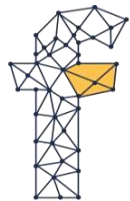
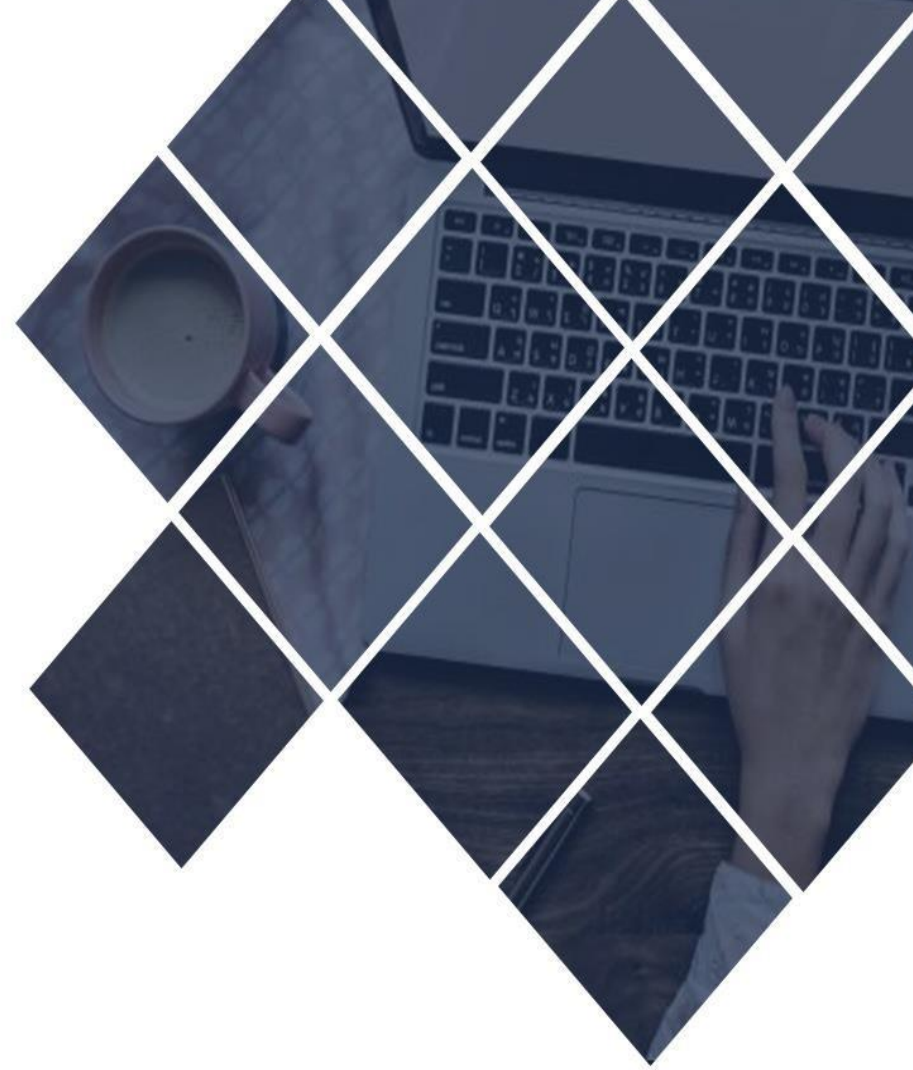


UNDERSTANDING PERSPECTIVES OF SKILLED FREELANCERS

Study Report



FlexingIt[®]

Business consultants & Experts.
Curated, On-demand.

September 2021



Our latest research focuses on understanding the perspectives and expectations from the lens of freelancers

Research Objective

- To understand the expectations of expert freelancers who form the professional gig economy
- To establish the changes in the nature of work unfolding as result of the pandemic
- To identify best practices in the management of flexible talent – and practices that would improve freelancers experience

Research Design

- Detailed, focused group discussions with highly experienced freelancers
- Insights received from organisations following best-in-class practices with freelancers
- Ongoing feedback from 70, 000+ independent consultants on project experiences
- Validation of the insights through intensive, online study with approx. 100~ freelance consultants across different functional domains and geographies

Key Takeaways

Modern Freelancers are the new **Strategic Advisors** and skilled implementors for organizations - mostly leveraged for **specialized skills**

Extremely strong outlook for the gig economy - 80% freelancers believe that **demand for professional gig roles will increase** by 10-30%+ over next 2 years

However, **organisational readiness** for managing this is a huge gap - < **25%** according to 86%+ respondents

Role of HR in managing flexible talent is **minimal currently** (9%), leaving room for improvement in several people processes

Organisations expect rapid results from freelancers – equally the **process to source talent and enable performance** needs a rethink. Only **1/3rd freelancers** never have to follow-up on payments which is a hygiene factor

Absence of a framework for freelancer compensation is major gap – fees largely set in an unstructured manner, with **stark gaps in benefits received & expected, and lack of gender parity**

Freelancing becoming a '**profession of choice**'; Need to invest behind communities as a source of learning and collaboration

Top 2 barriers to working with freelancers are concerns about **work quality and access to vetted talent** – both of which the **new flexible talent platforms are addressing**

Building organisational **mindsets welcoming of gig talent** are key



Freelancer perspectives – Key messages (1/3)

1. Modern Freelancers are the new Strategic Advisors and skilled implementors for organisations

- ▶ The #1 reason to leverage freelancers is to **access skills not available internally**, followed by need to innovate. Cost & efficiencies, though important, are not primary drivers to work with independent talent for most organisations
- ▶ Nearly 90% freelancers believe they work on projects that are a **strategic priority** for the organisation

2. Extremely strong outlook for the Professional Gig Economy over the next few years, however organisational readiness is a huge gap

- ▶ An overwhelming proportion of consultants (80%) agreed that demand for project-based roles would **grow by over 10%** in the next 2 years, and almost a third believed this growth would be 30%+
- ▶ Consistent with Flexing It's research pre-COVID indicating **35% organisations** expect that independent talent will comprise >15% workforce in next 5 years
- ▶ However, 86% respondents felt that **organisational readiness** to navigate this change is less than 25% currently.



Freelancer perspectives – Key messages (2/3)

3. HR needs to take a stronger lead in helping organisations craft the right systems and processes to work with freelance talent effectively

- ▶ 55% of the freelancers indicated that they had no interaction with HR throughout their project experience and an additionally 35%+ had limited interactions only during onboarding
- ▶ **HR involved in only 10% cases during the outreach to freelance talent**, with projects coming through referrals, flexible talent platforms and repeat work

4. Organisations expect rapid results from freelancers – the right process is also needed to attract skilled independent talent and enable their performance

- ▶ **Partnerships with trusted talent partners** – will also address the top 2 barriers organisations face in working with freelancers i.e., concerns about reliability/work quality and where to access the right talent
- ▶ Need for **shorter, skill-based selection processes** – room to add tools beyond interviews especially when hiring skill sets not available in the organisation
- ▶ Timely and **structured onboarding is a strong best practice** - half the freelancers have experienced going through a structured onboarding
- ▶ Urgent **need to solve for hygiene elements like payments and contracts** - Only 1/3rd freelancers receive payments smoothly, without follow-ups
- ▶ **Thoughtful engagement approaches**, like sharing organisational vision, are deeply valued by freelancers followed by the chance to be heard



Freelancer perspectives – Key messages (1/3)

5. The absence of a structured framework to guide freelancer compensation is highlighted as a major gap

- ▶ **Reliance on quotes and market benchmarks** - interestingly only 10% felt that their fees were mapped to the client organisation's internal grades and adjusted
- ▶ **Gender differentiation in pay** - in the absence of a framework, the gender divide creeps in especially at higher experience and pay levels
- ▶ **Gap in benefits** expected and received is stark – freelancers commonly receive allowances and training, while what motivates them most is benefits like **performance bonuses followed by medical insurance**

6. Building organisational mindsets welcoming of gig talent are key

- ▶ **From efficiency to effectiveness** - factors contributing to work efficiency e.g., access to data and stakeholders are starting to get solved; equal focus needed on making gig talent feel empowered and included

