



# The Rise and Rise of the Freelancer Economy

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Funded by:



**University of Brighton**



# The conventional wisdom..

- Creative-Digital-IT industries are high-growth, high innovation, but is this at the expense of freelancers?
  - Freelancers
    - are “false” or “forced” (Mould et al., 2014)
    - are exploited by clients with unusual working patterns (Storey et al., 2005)
    - lack business skills and identity (Baines and Robson, 2001)
    - are lonely or stressed (Baines and Robson, 2001; Sen Gupta et al., 2007)
  - But:
    - They enjoy autonomy and innovating (Binder and Coad, 2010; Burke, 2012)
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# Research Methods



# Methods and data

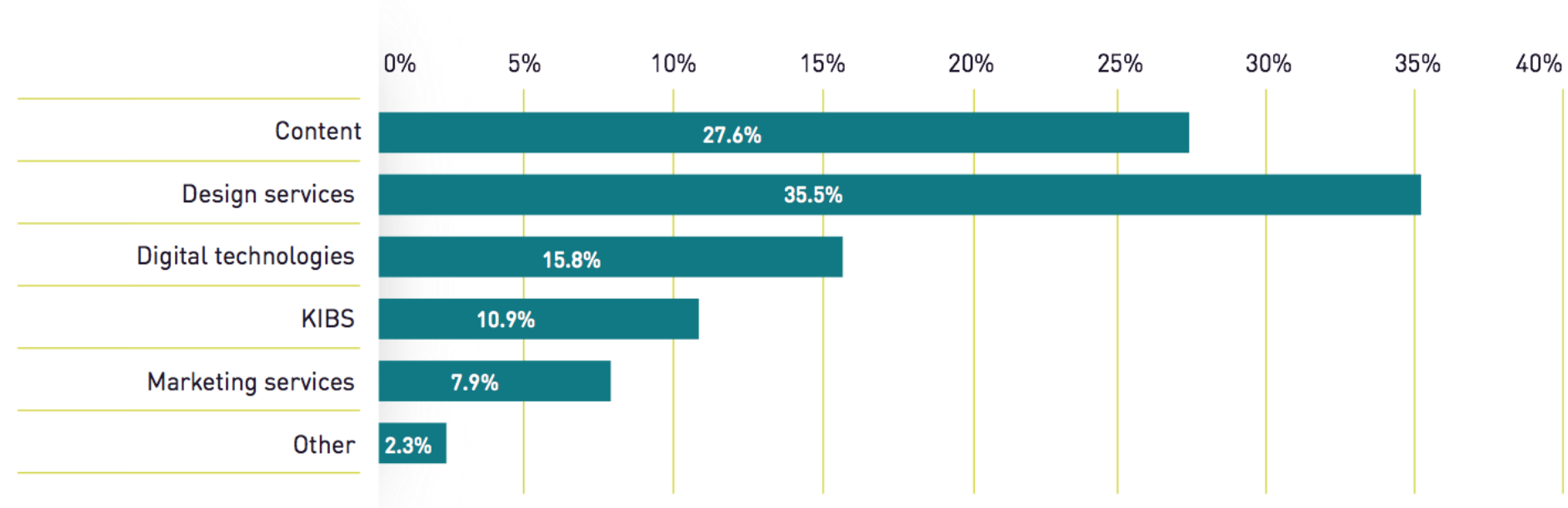
- For business performance, working patterns and activities and measuring wellbeing:
    - Quantitative survey, 304 sample (25.8% response rate)
    - Built bottom-up from membership groups:
      - Wired Sussex, The Skiff, The Farm, BIG
  - For motivations, lifestyles and stories:
    - Qualitative research, 32 interviews, 2 focus groups
    - Analysed using NVivo 10 software
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# Data Overview and Economic Performance



