (e.g., software engineer in a software company), (5) company’s peripheral professional role (e.g., mechanical engineer in an electronics company), and (6) a role within an important project to the organization (although temporary). Thus, each matrix had a similar scale with six similar items in each.

**Results**

In order to answer the question whether or not freelancers’ knowledge and expertise are baseline requirements for accepting them to work, we utilized a “within-subject” and a “between-subjects” mixed repeating measures design. The within-subject effects were four different conditions of the same questions’ matrix. The participants answered questions related to whether they would accept a freelancer to their organization or not (in different positions within the organization), and, if yes, how much they would pay him/her compared to a full-time employee. The participants answered these matrices under four different conditions, as mentioned before. In addition, to gauge the between-subjects effect we looked at different organizational roles of the participants (1 = CEO, 2 = technological and marketing, 3 = administrative and operative).

***Willingness to Hire a Freelancer***

Our first analysis revealed that there is a significant difference between the four conditions on the principle whether or not the participants were willing to hire a freelancer, based on said conditions: *F*(3, 732) = 63.96, *p* = .000, 2p = .21. However, the interaction between the conditions’ effect and the group’s effect (i.e., organizational roles) was not significant: *F*(6, 732) = 2.39, *p* = .077, 2p = .02. Meaning, the differences among the four conditions are not dependent on the organizational role, and are (statistically) equal across different roles. As such, using Bonferroni’s post-hoc pairwise comparisons tests, the differences are shown in Table 1 and in Figure 1.

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 As shown in Table 1, the only significant differences were between condition 1 (“below”) compared to the other ones. However, no such differences were found among conditions 2, 3 and 4. Figure 1 also shows these findings illustratively.

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 Figure 1 shows that the greater the perceived expertise level of a freelancer, the higher the readiness to hire him/her becomes as well. Also, we can clearly see a very drastic increase in readiness to hire a freelancer from condition 1 to the other three conditions, but very slight changes (and non-significant) among the latter ones.

***Willingness to Pay a Freelancer***

In addition to the readiness to hire a freelancer, our further analyses focused on the willingness to pay the freelancer (more or less than a full-time employee), under the four conditions described earlier. We tested this notion against six different organizational roles the freelancer could potentially be hired for, as was described in the method: (1) managerial, (2) general-organizational, (3) marketing or sales, (4) professional (core), (5) professional (peripheral), and (6) temporary project. The willingness to pay a freelancer for each role across the four conditions was gauged, and, again, we included the group factor (i.e., participants’ organizational roles: (1 = CEO, 2 = technological and marketing, 3 = administrative and operative) in the analyses as well.

Surprisingly, all of the six mixed repeated measures analyses produced the same trends. As such, we present one of them that we deem is more important – core professional roles. The analysis revealed a significant difference between the four conditions on the principle how much the participants were willing to pay a freelancer, based on said conditions: *F*(3, 615) = 279.32, *p* = .000, 2p = .58. However, the interaction between the conditions’ effect and the group’s effect (i.e., organizational roles) was not significant: *F*(6, 615) = 2.18, *p* = .083, 2p = .03. Meaning, the differences among the four conditions are not dependent on the organizational role, and are (statistically) equal across different roles. As such, using Bonferroni’s post-hoc pairwise comparisons tests, the differences are shown in Table 2 and in Figure 2.

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 As shown in Table 2, all comparisons and differences were significant. Figure 2 illustrates these findings.

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 Figure 2 shows that the greater the perceived expertise level of a freelancer, the higher the willingness to pay him/her more than a full-time employee. We can also see a very drastic increase in willingness to pay a freelancer from condition 1 to the other three conditions, but minimal (although significant) changes among the latter ones.

 Although the results indicate specific interesting trends, a question rises as to something else. In all cases, we can clearly see the gap between condition 1 and conditions 2, 3 and 4, hinting at the great importance of being, at least, on equal grounds with a full-time employee in terms of expertise. It is obvious that having significantly higher knowledge and expertise than a full-time worker is vastly superior to being below him/her. This indicates that expertise is a highly important aspect that managers consider when hiring freelancers. Nevertheless, this does not explain why we also see minimal changes between the different expertise levels (equal, higher and significantly higher). This suggests possible, and more intricate, notions we could not tap into with our current quantitative data. This has consequently led us to Study 2, where we employed the qualitative research paradigm, which may shed light on narratives we could not uncover through quantitative means (see: Shkoler, in press).