7. Freelancing becoming a 'profession of choice'; Need for a freelancers' community and alumni network as a source to learn and collaborate

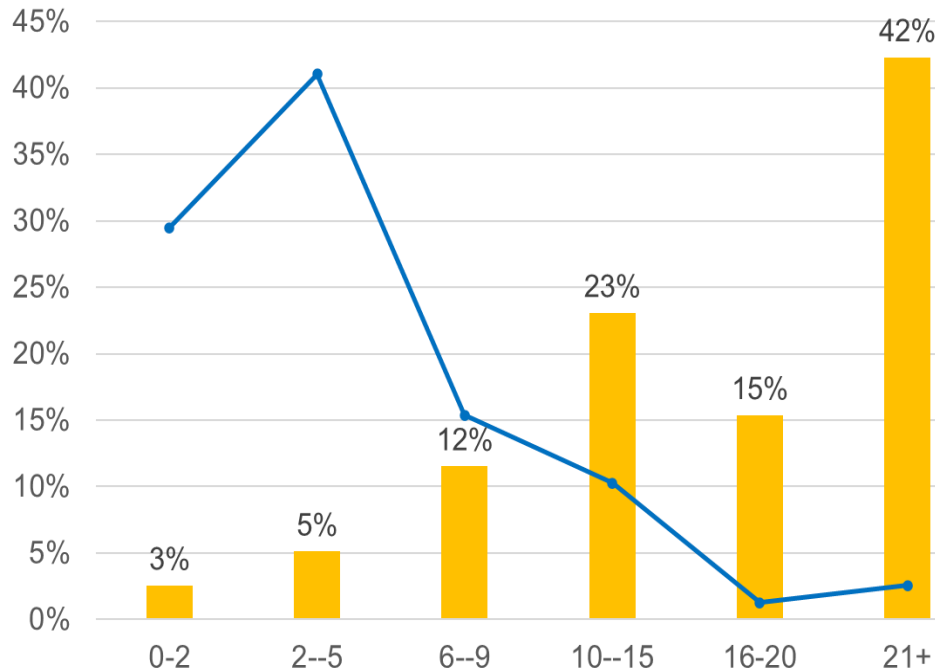
- ▶ **Freelancing is a profession of choice**, driven by desire for greater flexibility (24%) and to build a brand as a specialist (21%) followed by the desire to earn the full value of their skill (19%)
- ▶ Freelancers value **renewing their skills** and seek access to research in their field and custom talent development programs is top of mind
- ▶ Community is key, with learning from expert freelancers, sharing leads and mentoring junior professionals all rating high for independent consultants. Interestingly, over 60% freelancers are open to **sharing leads and collaborating** on projects with other professionals



Freelancers surveyed represent a wide range of skill-sets and professional experience

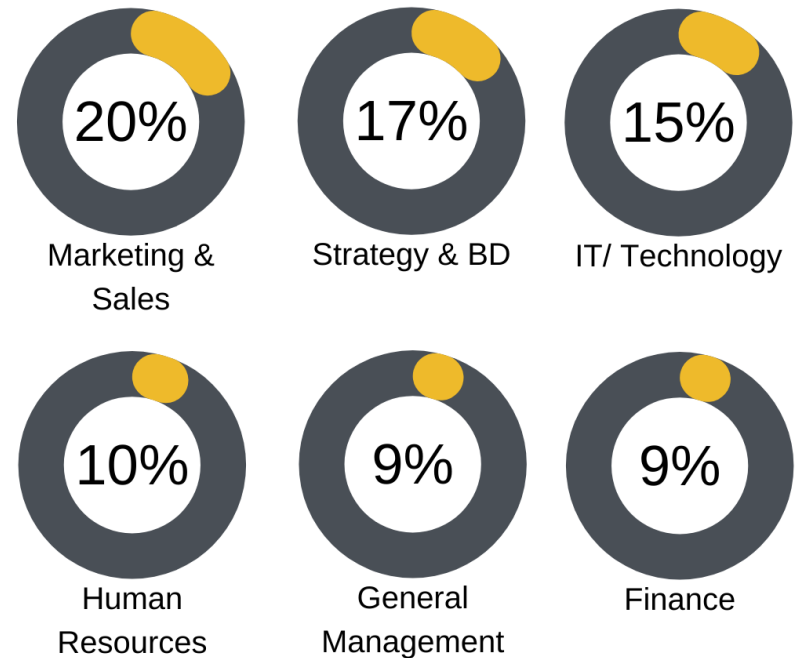
Work experience (in years)

■ Total professional work experience
● Total freelancing experience



While the average professional work experience is 10 years, the freelancing experience is much lower at 2 years. Even for experienced professionals, freelancing is a new choice

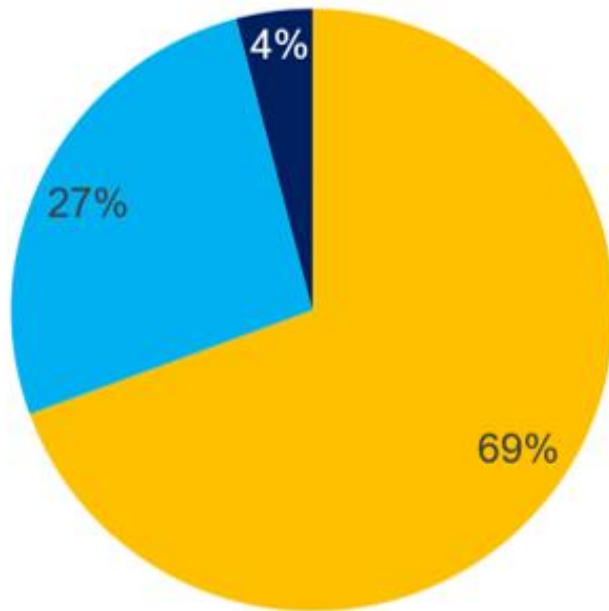
Top functional skills



Other skill areas represented (20%): Manufacturing, Creative/ Design, Supply Chain, Research, Legal, etc.

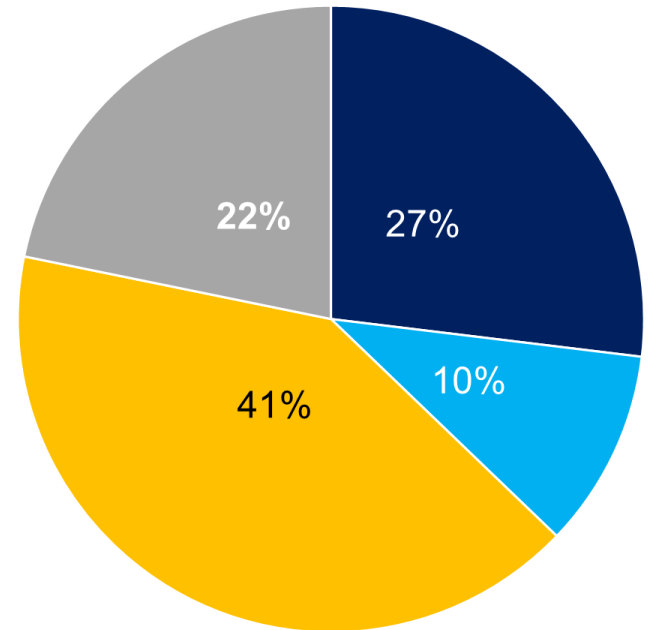
Freelancers prefer a combination of on-site & remote work and most work on projects lasting 3-6 months

Preferred work styles



■ Combination of onsite and remote ■ Fully remote ■ Fully on-site

Duration of projects (in months)