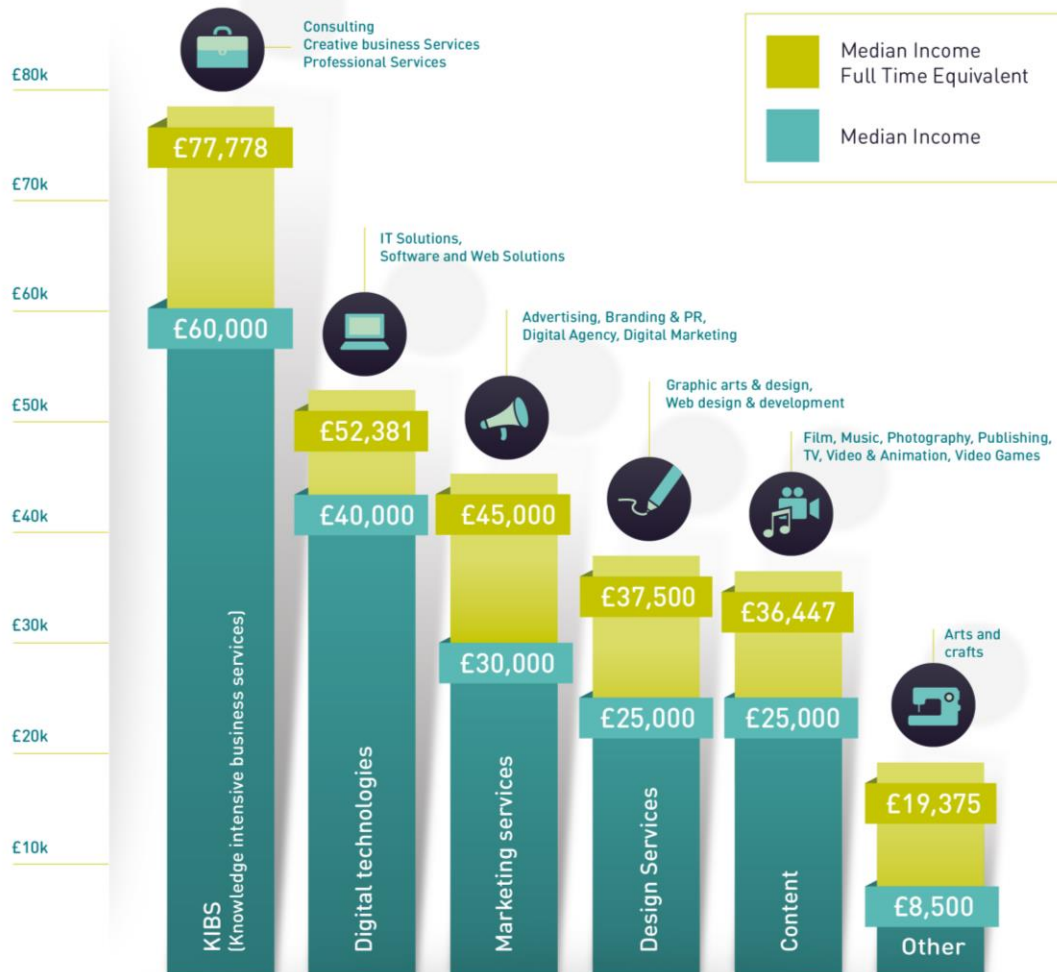
# Data overview

Figure 2.1. Breakdown of respondents by sector



# Revenues by sector

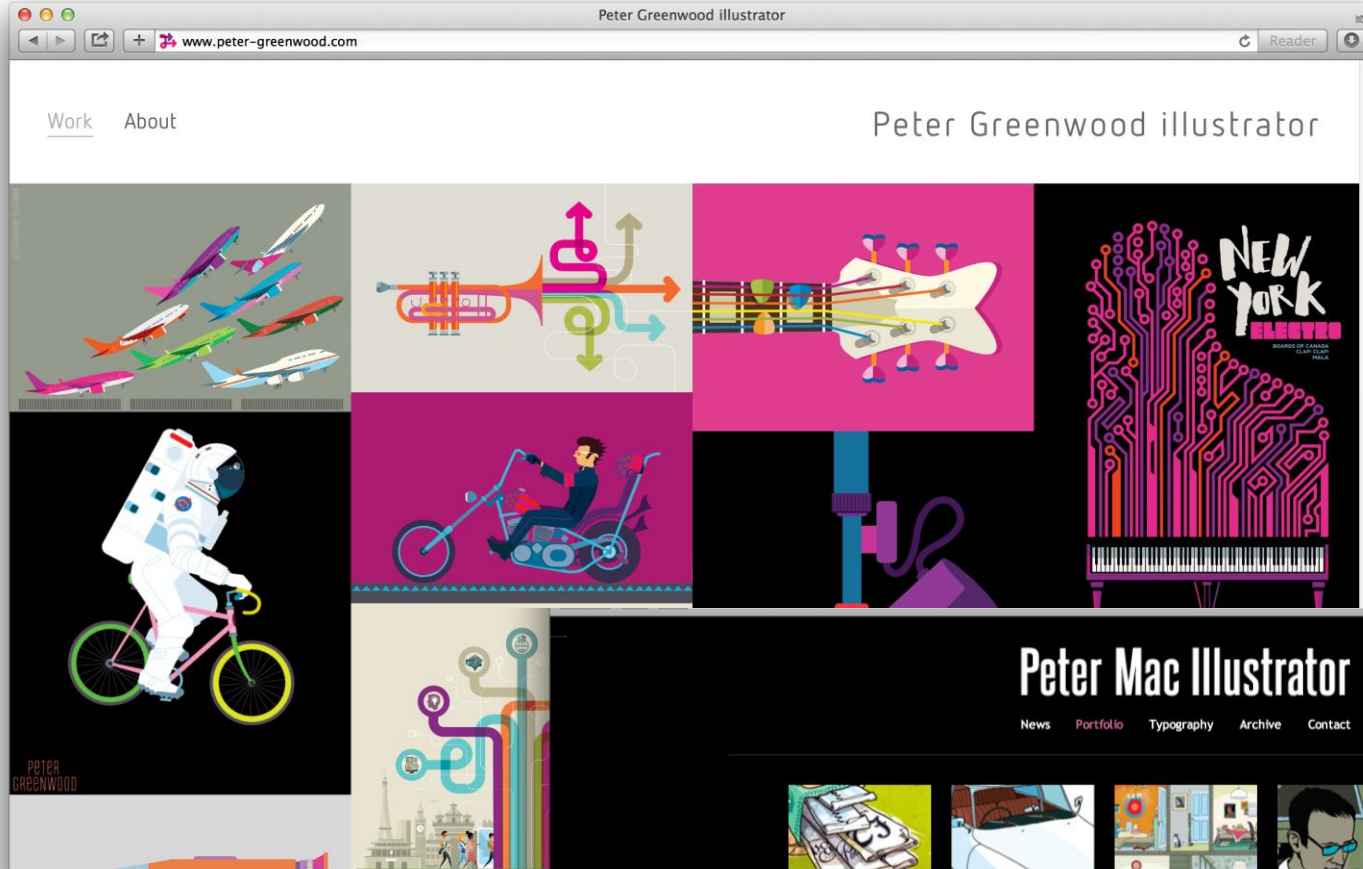
Median income from self-employed activity can be misleading because people spend varying time on it.  
So the chart also shows the sector average normalised as if it were full-time.



# Economic performance

- Average income: £33k (median £27k)
  - Average income normalised Full-Time-Equivalent (FTE): £58k (median £42k)
  - Average growth rate: 7.3% (median 2.8%)
  - *“I wasn’t really thinking of myself as a freelancer even though that’s what I was doing- I thought of myself as a company founder.”*
  - (From interview)
-





BRIGHTON  
FUSE2

*“Both of me got  
the two  
commissions”*



## Source of revenues by region

Percentage of people who rated the following regions as 'important' sources of revenue