**Study 2**

**Method**

We returned to the same 255 participants once again, and presented them with four open-ended questions:

1. Which characteristics would benefit the freelancer in getting *hired* to the organization?
2. Which characteristics would benefit the freelancer in being *successful* in the organization?
3. Who benefits more from the freelancer phenomenon? (1 = mostly freelancers, 2 = mainly freelancers, but also organizations, 3 = both sides equally, 4 = mainly organizations, but also freelancers, 5 = mostly organizations)
	1. They were asked to explain their answer.
4. How do you perceive the growing entrance into or prevalence of freelancers in the labor market (1 = very negative, 2 = somewhat negative, 3 = neutral, 4 = somewhat positive, 5 = very positive)?
	1. They were asked to explain their answer.

**Results**

 Having collected the answers from the participants, we utilized the qualitative research approach to analyze the data and narrative information we had acquired. Thematic analysis was employed in order to do so, for each question separately (a total of four).

***Thematic analysis for “Characteristics to be hired”***

The analysis revealed three main themes (and 15 total subthemes), with *N* = 484 answers from all the 255 participants (response rate = 82.56%):

1. *Personal* characteristics (7 subthemes; *N* = 231 answers, 48% of total answers):
	1. Adjustability, adaptability and integrability (to an organization/system) (22%).
	2. Reputation, recommendations and/or valid and proven experience (12%).
	3. Responsibility, reliability and integrity (10%).
	4. Interpersonal skills, communication and relations and expressive ability (8%).
	5. Autonomous (in learning and working) (6%).
	6. Conscientious, thorough, organized, well-scheduled (5%).
	7. Initiative, creative, curious (2%).
2. *Work-relevant* characteristics (8 subthemes; *N* = 249 answers, 51% of total answers),
	1. Specific and unique knowledge, professionality and extra added-value (13%).
	2. Expertise and related skills (7%).
	3. High diligence, performance and efficiency (5%).
	4. Flexibility and availability (3%).
	5. Ability to work in/with teams (3%).
	6. Business networks and connections (2%).
	7. Marketability and service-orientation (2%).
	8. Multitasking and the ability to work under stress (1%).
3. *Same* characteristics as full-time employees (*N* = 4; 1% of total answers).

The relative proportion of each subtheme is presented in Figure 3.

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Figure 3 reveals an unexpected and surprising finding. In addition to the centrality of unique and specific knowledge (subtheme 2.1; 13%) and reputation and experience (subtheme 1.2; 12%), the need for adjustability, adaptability and integrability (to an organization/system; subtheme 1.1) is higher by a large margin than all the rest (22%). This finding was not discovered in Study 1 with traditional quantitative methods. This indicates that hiring a freelancer does not rely exclusively on the reputation, expertise or knowledge of the freelancer, but first and foremost – on his/her *fluidity*, the ability to adjust and integrate into the organization.

***Thematic analysis for “Characteristics of the freelancer in order to succeed in the organization”***

The analysis revealed three main themes (and 15 total subthemes), with *N* = 511 answers from all the 255 participants (response rate = 81.40%):

1. *Personal* characteristics (7 subthemes; *N* = 271 answers, 53% of total answers):
	1. Interpersonal skills, communication and relations and expressive ability (12%).
	2. Responsibility, reliability and integrity (9%).
	3. Adjustability, adaptability and integrability (to an organization/system) (9%).
	4. Conscientious, thorough, organized, well-scheduled (9%).
	5. Autonomous (in learning and working) (6%).
	6. Initiative, creative, curious (4%).
	7. Reputation, recommendations and/or valid and proven experience (3%).
2. *Work-relevant* characteristics (8 subthemes; *N* = 235 answers, 46% of total answers),
	1. Expertise and related skills (18%).
	2. Specific and unique knowledge, professionality and extra added-value (9%).
	3. High diligence, performance and efficiency (7%).
	4. Flexibility and availability (4%).
	5. Ability to work in/with teams (4%).
	6. Marketability and service-orientation (2%).
	7. Multitasking and the ability to work under stress (2%).
	8. Business networks and connections (1%).
3. *Same* characteristics as full-time employees (*N* = 5; 1% of total answers).