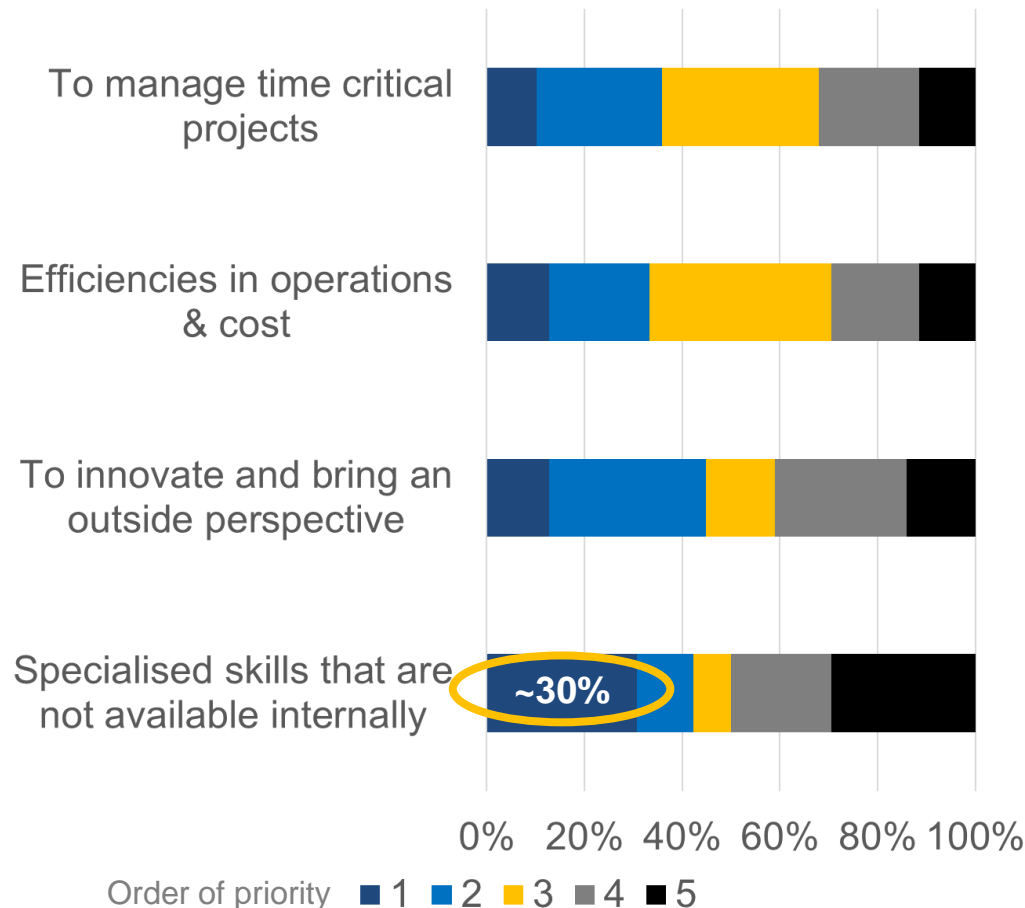


■ 0-3 ■ 12+ ■ 3-6 ■ 6-12

- Freelancers studied had 70%+ projects with Indian clients
- Majority of freelancers surveyed prefer to work on part-time projects (69%), often multiple at a time

The top reason to work with freelancers for organisations is to access specialised skills, followed by the need to innovate

Ranked stacking of key reasons to deploy expert freelancers

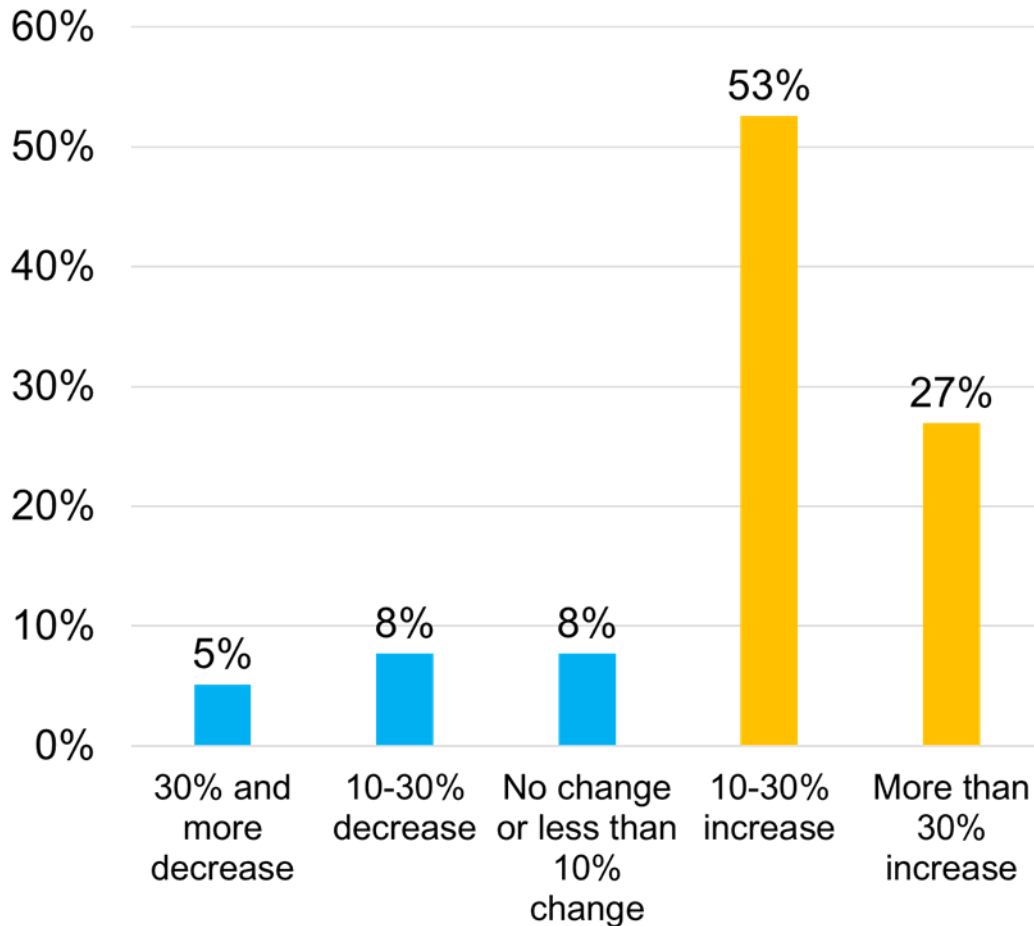


*86% of freelancers surveyed agreed that they work on projects that are a **strategic priority** for the client organisation*

*Accordingly, freelancers identified access to **specialized skills** as the #1 reason organisations engaged them, followed by need to bring in external perspectives. Cost and efficiencies are not seen as primary drivers*

Strong outlook for the Professional Gig Economy

Increase in professional gig roles over next two years

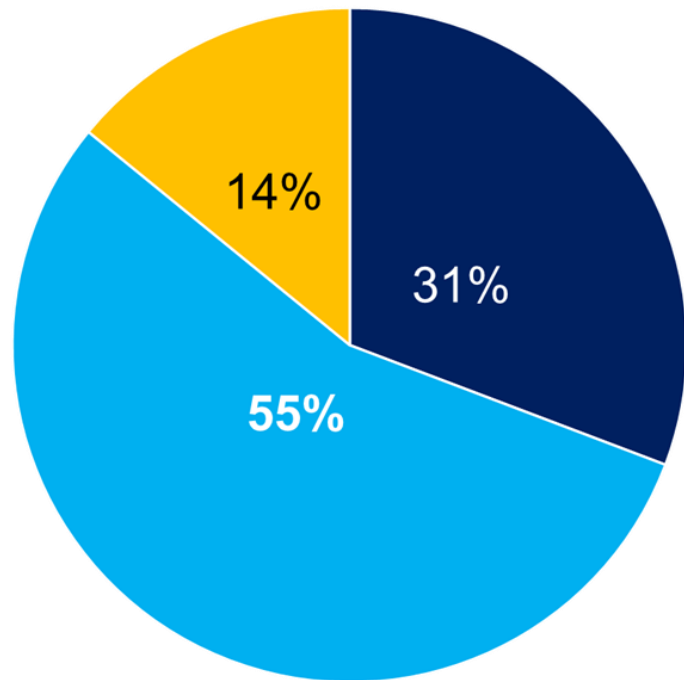


*An overwhelming proportion of consultants (80%) surveyed agreed that the demand for project-based roles would **grow by over 10%** in the next 2 years, and in fact almost a third believed this growth would be 30%+*

*This is consistent with insights from *The Future of Jobs* report 2020 by the World Economic Forum stating that 41% businesses planned to expand the use of contractors and consultants especially for task-specialised work.*

Organisational readiness to navigate changes in gig economy is a challenge

Freelancers' view on organisational readiness to handle change in gig roles over the next 2 years



■ 0-10% ■ 10-25% ■ 25% +

A 2020 study[#] by HBS and BCG also revealed that 60% of the 400 C-suite leaders surveyed would prefer to “rent”, “borrow”, or “share” talent – indicating an increasing openness towards flexible talent.