**56.3%**   **66.1%**   **31.9%**   **24.7%**

Local

London

Rest of UK

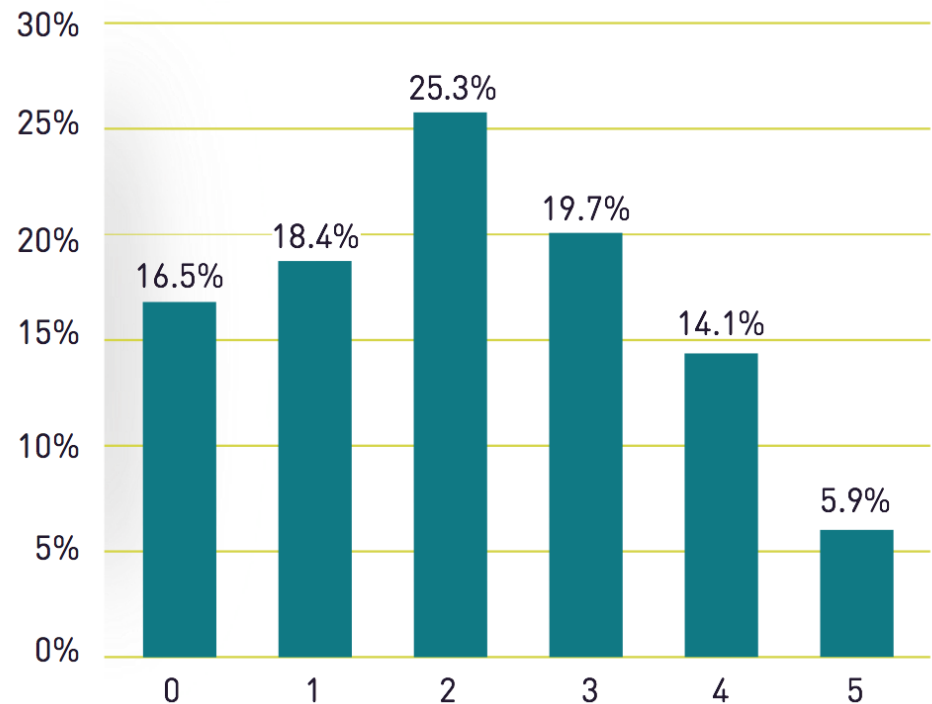
International



# Innovation activities

Innovation activity	% of freelancers engaging in that activity
Improve the way you produce and supply products and services	54.0%
Produce materials eligible for copyright	48.7%
Develop new / improved products or services	47.0%
Implement new or significantly changed business strategies	41.5%
Develop new or significantly improved software	20.4%
Register a trademark or an industrial design	3.0%

Figure 3.3. Number of innovation activities



# Fusion and Skills



# What is fusion in CDIT?

**Question:** To what extent does your work combine ideas from creative design and technology?



Answer: hardly at all  
**UNFUSED**



Answer: to some extent  
**FUSED**



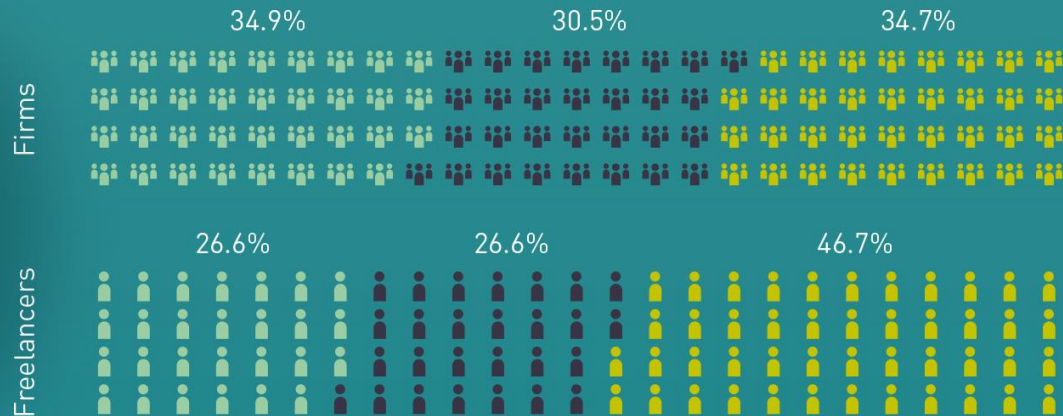
Answer: a lot  
**SUPERFUSED**

## How fused are freelancers vs firms?

**46.7%**

of freelancers are  
**SUPERFUSED**

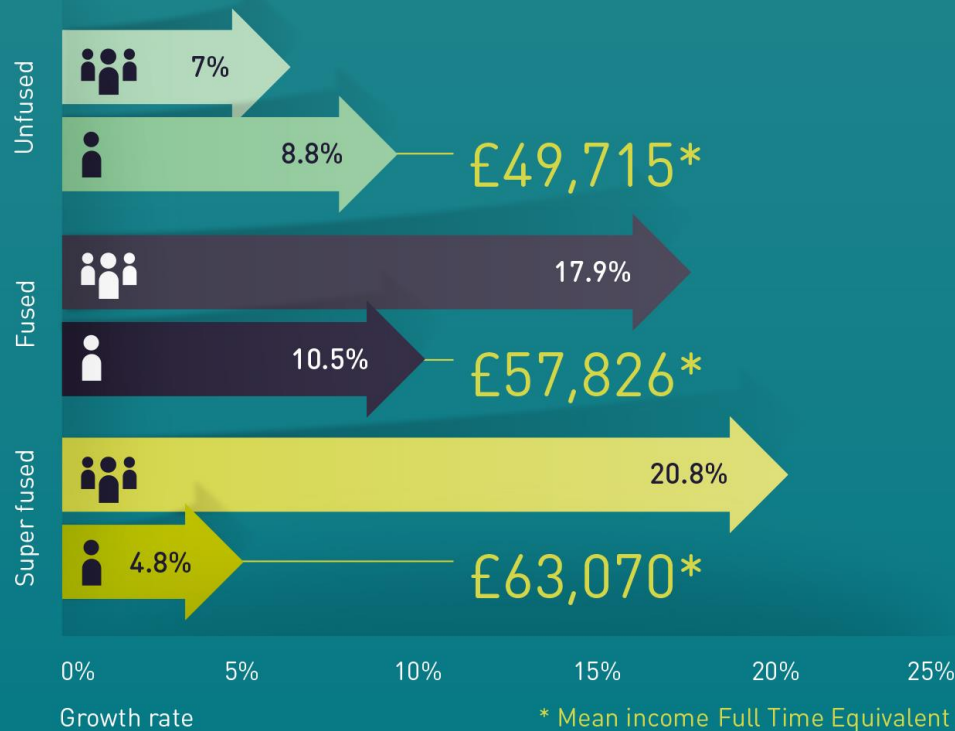
Compared to 34.7% of firms





# Fusion and performance

How does fusion and business performance compare between firms and freelancers?



Fused and Superfused freelancers make more money than the unfused.

The Fused freelancers grow more, but Superfused grow less.

There are limits to individual economic growth for freelancers, unlike the firms in the Brighton cluster.

