



FREELANCING IN AMERICA:

A National Survey of the New Workforce

An independent study commissioned by Freelancers Union & Elance-oDesk



Elance | oDesk

The way we work is changing.

Gone are the days of the traditional 9-to-5. We're entering a new era of work – project-based, independent, exciting, potentially risky, and rich with opportunities.

For the past two decades, Americans have felt a shift to a new kind of work. The traditional “full-time job with benefits” was becoming less and less common, replaced by a new gig-to-gig, project-to-project worklife. But while many could feel this shift, it was difficult to quantify.

Why does it matter that millions of Americans are working in a new way? The economic implications of this more flexible workforce are significant. Workers can pursue more meaningfully independent lives. Businesses can access the exact right skills and people they need at the exact right time. A more nimble economy is potentially more innovative, more competitive, and better able to deal with the fluctuations of global markets.

But this is more than an economic change. It's a cultural and social shift on par with the Industrial Revolution. Just as the move from an agrarian to an industrial society had dramatic effects on social structures around civil rights, workforce participation, and even democracy itself, so too will this shift to a more independent workforce have major impacts on how Americans conceive of and organize their lives, their communities, and their economic power.

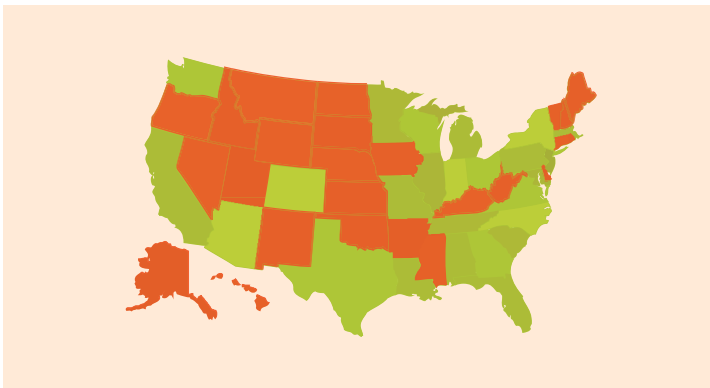
That's why counting and understanding this workforce is so imperative. Traditional “jobs” are relatively easy to count. The fluid, nontraditional nature of independent work, on the other hand, is harder to put a name and number to. Just how large is this rising workforce? And what does its surge mean for our economy and our society?

For the first time ever, two of the nation's leading groups working with this new workforce – Freelancers Union and Elance-oDesk – set out to answer these questions. Conducted by independent research firm Edelman Berland, “Freelancing in America: A National Survey of the New Workforce,” a nationwide study of more than 5,000 working Americans, took a deep dive into how Americans are putting together their work-lives.



The primary finding:

There are 53 million Americans – 34 percent of the U.S. workforce – working as freelancers.



That's more than the total combined populations of 25 states: Wyoming, Vermont, North Dakota, South Dakota, Delaware, Alaska, Montana, Rhode Island, New Hampshire, Maine, Hawaii, Idaho, West Virginia, Nebraska, New Mexico, Nevada, Kansas, Utah, Arkansas, Mississippi, Iowa, Connecticut, Oklahoma, Oregon, and Kentucky.



That's more than the number of voters who swept Ronald Reagan or Bill Clinton to the White House.



If freelancers all stood on each other's shoulders, they'd be more than 10,000 Mt. Everests tall.

Simply put, that's a lot of people living and working in a new way.

The survey defined "freelancers" as :

"individuals who have engaged in supplemental, temporary, or project- or contract-based work in the past 12 months."

So, who are the 53 million?

Independent Contractors
(40% of independent workforce) – 21.1 million

Moonlighters
(27%) – 14.3 million

Diversified workers
(18%) -- 9.3 million

Temporary Workers
(10%) – 5.5 million

Freelance Business Owners
(5%) – 2.8 million

Note: Full definitions of each segment available on page 5

We are approaching the 10-year anniversary of the last time anyone tried to get a comprehensive and nuanced look at this workforce. A 2004 study by the federal General Accountability Office found there were 42.6 million “contingent workers.” For nearly a decade, this was the best guess that businesses, labor groups, and the government itself had at quantifying this workforce.