*However, the same study highlighted the lack of alignment between leaders vis-à-vis managers. **Only 26% managers** presented an optimistic outlook towards flexible talent, owing to challenges faced in on-ground readiness to manage flexible talent.*

#Building the on-demand workforce (2020). Published by Harvard Business School and BCG

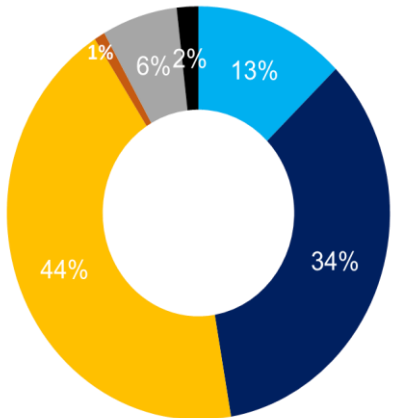
HR Is Largely Uninvolved In Freelance Projects – From Hiring, Project Management, Reviews To Engaging Gig Talent

HR is involved in only 1% of end-project reviews, thereby leading to poor visibility on retention for and engagement of high performing talent

Only 9% respondents found that HR in their client organisations are involved in their projects

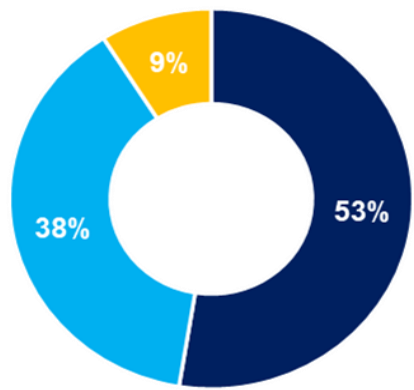
In fact, the research found that in most cases policies to manage gig talent are either globally set or not really present

Gig Project reviews by HR



- By the hiring manager, at the end of the project
- By the hiring manager, at regular intervals informally
- By key stakeholders (eg. Function head)
- By HR
- By a special team managing freelance talent
- Others

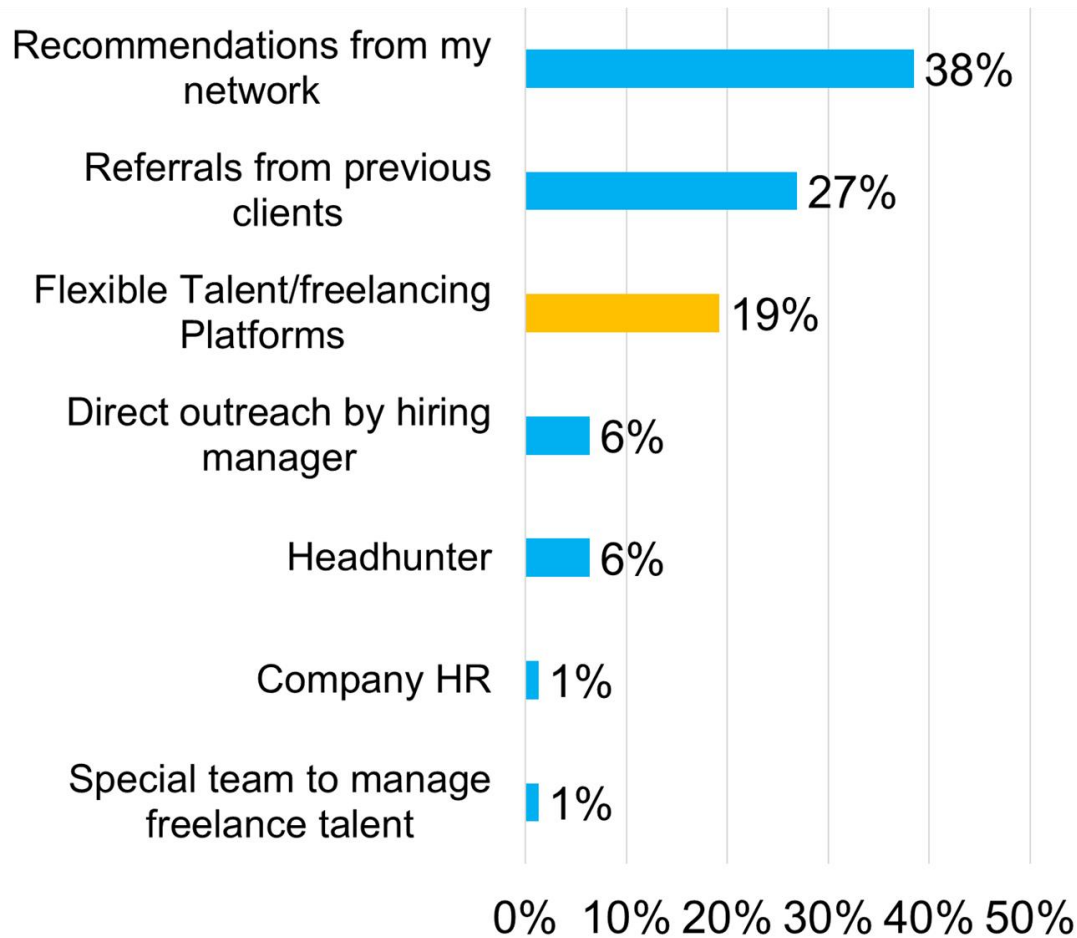
HR Involvement in professional gig projects



- No, I have no interaction with HR
- Not really, they only help with recruiting or onboarding formalities
- Yes, they drive the end-to-end process

In addition to referrals which is key source, the role of flexible talent platforms to identify projects is on the rise

Freelancers primarily receive their projects via...

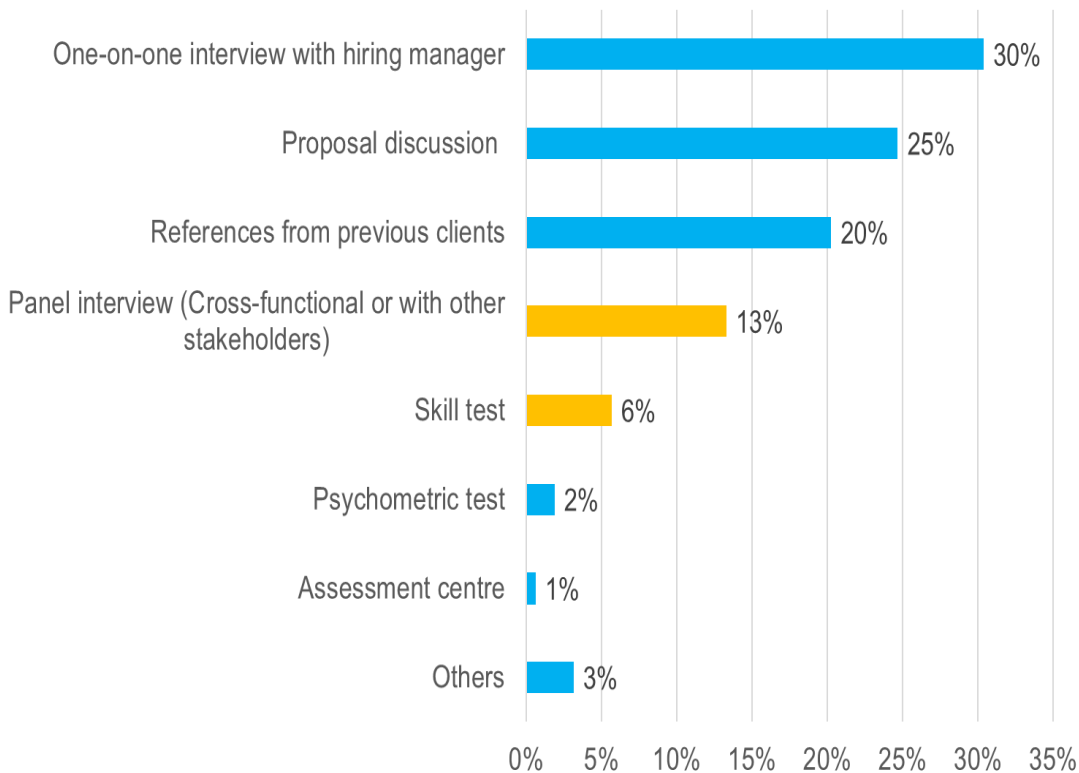


*In the 2020 study by HBS and BCG on 'Building the On-Demand Workforce', more than 60% of business leaders reported that medium to extensive usage of digital **on-demand talent platforms**.*

