

Position Paper: Freelancing and Labor in the Digital Economy

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Abstract

We encourage attention to one future of work: project-based, gig-, or freelancing workers who find their work online. Online freelancers and the online labor markets where they seek work are a relatively recent subset of the labor force and a new form of labor markets. These freelancers' work makes them susceptible to greater competition by reducing barriers for other workers to enter and compete. We focus specifically on the United States as these freelancers are independent contractors and lack both benefits and work place protections afforded full-time workers. This means the economic travail due the COVID-19 pandemic is even more challenging. Two implications of the rise of online freelancing are (1) a need to develop greater empirical and conceptual insight into career and job prospects, working arrangements, and size of the online freelance market. And, (2) greater attention to the roles of third-party platforms in labor-market-making.

Keywords: contingent work, knowledge work, freelance work, computerization, automation, labor markets, platforms, infrastructure

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INTRODUCTION

With this position paper we encourage attention to one future of work: project-based, gig-, or freelancing workers who find their work online¹. Online freelancers and the online labor markets where they seek work are a relatively recent subset of the labor force and a new form of labor markets, seen by many as both a means to provide opportunities for workers seeking flexible employment arrangements - 'gigs' - and for organizations to help absorb market shocks (Gray and Suri, 2019; Kalleberg, 2003; Lehdonvirta et al., 2019). In the face of the economic upheaval due to the novel coronavirus, these workers and their online labor market are experiencing substantial changes.

Online freelance work differs from ride-sharing or food delivery gigs because it is cognitive and knowledge-based work, relying on education, training, and work experience (Horton, 2010). Online freelance work is also project-based: there is little commitment between employer and worker beyond the specifics of the project's contract (Wood et al., 2019). The online nature of these freelancers' work makes them susceptible to greater competition by reducing barriers for other workers to enter and compete (Dunn, 2017). Further, in countries like the United States (U.S.), online freelancers are independent contractors, which means they lack benefits like health care, retirement, leave, and workplace protections afforded to full-time workers (ILO, 2016; McKay et al., 2019). In the face of market shocks such as what COVID-19 has brought, the precarity of online freelance work is being brought into stark relief: an ongoing experiment in open and under-regulated (neoliberal) market policies.

Framed by this precarity, the work of our research group is driven by three issues that, together, are helping to reshape labor markets and creating the conditions for the rise in non-standard work arrangements such as project-, or gig-, based online freelancing:

- (1) The importance of knowledge-intensive (viz. labor-intensive) work to the contemporary economy (Temin, 2018; Kalleberg, 2011; Reich, 1991);
- (2) Automation, specifically as driven by computation and advances in artificial intelligence (AI), and the roles these play in reshaping labor markets, working arrangements, and organizations (Adams, 2018; Goos, 2018; Gomes, 2019; Jarrahi, et. al., 2019); and
- (3) Shifts in employment from the career, to the job, to the project or task (Abraham, et. al., 2018; Davis, 2015; Molla, 2017; Katz and Kreuger 2016; 2019).

At the confluence of these issues are freelance workers that rely on digital platforms like Upwork, Fiverr, and dozens of other similar sites to secure work. These sites offer work at the project level, which is different than the micro-task work made famous by Amazon Mechanical Turk (AMT) (Gray and Suri, 2019). Projects typically require interaction (e.g., interim guidance and feedback) between workers and the companies that offer work, with Upwork and other platforms (including LinkedIn) serving critical intermediating roles (see Jarrahi, et. al. 2020).

In response and as detailed below, we have focused our efforts to a series of interrelated projects in pursuit of greater empirical understanding, advancing our conceptual basis, guiding workforce efforts (for preparing workers and employers) and, of late, guiding the design of online labor platforms (see below and also Dunn, 2020; 2017; Sawyer, et al 2019a; 2019b, Sawyer, Morgan and Torcivia, 2019; Sawyer, Crowston and Wigand, 2014; Jarrahi, Sutherland, Nelson and Sawyer, 2020). We see our work and the interests outlined in this position paper as directly relevant to three categories noted in the call for papers: *Employment, including hiring, onboarding, management, and freelancing*; *Physical workspaces*; and, *Productivity within and across work roles and*

¹ Some of the points made here build from a talk at the 2019 Human-Computer Interaction Consortium: Sawyer, S., Allen, E., Torcivia, A., Caruso, A., Weller, H., Rancy, J.P., Sharma, S. and Shetty, R. (2019) The Good Jobs are Next: Speculating on Labor, Markets, Technologies and Work. The Human-Computer Interaction Consortium, 24 June, Pajaro Dunes, CA.

domains more broadly. We also see our work as contributing insights to five additional categories of interest noted in the call: *Accessibility and inclusion; Fairness, accountability, transparency, and ethics; Societal implications and confounding factors; Public policy related to remote work; and Wellbeing and work-life balance.*

RELEVANT BODY OF WORK

Online freelancing, other forms of non-standard work, and, more broadly, the multiple futures of work, draws the attention of many scholars across multiple intellectual communities (see Weil, 2019). The scholarship relevant to online labor, freelancing, and online labor platforms can be found in labor studies, organizational studies, computer-supported cooperative work, computer science, and economics (primarily labor economists). Related work is published in both communications (focusing on platforms) and in science and technology studies (focusing on infrastructure).