It was a solid, if not particularly nuanced, effort by the government to put a number on the then-burgeoning independent workforce. But so much has changed in the past decade.

Back then, Facebook was still a small social network just for college kids. The economy, housing market, and Dow Jones were all going up, up, up, with no ceiling in sight. The march of globalization was revving up. Millennials were still watching Nickelodeon.

None of that is true any more. The internet and social networking have revolutionized how to find and access work. The Great Recession exploded the notion that a “traditional job” was truly secure, forcing many people to go freelance and making freelancing’s eggs-in-many-baskets risk management strategy much more attractive. Global competition for white-collar work is now the norm. And Millennials – who know no other work-world than this – are already exerting their influence on the job market.

What do these changes mean for the economy?

This workforce is adding \$715 billion annually to the economy through their freelance work.

This impact is almost certain to grow. One in three (32%) freelancers said they have seen demand for their services increase in the past year, compared to just 15% who said they’ve seen it decrease.

With more demand should come more work. Three times as many freelancers expect to work *more* hours (38%) as expect to work fewer (12%). Of course, just working more isn’t always good. But of the freelancers who say they expect to work more, virtually all (97%) say that additional work is “a good thing.”

Freelancers expect that with that increased demand will come higher wages, too. Nearly half (43%) of freelancers said they expect their income to increase in the coming year – four times as many as said they expect their income to decrease (11%).

Nearly eight in ten (77%) freelancers said they make the same or more money than they did before they started freelancing – indicating that freelancing can be an even more lucrative career path than traditional jobs. In fact, more than four in ten (42%) said they already make more than before they started freelancing.

This growth in demand and wage potential – not to mention the freedom that comes with freelancing – has many more Americans thinking about making the jump. Among moonlighters – people with traditional full-time jobs who also do additional freelance work – more than one in three (36%) said they’ve thought about quitting to freelance full-time. That’s more than 4 million full-time freelancers-in-waiting.

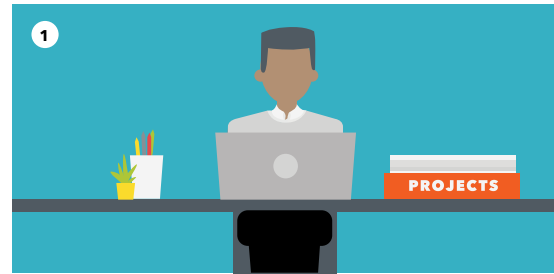
The lure of freelancing extends to non-freelancers, too. Among traditional workers, 80% would be willing to do additional work outside of their primary job if it was available and enabled them to make more money. Only 20% wouldn’t consider moonlighting.

The definition of “freelancer” has been so hard to nail down for many researchers. It used to be you either had a job or you didn’t. Today, there are many, many permutations on that arrangement. Here is how Freelancers Union and Elance-oDesk break it down.

The 5 Types of Freelancers

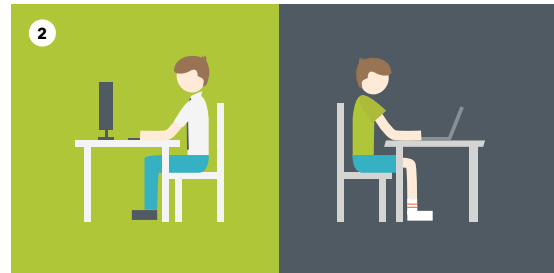
1 Independent Contractors

(40% of the independent workforce / 21.1 million professionals) - These “traditional” freelancers don’t have an employer and instead do freelance, temporary, or supplemental work on a project-to-project basis.



2 Moonlighters

(27% / 14.3 million) - Professionals with a primary, traditional job who also moonlight doing freelance work. For example, a corporate-employed web developer who also does projects for non-profits in the evening.



3 Diversified workers

(18% / 9.3 million) - People with multiple sources of income from a mix of traditional employers and freelance work. For example, someone who works the front desk at a dentist’s office 20 hours a week and fills out the rest of his income driving for Uber and doing freelance writing.