Key:



Firm



Freelancer



Unfused



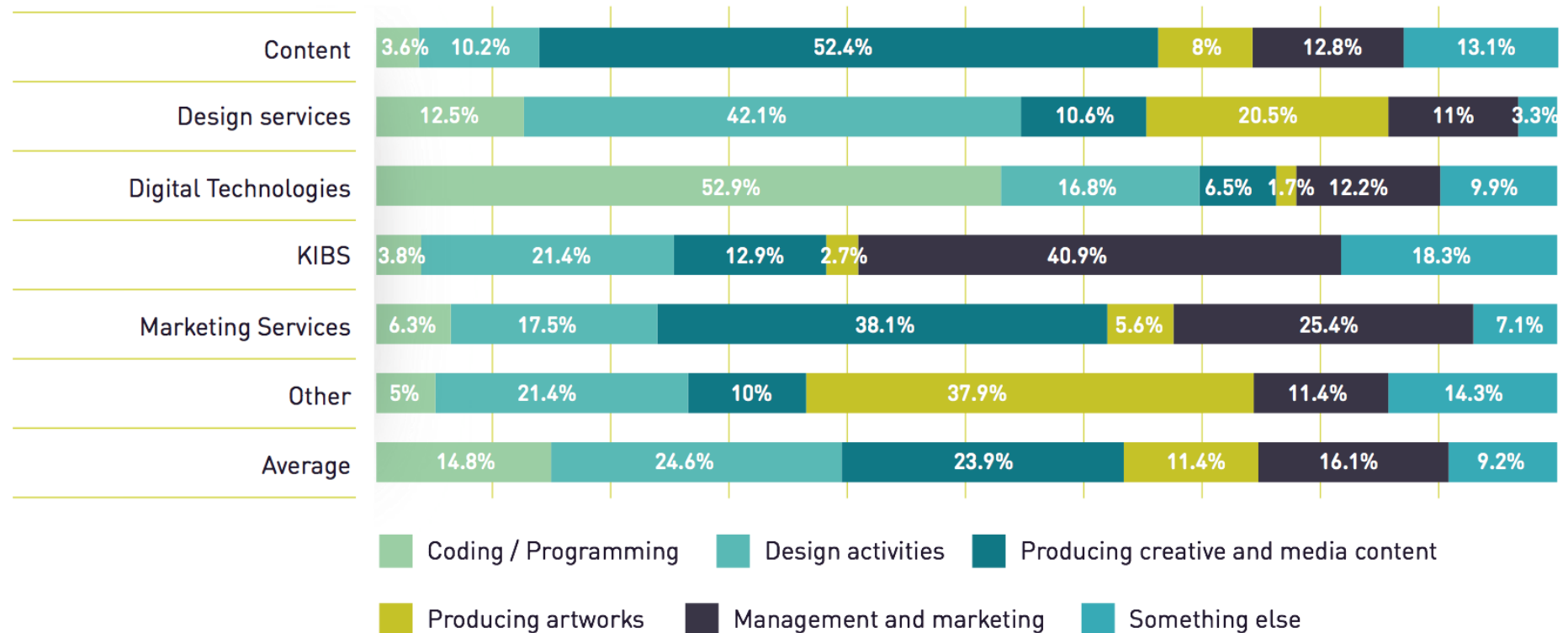
Fused



Superfused

# Jacks and Jills of all trades?

Figure 4.1. Activities



# Skills acquisition

- Top three channels:
  - Learning on the job
  - Self-learning
  - Higher education degree

*“The world is full of blogs and people telling you exactly how to solve all sorts of weird, obscure problems that you’ve never come across before...you can do huge amounts of self-learning, and you don’t need formal training processes.”*

(From interview)

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# Education and degree

Figure 4.2 Level of education

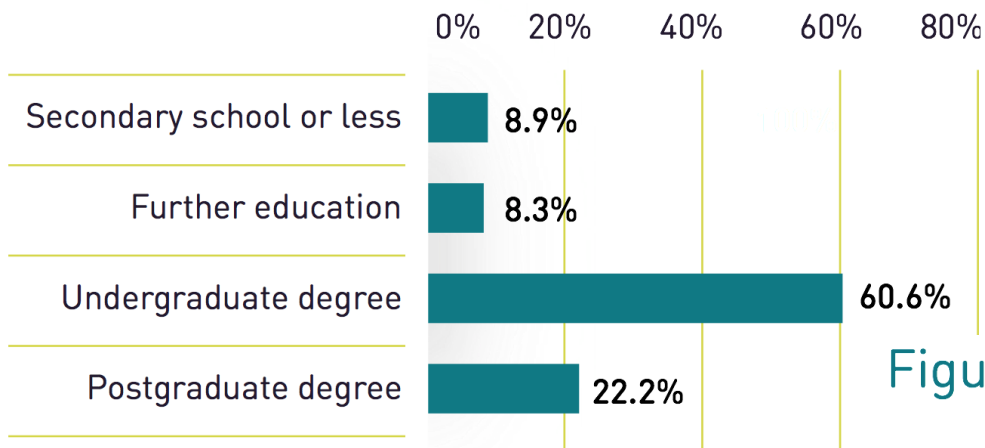
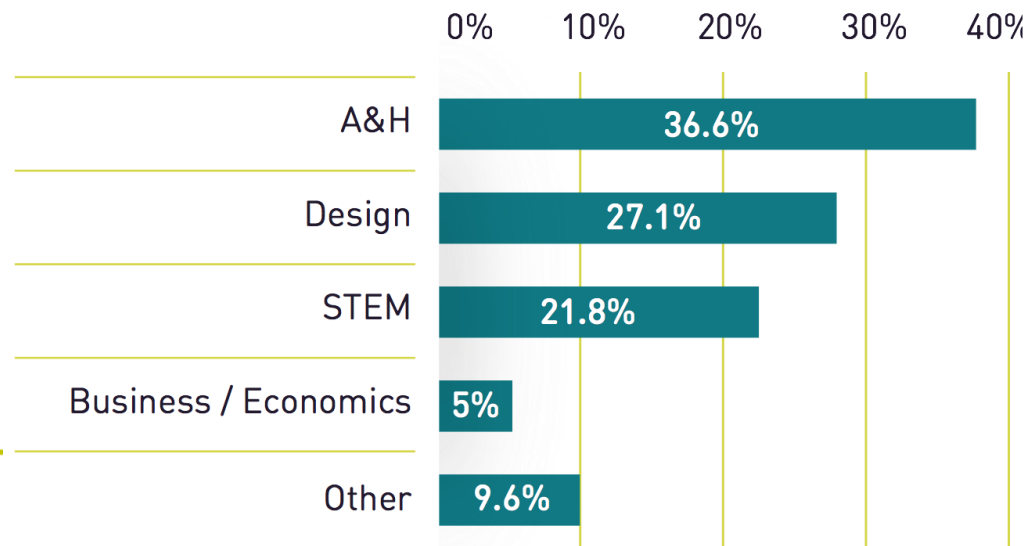