The relative proportion of each subtheme is presented in Figure 4.

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Figure 4 indicates that, after considering hiring a freelancer, the participants think that he/she would need to have a lot of expertise and related skills (subtheme 2.1; 18%) more than anything, but also emphasize that he/she would need to have good interpersonal skills, communication and relations, and expressive abilities (subtheme 1.1; 12%). This aligns with the results of the former analysis, namely that expertise alone does not suffice for the freelancer.

***Thematic analysis for “Contribution of the freelancer phenomenon”***

The analysis revealed four main themes (and 10 total subthemes), with *N* = 328 answers from all the 255 participants (response rate = 72.09%):

1. *Positive* contribution to the organization (3 subthemes; *N* = 195 answers, 60% of total answers):
	1. Available and flexible human resource solution (22%).
	2. Unique added value, knowledge expertise and experience (18%).
	3. Financial/cost-efficient as opposed to hiring a new employee (14%).
2. *Negative* “contribution” to the organization (3 subthemes; *N* = 42 answers, 13% of total answers),
	1. External-dependence, the organization does not accumulate and retain the knowledge and does not invest in internal development (2%).
	2. The organization is dependent on the contribution and success of the freelancer (1%).
	3. The freelancer usually has low commitment and attachment (may result, for example, in working at a few places at once, leak business information, etc.) (1%).
3. *Positive* contribution to the freelancer (4 subthemes; *N* = 60 answers, 18% of total answers),
	1. Financial/salary-wise (9%).
	2. Independence and flexibility at work, and the ability to work at a few places simultaneously (9%).
	3. Opportunity to enrich knowledge and experience (6%).
	4. Exposure and accumulation of clients and business networks (4%).
4. *Mutual* contribution (*N* = 55; 15% of total answers).

The relative proportion of each subtheme is presented in Figure 5.

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Figure 5 indicates that managers think that the four most important contributions are: (1) The freelancer is an available and flexible human resource solution (subtheme 1.1; 22%); (2) The freelancer provides unique added value, knowledge, expertise and experience (subtheme 1.2; 18%); (3) There is mutual contribution to both sides (theme 4; 15%); and (4) The freelancer is financially cost-efficient as opposed to hiring a new employee (subtheme 1.3; 14%).

***Thematic Analysis for “Growing prevalence of freelancers”***

The analysis revealed three main themes (and 13 total subthemes), with *N* = 328 answers from all the 255 participants (response rate = 65.12%):

1. *Positive* phenomenon (5 subthemes; *N* = 152 answers, 46% of total answers):
	1. Having a choice, freelancers are an available, flexible and less committing human resource solution (22%).
	2. Unique added value, knowledge expertise and experience (15%).
	3. Financially/cost-efficient as opposed to hiring a new employee (6%).
	4. The freelancer has an interest in investing at work (e.g., flexible schedule, salary, etc.) (4%).
	5. Opportunity to enrich the knowledge and experience of the freelancer (3%).
2. *Negative* phenomenon (8 subthemes; *N* = 130 answers, 40% of total answers),
	1. The freelancer usually has low commitment, attachment and stability (may result, for example, in working at a few places at once, leak business information, etc.) (10%).
	2. Freelancers’ status is problematic: legally, socially (e.g., social benefits) and occupationally (8%).
	3. The phenomenon might damage or undermine the work of the full-time employees, their motivation or their development (6%).
	4. The organization is dependent on the contribution and success of the freelancer. If the freelancer does not prove to be successful, the organization has lost valuable resources (money, time, etc.) (6%).
	5. External dependence: the organization does not accumulate and retain the knowledge, and does not invest in internal development (4%).
	6. Encourages working as a freelancer, and less as a part of the organizational tissue (1%).
	7. Encourages entrance of less-skilled and unworthy freelancers (1%).
	8. The freelancer’s attention is divided into as many workplaces and projects he/she is currently working on (1%).
3. *General* phenomenon: Freelancers are going to be the future (*N* = 46; 15% of total answers).