4 Temporary Workers

(10% / 5.5 million) - Individuals with a single employer, client, job, or contract project where their employment status is temporary. For example, a business strategy consultant working for one startup client on a contract basis for a months-long project.

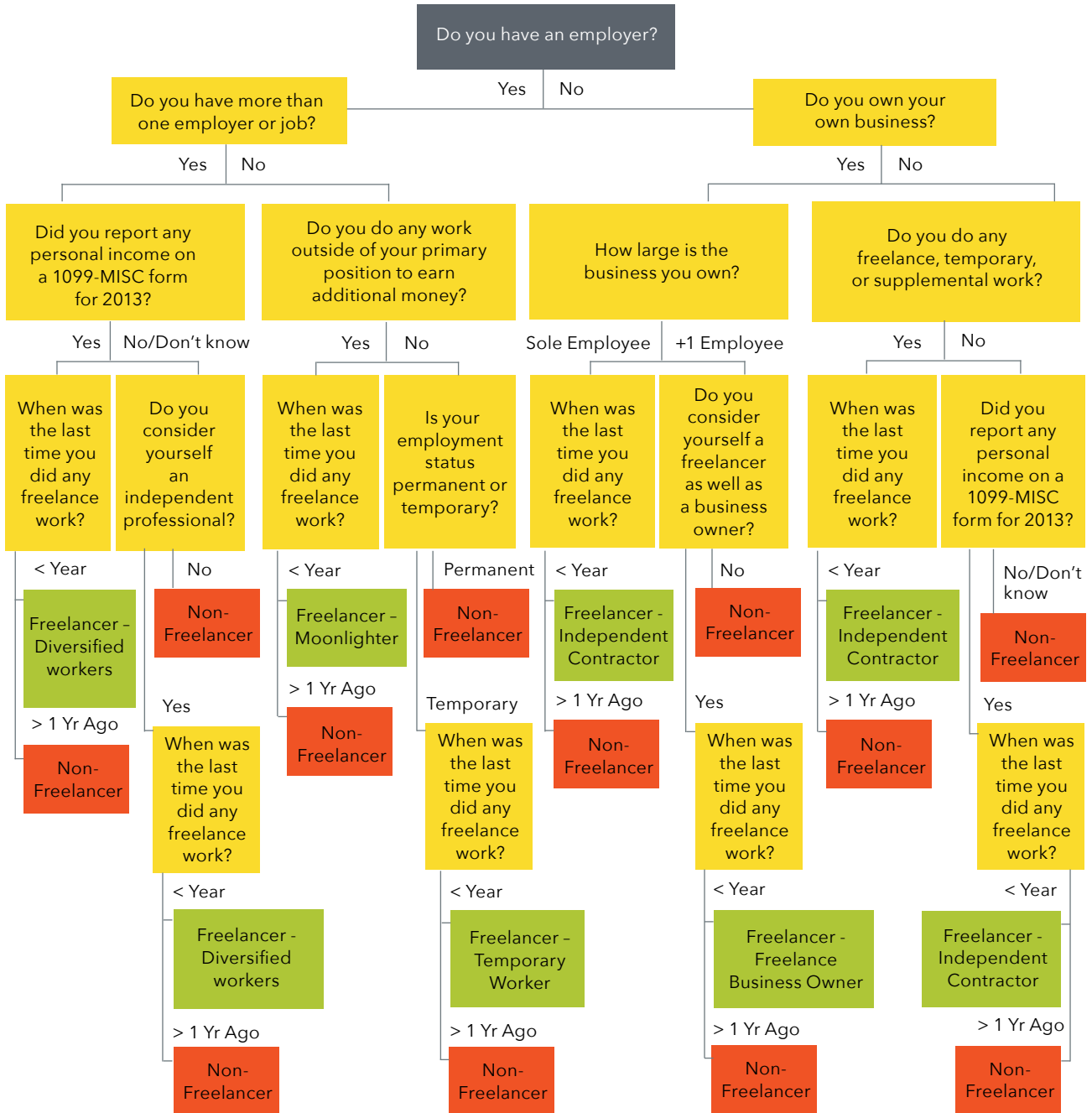


5 Freelance Business Owners

(5% / 2.8 million) - Business owners with between one and five employees who consider themselves both a freelancer and a business owner. For example, a social marketing guru who hires a team of other social marketers to build a small agency, but still identifies as a freelancer.