Figure 4.3 Higher Education subjects



# Place of Work and Networking









Closed Summer 2011

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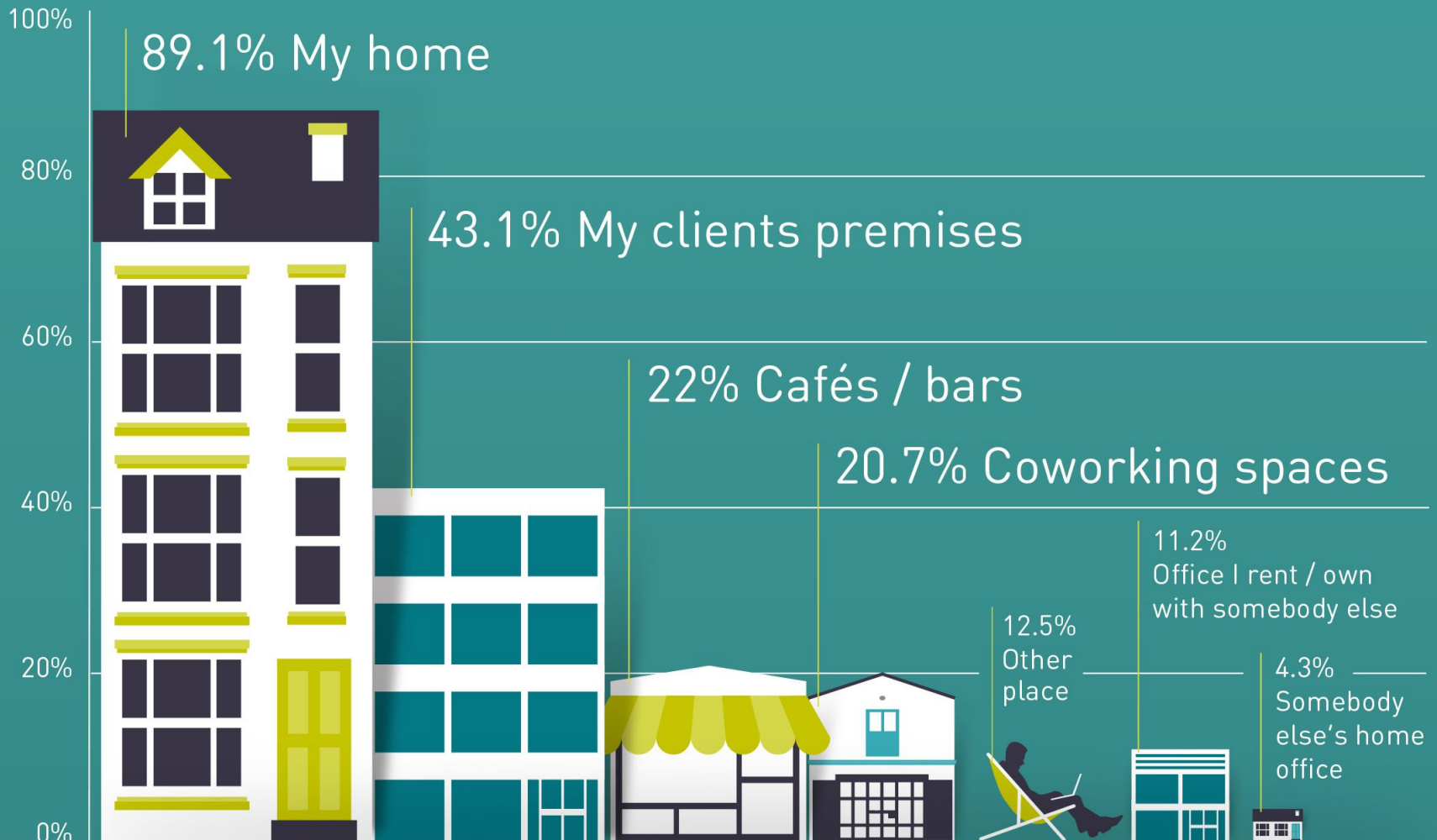
Close

Spooky Moon Studio



# Place of work

Freelancers listed the following places as one of their three most important places of work