The relative proportion of each subtheme is presented in Figure 6.

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Figure 6 reveals that managers think that the three most notable aspects of the prevalence of freelancers are: (1) Having a choice: freelancers are an available, flexible and less committing human resource solution (subtheme 1.1; 22%); (2) Freelancers are going to be the future, in general (theme 3; 15%); and (3) Freelancers contribute unique added value, knowledge, expertise and experience (subtheme 1.2; 15%).

**Discussion**

In a highly complex and rapidly changing business environment, traditional models of talent management are no longer effective, and adapting organizations are moving towards acquiring talent-on-demand by outside hiring ( Manyika et al., 2016). Study 1 shows that managers perceive freelancers’ employment as a promising avenue for bringing insufficiently existing or non-existing knowledge and expertise into the organization.

Aligned with hypothesis 1, managers were more inclined towards employing freelancers with higher levels of knowledge and expertise (as compared to an equivalent full-time employee). In addition, managers were willing to pay more for services provided by a freelancer with higher knowledge and expertise. Managers were significantly less willing to employ a freelancer at lower pay when the freelancer’s perceived expertise level was below that of an equivalent full-time employee. In this sense, knowledge and expertise were identified as a baseline condition for hiring a freelancer to perform an organizational task.

The same pattern emerged for six types of different organizational roles: general-organizational, marketing or sales, core, peripheral, temporary project and managerial. While we did expect this trend for most organizational roles, we did not expect it to be also effective for managerial roles. Freelancers employed in managerial roles are rarely seen in organizations today (if at all). This is rather revolutionary in terms of managers' openness to employing external talent in pivotal roles with strategic impact. While we did not expect this result, it emphasizes the perceptual shift that has already occurred towards adapting emerging types of employment. The discourse on new organizational structures is highly relevant in this sense. The *boundary-less organization* (Ashkenas, Ulrich, Jick, & Kerr, 2002), where organizations shape their boundaries and re-examine the flow of talent: what is internal and what is external, and where employees have "*boundaries careers*" (Lo Presti, Pluviano, & Briscoe, 2018) that are not limited to traditional employment forms, is an example of how employment of freelancers in managerial roles might be applied in practice. We could not find in the existing literature examples of freelancers in managerial positions in existing organizations. This is an interesting avenue for future research.

Once the knowledge and expertise of a freelancer were of a higher level than that of an equivalent full-time employee, it almost did not matter to managers how much more knowledgeable or expert the freelancer was, suggesting there was an additional important factor influencing the decision to hire a freelancer for an organizational task. We used qualitative analysis to deepen our understanding of the main motives for employing freelancers in organizations.

Study 2, which was explorative in nature, was helpful in identifying the main personal and work characteristics that are essential so that freelancers are able to perform in the organizational environment. In Study 2 we used free-text, open ended questions to allow a full and in-depth exploration of managers’ perceptions.

Most interestingly, the main personal characteristics requirement raised by managers in order for a freelancer to be hired were: *adjustability, adaptability and the ability to integrate into an existing organizational system (22%)* and only then *specific and unique knowledge, professionality and extra-added value (13%)*. More managers identified adjustability as a key factor in the decision to hire a freelancer than those selecting knowledge and skills. Hiring a freelancer relied primarily on freelancers' ability to adjust and integrate into the organizational system, and only then, on their level of expertise.

When trying to shed light on these findings, we relate to the fact that in order to manage the risk and uncertainty in today's organizational environment, flexibility (Teece, Peteraf, & Leih, 2016), collaborative work teams (Walker & Lloyd-Walker, 2016) and integrative thinking (Zhang, Waldman, Han, & Li, 2015) are essential organizational practices. When managers consider hiring a freelancer for an organizational task, an expert may be perceived as a "soloist" or as a stand-alone talent, and this cannot fit today's organizational realm. The well-established connection between emotional intelligence and job performance is highly relevant in this sense (O'Boyle, Humphrey, Pollack, Hawver, & Story, 2011).