Our study also shows that while freelancers currently access their projects mostly through recommendations in the network, partnerships with trusted talent partners like flexible talent platforms are fast emerging as a preferred solution to access vetted skills/projects

Scope to strengthen the selection process for freelance talent through skill-based assessments and proposal discussions

Current selection and evaluation processes for Freelancers

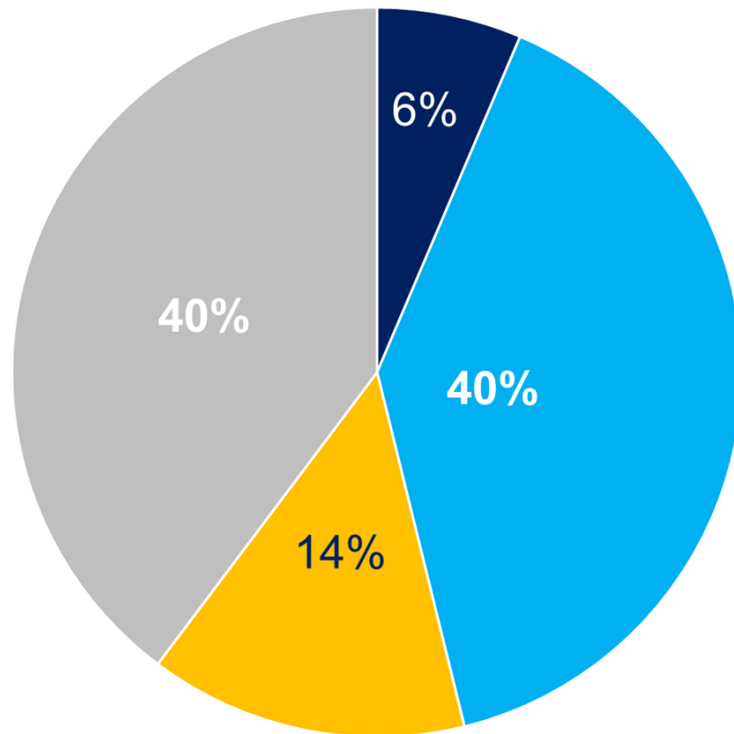


“When I am hired for skills not available in the organisation, accurately assessing my fitment for the project is a challenge for hiring managers. Skill tests and skill badges by talent platforms like Flexing It are helpful tools in that case.”

An Flexing It FGD participant with 10 years of Strategy experience

Timely and structured on-boarding is seen as a best practice and provides the freelancers with a sound start to the project

Freelancer on-boarding experience



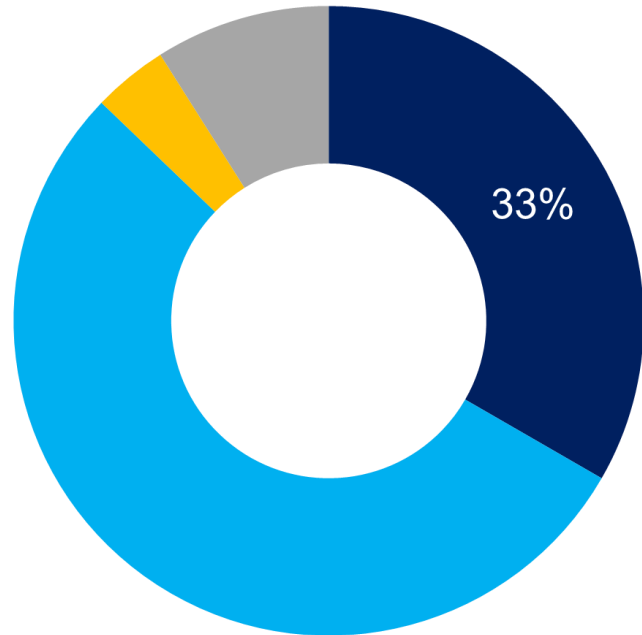
- Others
- No structured induction
- Structured (shorter/ different than other FTEs)
- Structured (similar to other FTEs)

“...not only was my induction structured, fully online and completely custom to my role, but the organisation also paid for my time attending the induction before the project even started.”

Human Resources consultant with 10-15 years experience

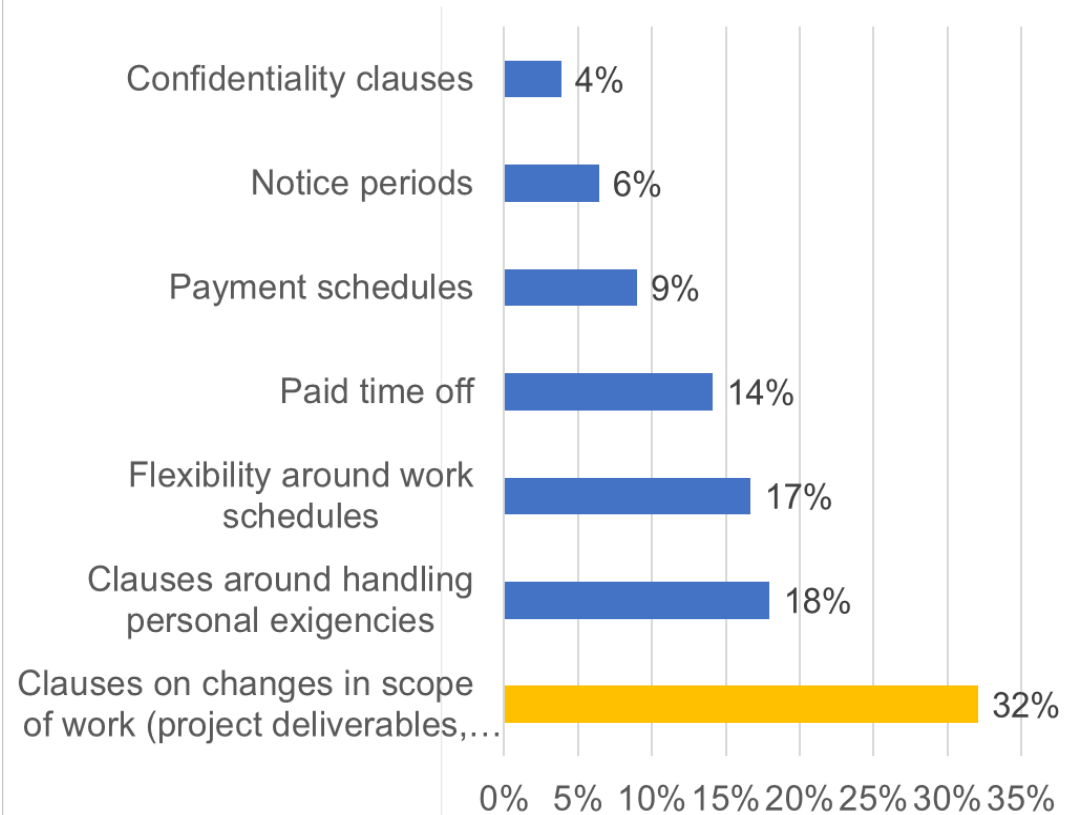
Payment delays in 2/3rd of projects well below hygiene and makes for a pain point; Need for strengthening contracts too

Delays in Payment



- Yes, I never have to follow-up on payments
- Mostly, there is a process in place though there may be delays
- No, payments come through after multiple follow-ups every month.
- Not really, there is no process but upon follow-ups the payments come through.