# Network identity

Freelancers were asked if they felt part of a community

51.3%

of freelancers  
don't feel part of  
any community

8.2%

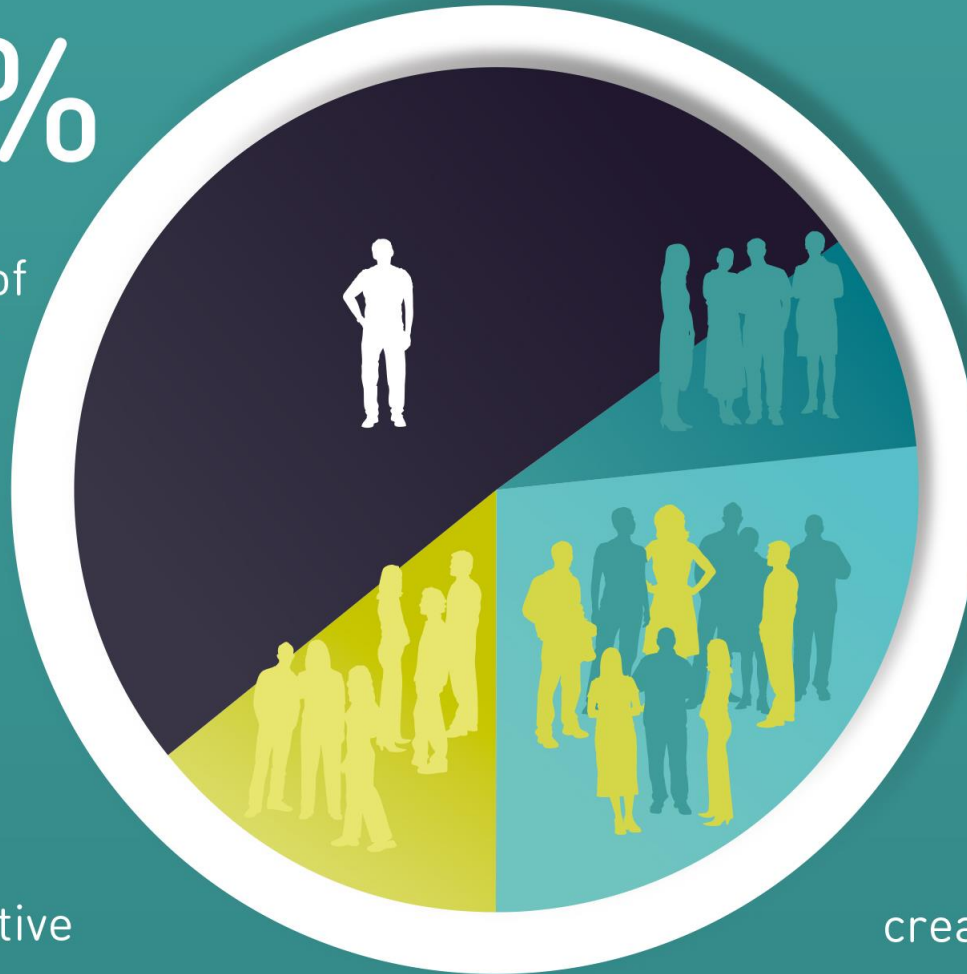
part of  
the digital  
community

14.1%

part of the creative  
community

26.3%

part of both  
creative and digital  
communities

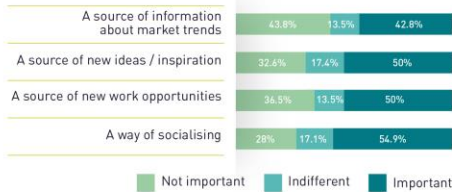




# Networking

## Importance of networking

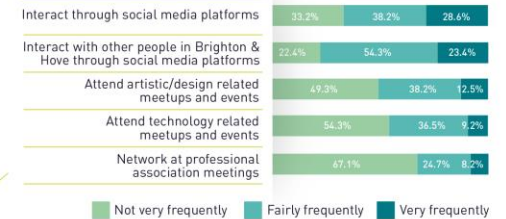
Freelancers find various aspects of networking important



On average  
**56.6%**  
of freelancers  
rate networking  
as important

## Frequency of networking

Despite its importance, freelancers do not network very regularly



# Freelancers' Life: Motivations, wellbeing and challenges



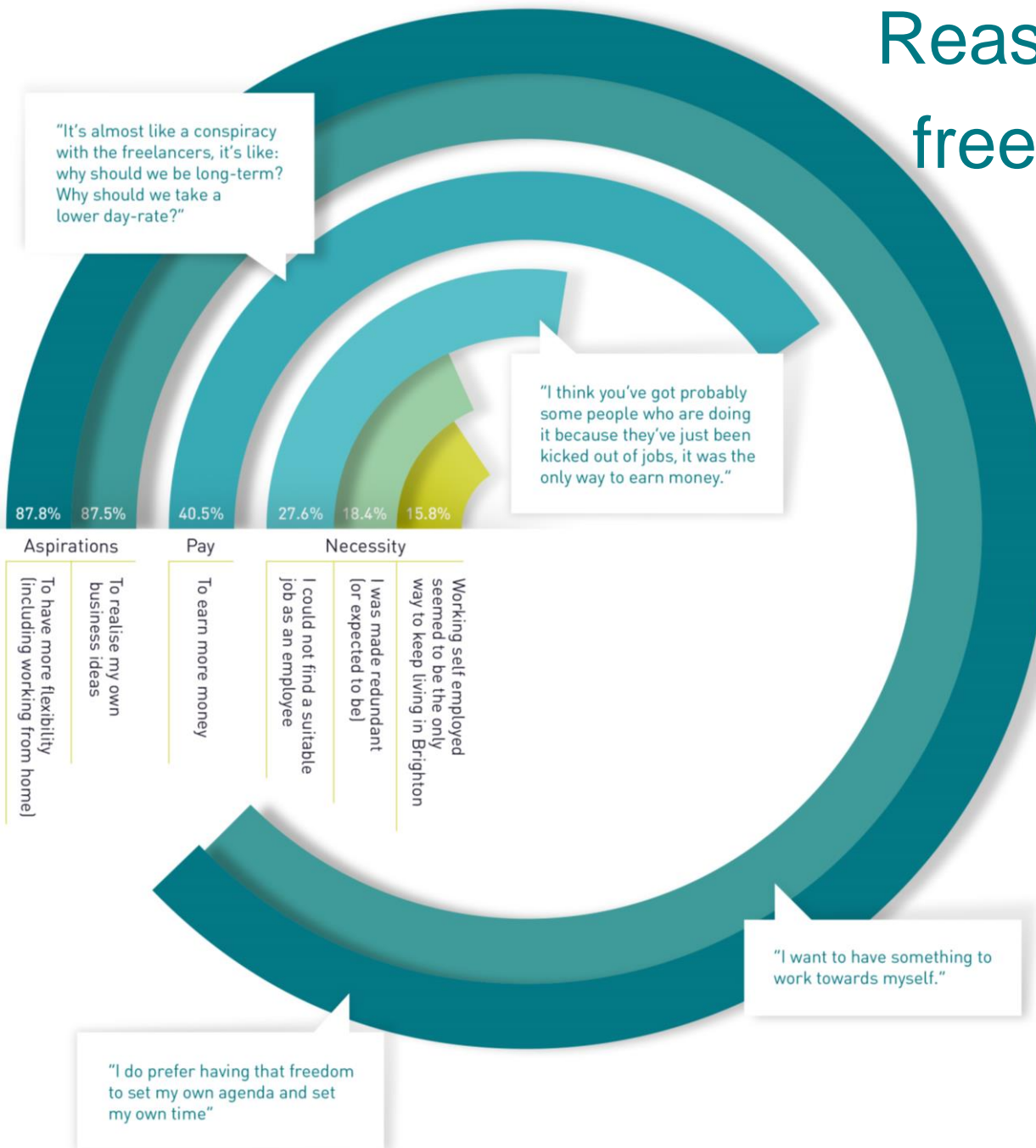
# Reasons for freelancing

"It's almost like a conspiracy with the freelancers, it's like: why should we be long-term? Why should we take a lower day-rate?"