The truth is that understanding the freelance workforce is complex. To capture it, a rigorous set of screening questions identified freelancers in the workforce. You can see a flow chart of the study's freelancer screening questions here:



With such a broad diversity of workers, the “freelance” workforce has many entry points. The survey found, that the two most common reasons for going freelance were “to earn extra money” (68%) and to “have flexibility in my schedule” (42%). Interestingly, while money is a primary driver for many freelancers, more than half (53%) began freelancing by choice, not necessity.

To be sure, freelancing has its challenges. The two biggest barriers identified by part-time freelancers and moonlighters – a lack of stable income (50% said this was a barrier) and a hard time finding work (47%) – are really just two sides of the same problem. If it were easier to find gigs, income would be more consistent.

Technology is making it easier to find work. Nearly seven in ten (65%) freelancers said the internet had made it easier to find freelance work. Four in ten (42%) have done an online freelance project, meaning they found and completed the gig entirely online. When people look for work online, it’s relatively easy to find it – 31% of freelancers said they can find a gig online in less than 24 hours.

While the search for gigs is still dominated by real-world connections (the top two sources for finding work are word of mouth [53%] and personal contacts [51%]), the vast majority of freelancers (69%) said social networking has “drastically changed the dynamics of networking.”

It’s not just finding work that can be challenging and hold people back from freelancing. Other top responses include getting paid on time (31% said this is a barrier to freelancing more), knowing what skills are in demand (23%), the availability of affordable benefits (21%), and paperwork and administrative overhead (13%).

Thankfully, there is a new infrastructure rising to meet this new workforce: freelancer support and benefits groups (like Freelancers Union), online workplaces (like Elance-oDesk), social networks, coworking spaces, skill exchanges, and even freelancer-run collectives and cooperatives.

As this infrastructure rises, freelancers themselves are optimistic about the future. Nearly eight in ten (77%) freelancers said the best days of the freelance job market are still ahead. On a more personal level, 65% said freelancing is more respected than it was three years ago.

But the real area of growth is with Millennials, many of whom have spent their entire working lives in this freelance era. Millennials (workers under 35) are more likely to freelance than older workers – 38% of Millennials are freelancing, compared to 32% of those over 35.

Millennial freelancers are also more likely to search out work that has “a positive impact on the world” (62% of Millennials vs. 54% of non-Millennials) or is “exciting” (62% of Millennials vs. 47% of non-Millennials).

In the words of one respondent,

“There are more avenues available to find work, to make contacts, to connect with others, etc. thanks to technology and its ability to network.”

The new way of working seems to work well for America's new workers. But it's best to hear it directly from freelancers themselves. Here are some of the open-ended responses to the survey question:

“ Why did you choose to freelance? ”



“Freedom to set my schedule and work on opportunities that interest and challenge me.”

“I prefer the freedom to choose what sort of work I do without my schedule being controlled and my choices being commanded by someone else. I can express myself and be appreciated for it as well as bring beauty to the world by way of my work. It also is less stressful than an office environment and allows me the time necessary to take care of my farm.”

“Started as a need to create additional income for our family. Became something that helped me to experience a lot of personal growth and create financial freedom.”

“I am very passionate about what I do, but I have a large family. This allows me to be both a stay home parent and have a small career. I like what I do and I want to do it my way is another big reason.”

“Because it gives me the opportunity to pursue my creative dreams, creativity can be difficult to find in an office scene.”

“I choose to be in freelance because I'm able to work my own hours, determine my own salary, and be creative in my work.”

“I have more control over where I work, when I work and what I do for my work.”

Learn more at www.FreelancersUnion.org



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