From freelancers’ perspective, a practical implication may be derived from the above – highly specialized freelancers should understand that their adaptive capabilities, i.e. team-work, adjustability, flexibility, and system-thinking, are essential to succeeding in today's organizations, and that they should emphasize these qualities in parallel to their knowledge and expertise, when offering their services to organizations.

This study is unique in capturing managers' perceptions of freelancer's employment, and is based on a rather large sample of 255 managers in two studies from different types of organizations and organizational roles. The use of mixed methods – quantitative and qualitative analysis – enabled us to effectively and thoroughly identify main motivations for hiring freelancers to perform organizational tasks. The employment of qualitative analysis as a second phase, after Study 1 (and not as a preliminary explorative study), and the fact that we were able to go back to the same participant pool, was of value. This way, we were able to delve deeper into attitudes towards freelancers’ employment in the changing business environment.

In addition, this study was conducted on managers from a non-American cultural context and from different levels and varied types of industries. The fostered increased growth in freelancers in the market, which, up to now, was explored mainly in the USA, accumulates positive backing from another market, showing the global penetration of freelancers to organizations worldwide.

However, this research is not without limitations. First, as written in the above paragraph, our sample was composed of relatively homogeneous non-American managers; future research would benefit from exploring current managers' perceptions of freelancers' employment in different countries and cultures. Such research would contribute further to the establishment of freelancers' employment as a growing global phenomenon. Second, the current study was based on measuring *perceptions* of managers and not existing reality. While managers reflect extreme openness towards hiring freelancers for pivotal positions and agree to compensate them for their talent with competitive compensation, the question remains as for how much these attitudes are translated into actual behaviors applied in organizations today. Further research is warranted in this sense.

The question also remains as for individual differences in managers’ openness to applying flexible work arrangements. For example, one would expect that managers who are more inclined towards alternative work-arrangements would be higher in openness to experience, and lower in personal need for structure and/or personal need for control. Future research would benefit from tapping into the personal characteristics of managers that are open to applying a varied range of employment forms. These managers, we argue, would be most adjustable to the ever-changing business environment in applying adaptive solutions.

Another interesting avenue for future exploration that stems from the current research is based on the question 'what are the relations between expertise and adjustability?' Do experts 'pay' for their specialization with lower ability to adjust and adapt? Who are the experts that highly specialize in a specific field and are also able to adjust and adapt to the changing reality in organizations? Future research would benefit from addressing these questions.

 To sum up, this research aimed to outline a cognitive perceptual map of freelancers' employment from managers' point of view. The managers specified knowledge and expertise as baseline conditions to hire freelancers. The shift towards specialization in organizations is already documented as an effective means for reducing complexity (Schneider, Wickert, & Marti, 2017). This research provides further reinforcement for this conception. However, the main contribution of this study lays in further identifying a unique personal characteristic, which is essential for freelancers in order to be able to succeed in performing complex organizational tasks. *Adjustability, adaptability and the ability to integrate into an existing organizational system* was identified by managers as a critical personal ability for freelancers in organizations today. In order to be able to successfully perform, a freelancer must be able to understand the complexity of the organizational environment, connect to existing teams, and navigate through complex interactions.

Changes in work characteristics, i.e. the type of resources, the type of work and the type of employees, are affecting work relationships (Chernyak-Hai & Rabenu, 2018). Freelancers' employment in organizations is growing and it has major implications to organizations and to how work is conducted. There is very limited research in the field and in this sense; it deserves more scholarship attention (Healy, Nicholson, & Pekarek, 2017). This study is part of an attempt to better understand the perceptions of employers on the rapidly growing freelancers' employment phenomena (Freelancers Union, 2017). Our participants/managers summarized it the best by answering the open question on freelancers' impact on the future of work. Managers perceived freelancers as enabling flexibility and choice in managing the workforce (22%); managers raised the understanding that freelancers provide an added value, knowledge and expertise (15%); and overall, freelancers were generally perceived as playing a central and positive role in the future of work (15%).

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