Freelancer preference for ideal Contract elements

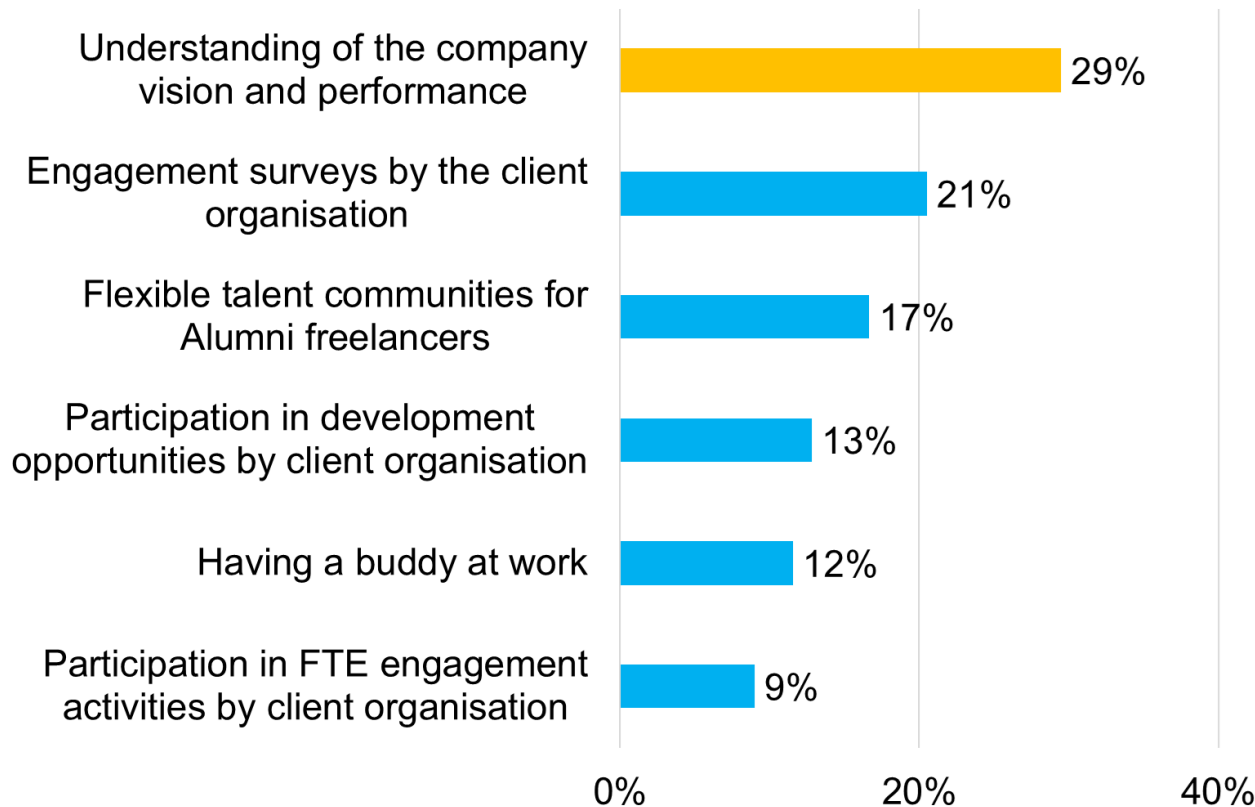


Scope leaks major pain area, which impacts freelancer productivity and needs to formally handled in contracts



Thoughtful engagement approaches, like sharing organisational vision, are deeply valued by freelancers

Freelancer preferences towards engagement



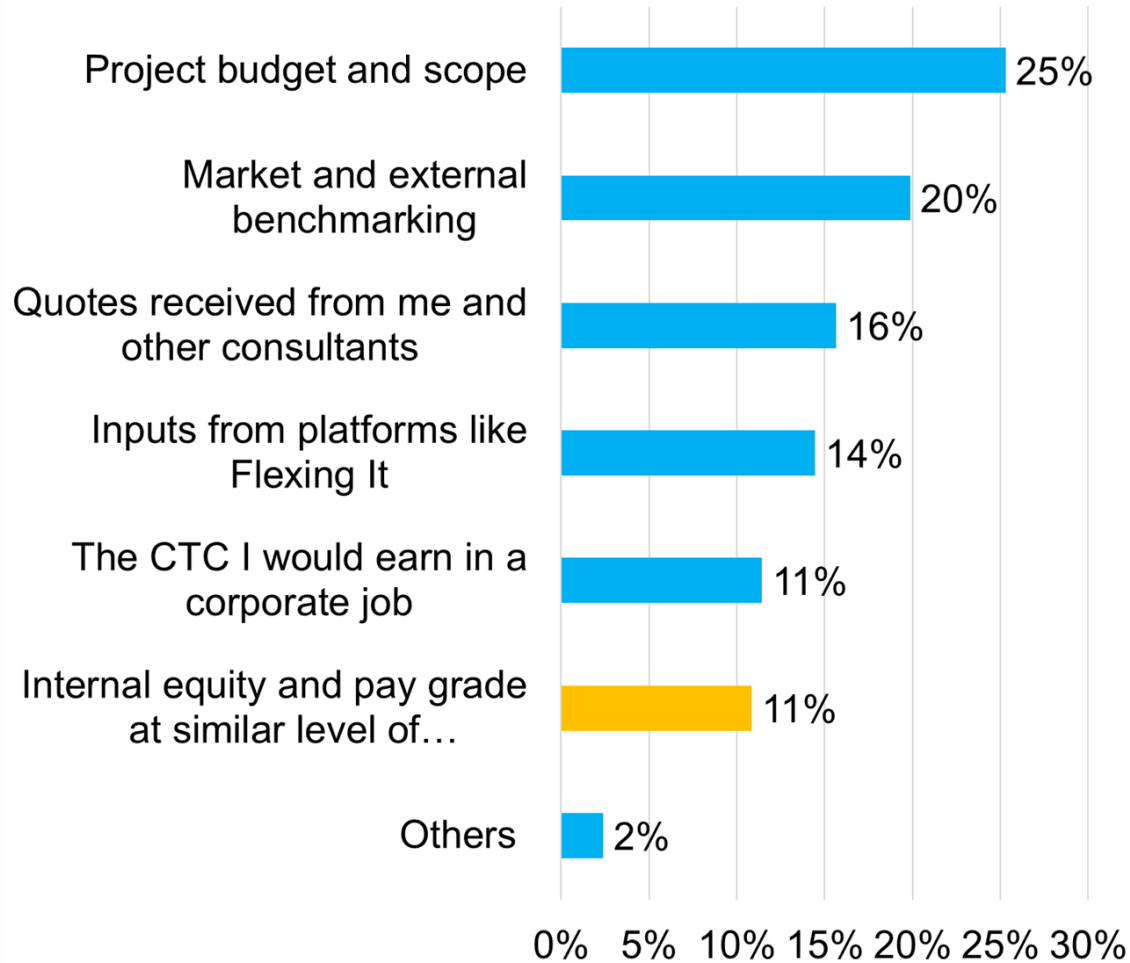
Nearly 30% of the freelancers feel engaged with a deeper sense of the company vision and performance, giving them a line of sight to their project and purpose alignment

*According to the Deloitte Future of Work (2019) study, “Creating the right space at the right time for the **right purpose**, with the flexibility to adapt quickly” is key to creating a superior employee value proposition – across all employee categories*

Our study also confirms that purpose and vision alignment connects flexible talent to the organisation

The absence of a structured framework to guide freelancer pay is highlighted as a major gap