"I think you've got probably some people who are doing it because they've just been kicked out of jobs, it was the only way to earn money."

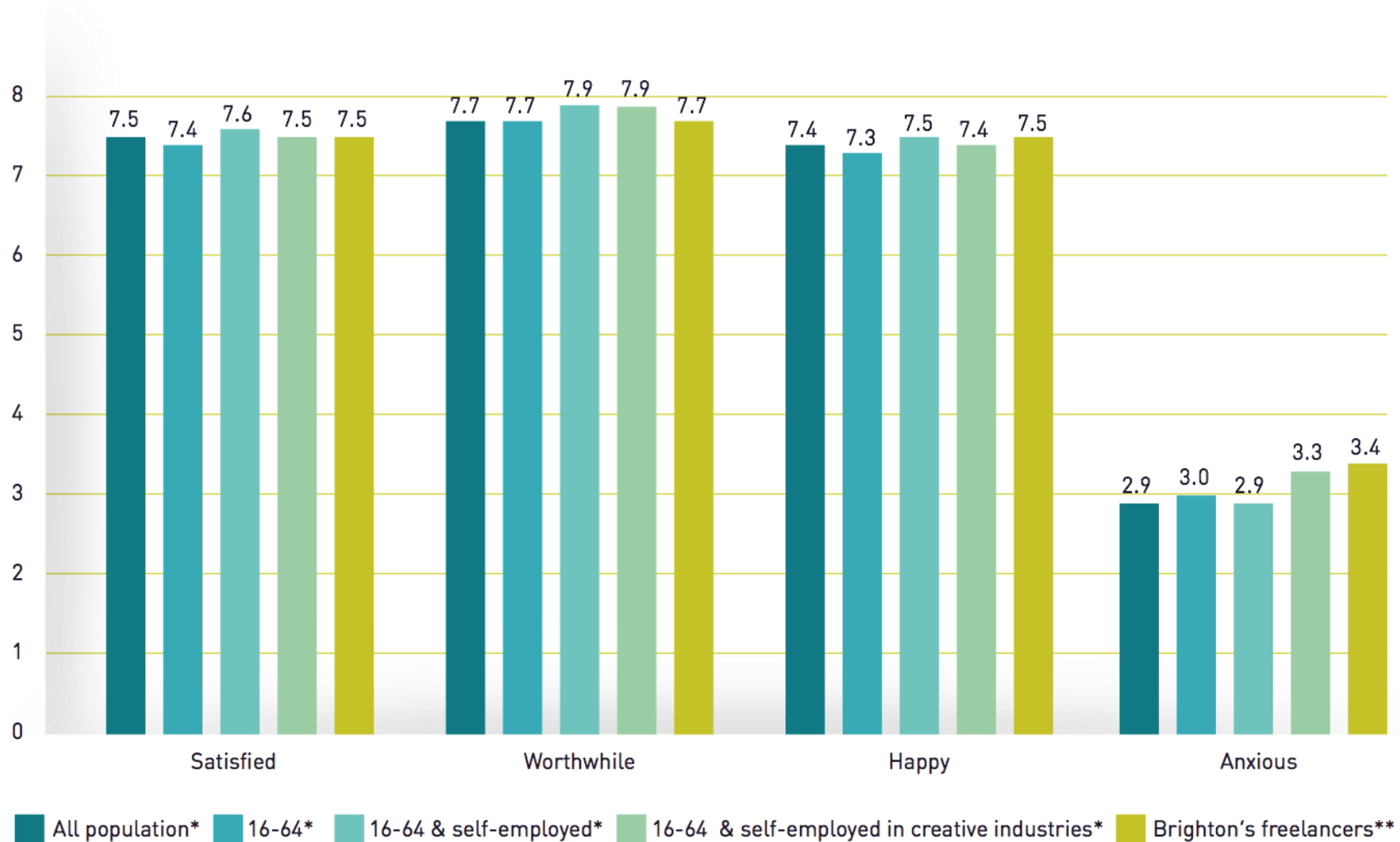
"I want to have something to work towards myself."

"I do prefer having that freedom to set my own agenda and set my own time"