We identify two broad insights across these literatures:

- (1) Changes in labor market structures illuminate the increasing disconnects between employers and employees (more accurately: workers), decreased expectations of loyalty, and the rise of contingent work (e.g., Kalleberg, 2015; Kalleberg, 2009; Friedman, 2014; Bertram, 2016; Fleming, 2017; Kalleberg, 2011; Milkman and Ott, 2014; Petriglieri, Ashford, and Wrzesniewski, 2018; Weil, 2019; Sweet and Meiksins, 2015). This includes debate on the number of workers doing non-standard work, characteristics that define contingent work, the ways in which these workers find work and are employed, and the kinds of working arrangements and career paths available (e.g., Katz and Krueger, 2016; 2019; Abraham, et. al., 2018; Manyika, et. al, 2016; U.S. Bureau of Labor Statistics, 2018).
- (2) Insights from contemporary studies of gig-working focused on how work, labor markets, and employer/ worker relations are being mediated by digital platforms that place premiums on workers developing skills and knowledge beyond their profession or trade, while noting that automation and innovations in AI are being embedded into these platforms in ways that reshape the employer/ worker relationship while increasing the market-making power of the platform (e.g., Erickson, 2010; Rahman and Barley, 2017; Ticona, 2015; Sawyer, Crowston and Wigand, 2014; Dunn, 2020; Jarrahi, et. al, 2020; Pollock and Williams, 2010). This work also highlights the vibrant debates on nature of working arrangements and precarity of contingent work (e.g., Graham, Hjorth, and Lehdonvirta, 2017; Burtch, Carnahan, and Greenwood, 2018; Dunn, 2017; Fleming, 2017).

The rise of contingent work, growth of online labor platforms and their market-making roles, are reshaping the ways in which people are pursuing work, altering the ways workers think about employment and careers, and demanding these workers develop labor-market-related skills like finding jobs online² and working from home that were not part of their formal education (or, for many, their workplace experiences until recently). Structural changes to work and working arrangements have also shifted the types of workers in demand by employers. Employers seek “flexible workforce” strategies to allow them to adjust more quickly to market forces (Kalleberg, 2003). This is why larger firms are often taking themselves apart into smaller forms that are market-facing and more agile (Davis, 2016).

The past 15 years bear witness to a rapid expansion of digital platforms that enable employers and firms to find project-based workers more efficiently (Adams, 2018). Combining substantial data collection with AI-driven algorithms, these platforms go beyond staffing agencies, to not only broker work between employers and workers, but in many cases, also handle financial transactions and facilitate the delivery of services. The presence and uses of these platforms have led scholars to identify a new category of worker, the platform-driven gig-

² To this point, our data suggest LinkedIn is involved in multiple ways with job seeking and hiring.

worker (e.g., Ticona, 2015). In practice, this means any study of online freelancing is also, in part, a study of digital platforms and mediated labor markets.

CURRENT IMPLICATIONS

We conceive two implications arising from the move toward project-based knowledge work generally, with online freelance work as a visible form of this trajectory. We offer these implications in the context of the rise of non-standard work arrangements more broadly; increases in automation (and particularly AI); and a 40-year shift to more open and less regulated labor markets. We observe that contemporary labor markets are shifting from geographic to skill focused and are being supported by for-profit online labor platforms and other market-making intermediaries. All this reflects the ongoing disconnection between workers and employers. Resulting implications are:

- (1) **The need to develop greater empirical and conceptual understanding of the career and job prospects, working arrangements, and size of the online freelance market, particularly for the U.S.** It may be that this remains a small part of U.S. employment or becomes a dominant model of work. How does online freelance work fit into the larger labor effort of contingent work, contractor ‘body-shops’ (per Barley and Kunda, 2006) and the various ways that non-standard employment are growing relative to the number of full-time, salaried, and benefits-eligible workers?

In response, our research group is running a panel study of online freelance workers, speaking with a carefully selected sample of these workers that is focused on how these workers seek work online, establish their working arrangements, balance the complexities of work and non-work situations, and assess their career trajectories and employment plans (see Dunn, 2020 for insights from the initial work of this panel-study effort). Our ongoing panel study of online freelancers is one way to begin addressing the question above, but more is needed.

Our research group is also pursuing studies of freelancer’s working arrangements, considering both work-from-home (WFH), the shifting roles of coworking, and growing awareness that all remote work is still being done someplace (see Sawyer, et. al, 2019a; Sawyer, Morgan and Torcivia, 2019).

- (2) **More attention to greater empirical understanding and design insights regarding the roles of third-party platforms in labor-market-making.** Platforms like Upwork and Fiverr are market-making entities, serving as powerful intermediaries connecting employers and workers. These platforms are using data, machine learning, and other forms of computing to create value-adding and market-framing efforts. As for-profit entities in an under-regulated labor space, they are powerful shaping forces to work and labor. In this space, the digital arrangements of social media and other powerful platforms like LinkedIn create an ecosystem, an emergent labor infrastructure that is much different than even five years ago.

Our research group engages online labor platforms in every facet of our work and see this as an important space for sustained scholarship going forward (see Jarrahi, et. al., 2020).

CONCLUSION

With this position paper, we have focused attention to online freelancing workers and the online labor markets where they seek work. We have made the case that online freelance work differs from ride-sharing or food delivery gigs, and that project-based nature of this work makes them susceptible to greater competition and creates a more precarious work life. We also identified two implications of this rise of online freelancing: (1) a need to develop greater empirical and conceptual understanding of the career and job prospects, working arrangements, and size of the online freelance market. And, (2) a need for more attention to the roles of third-party platforms in labor-market-making.

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