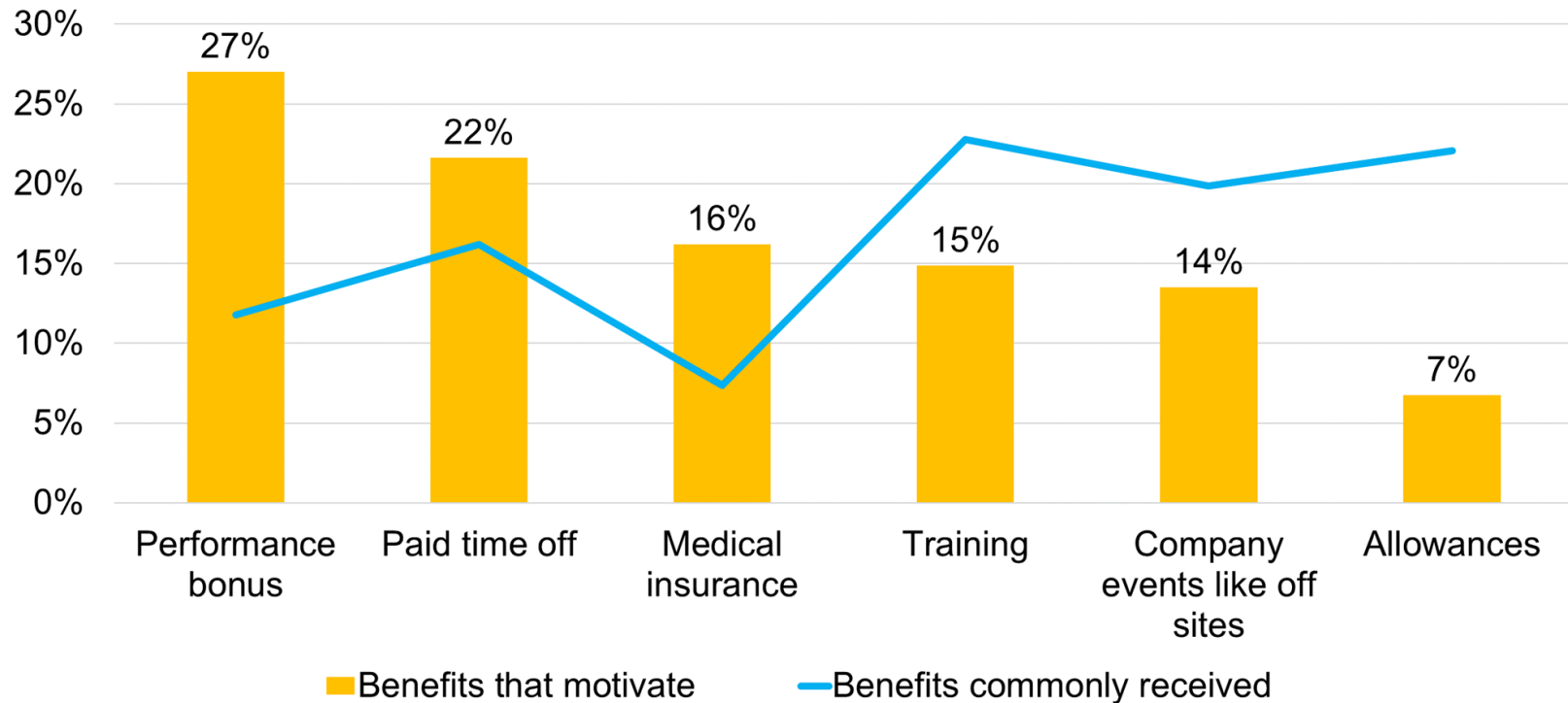
Basis for freelancer pay



Hardly 10% freelancer projects have an internal structure to ensure pay parity for expert freelancers. This makes it difficult for freelancers and organisations to have a structured discussion around the right compensation for a particular skill-set

Significant disconnect between benefits that freelancers would like to receive and what is shared by organisations

Benefits received vs Benefits expected

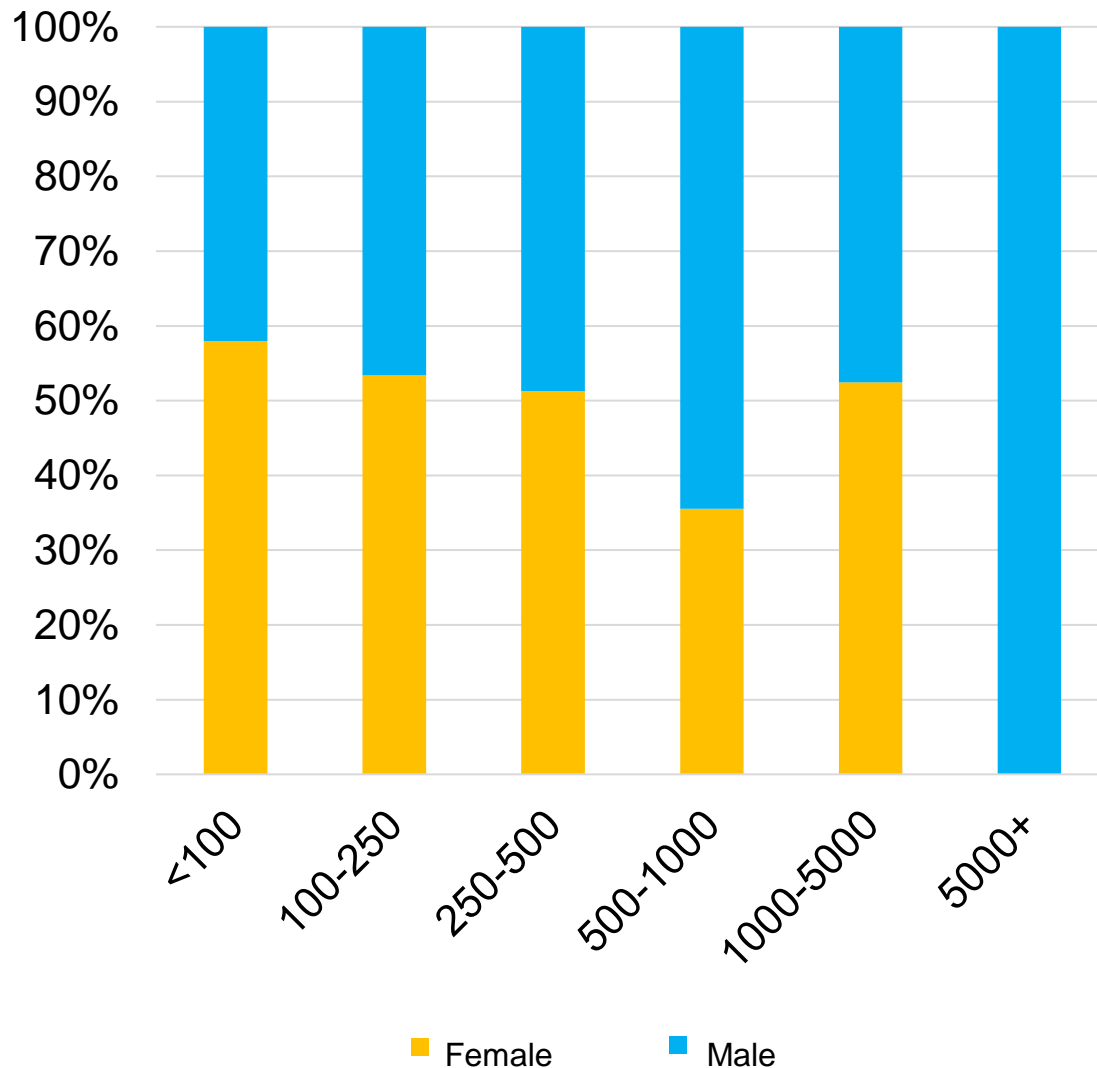


Freelancers would like to be recognized for the skill they bring to the project and performance bonus leads the list of benefits wished for. This is in stark contrast to the hygiene allowances currently offered.



Gender disparity evident in project-based work as well; Opportunity for increasing financial stability of women freelancers

Gender difference in per diem pay (in USD)

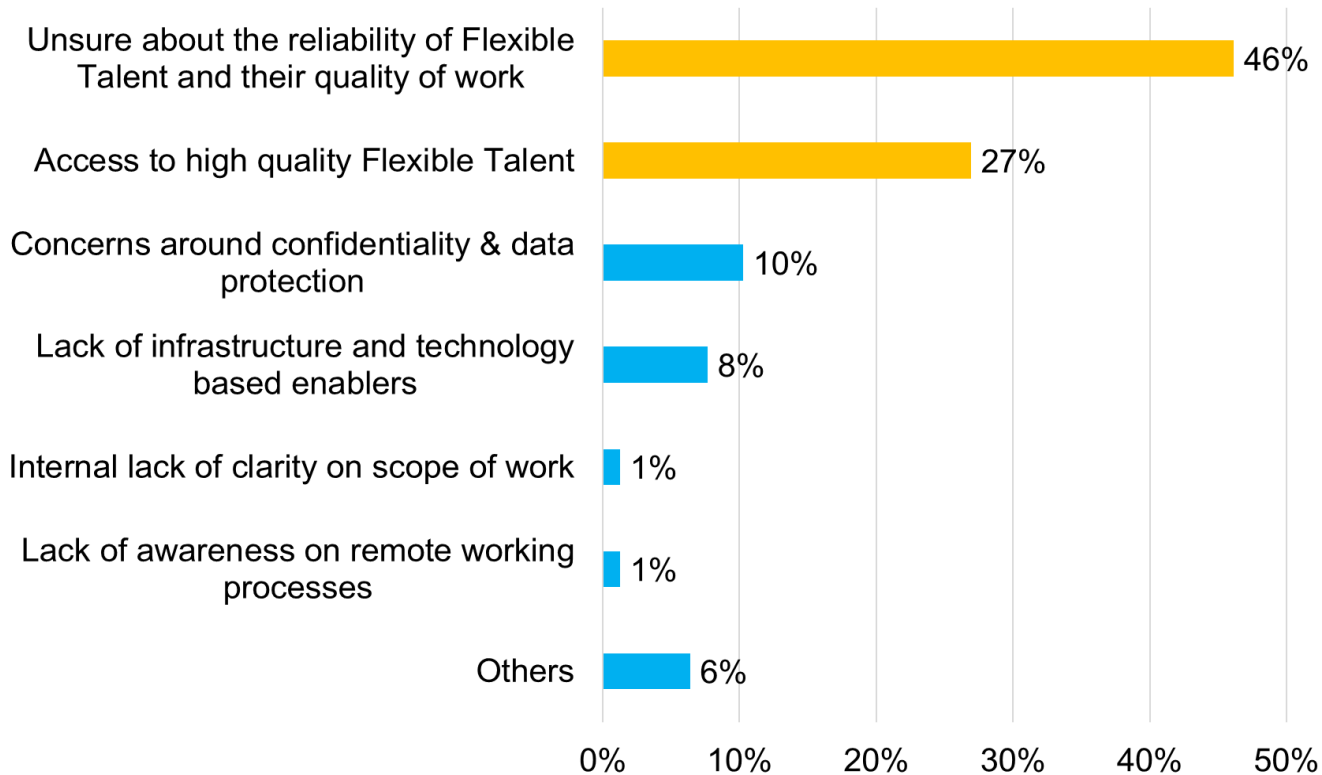


A 2020 McKinsey Global Institute study on COVID-19 and gender equality, estimates that women's jobs are 1.8 times more vulnerable to the COVID-19 crisis.

Flexing It believes freelancing is currently underleveraged as an opportunity for women in India and can be used as a key strategy to address the country's poor Labour Force Participation Rate (LFPR) for women.

Partnership with trusted talent partner to deploy freelance talent to address uncertainty about gig talent

Barriers in working with freelancers



Despite the need to engage with Flexible Talent, organisations are concerned about the reliability of gig talent and the quality of work delivered. Flexible talent partners can bridge this gap through their strong vetting processes.

“Without a governing framework, front-line managers have to deal with uncertainty about when work happens, who completes the work, and how the impact of the work affects their team’s goals and objectives.”

Catalant study on ‘6 Elements of a Flexible Workforce’ (2020)

Professionals are increasingly choosing to go independent, motivated by greater balance and brand building opportunities as a specialist

Motivations to choose freelance work

- 24% To increase flexibility in work-life schedules
- 21% To build your brand as an independent consultant
- 19% To earn more and get the full value of my skill
- 17% To learn through work with different companies
- 13% To drive more impact with my client
- 5% To keep busy while looking for a full-time job
- 2% Others

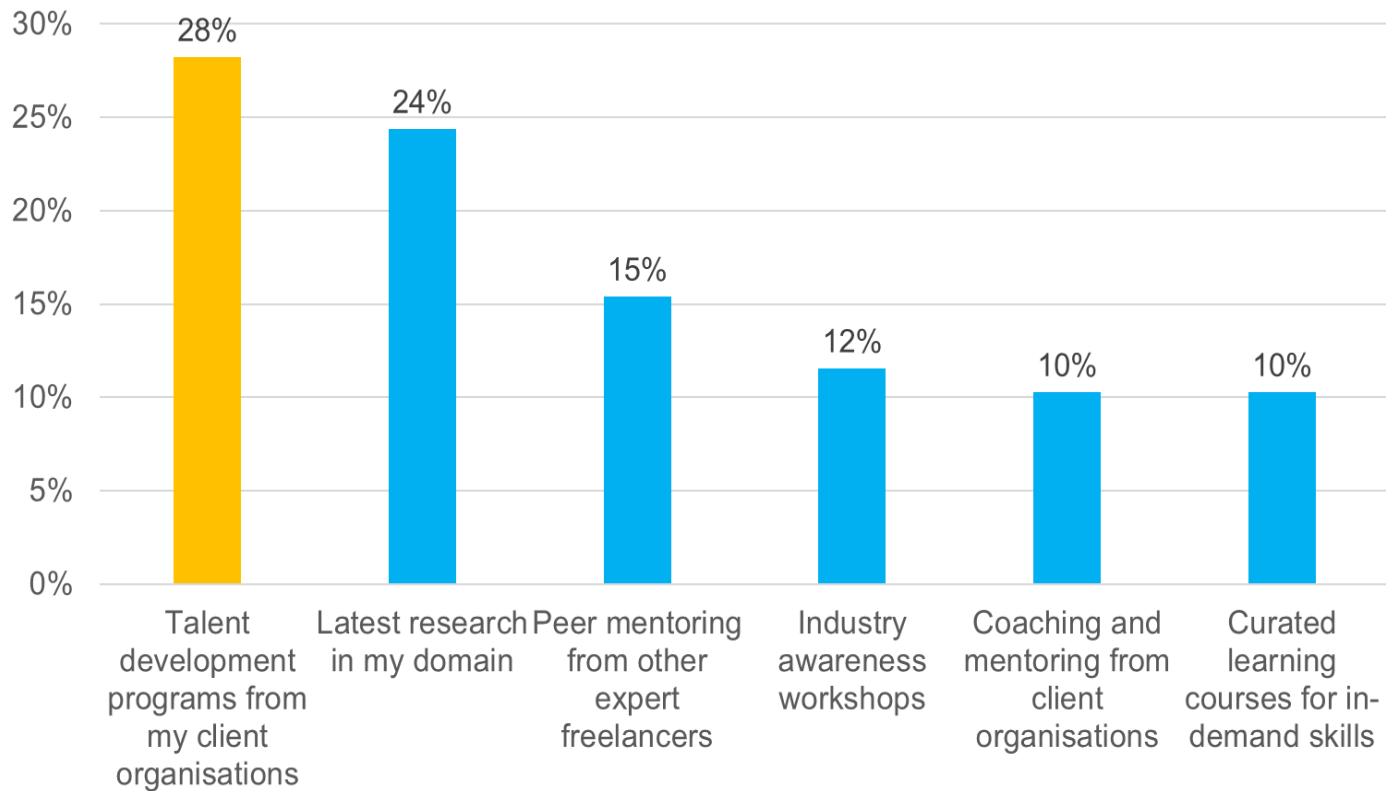
Only 5% seek flexible projects to keep busy between jobs indicating an active lifestyle and professional choice made by the freelancers.

“The eco-system needs the maturity to have open conversations and find solutions that suit different talent needs.”

An Flexing It FGD participant with nearly 15 years experience

Opportunity for organisations and flexible talent platforms to provide meaningful upskilling interventions and community support to freelancers

Upskilling opportunities preferred



Nearly 60% of freelancers surveyed were keen to collaborate on projects, share leads and learn from each other

Active community to network and learn from, is an important opportunity emerging for flexible talent platforms

Need for professional development opportunities from organisations; Peer mentoring upcoming trend.