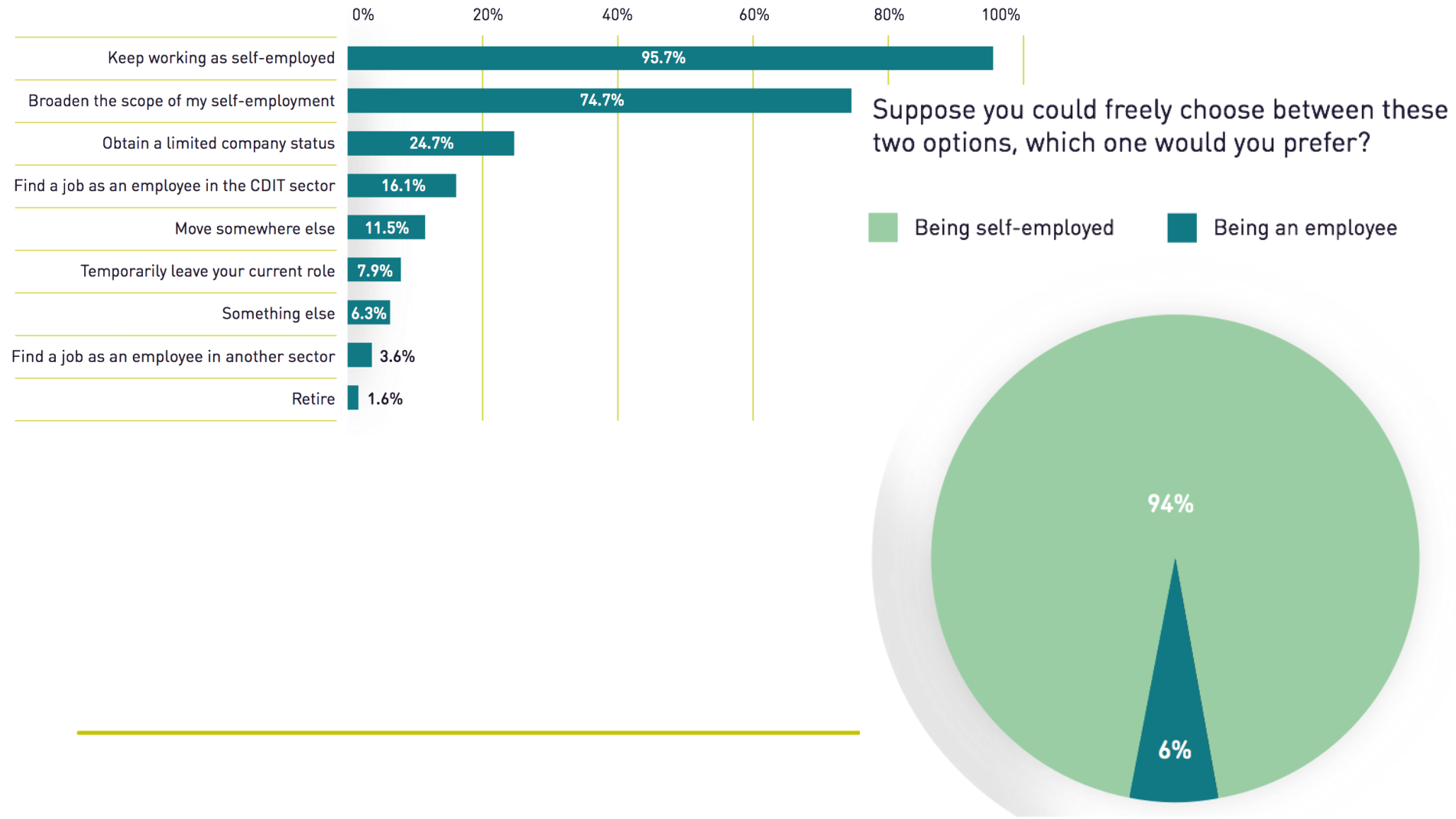
# Wellbeing

Figure 5.4. Comparison of levels of wellbeing among different population groups



# Plans for the future

Figure 5.6. Plans for future



# Getting sacked is road to bliss

Jonathan Leake Science Editor Published: 25 January 2015



Having no permanent boss is one factor behind freelancers' happiness (Sam Edwards)

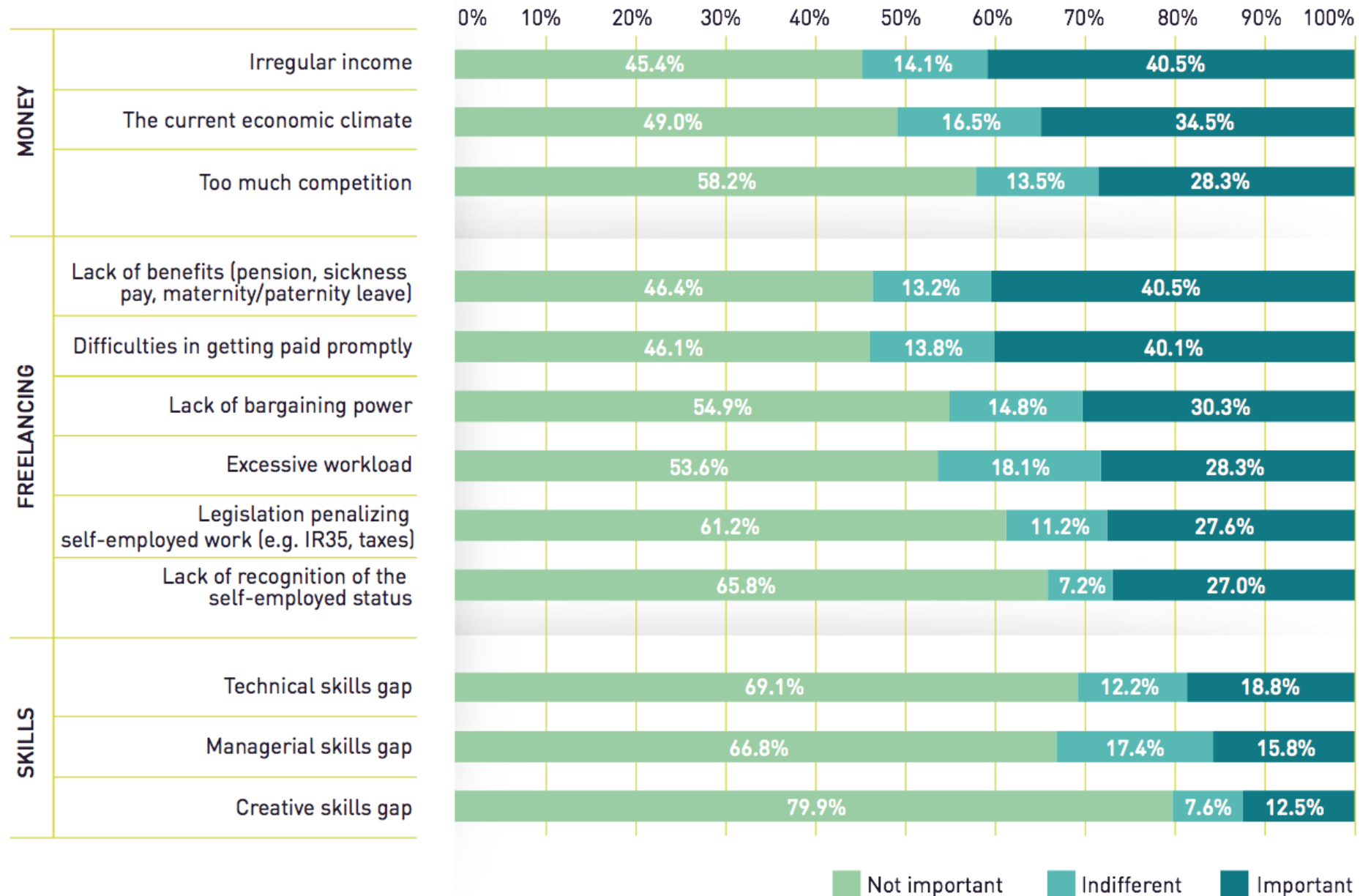
FREELANCERS, often portrayed as corporate rejects eking out a living on the economic margins, are among the country's happiest and most productive workers, researchers have found.

Not only do they typically work just 38 hours a week, they also earn a median wage of £43,000, well above the national average of £25,000. The research also found that they were, on average, happier, primarily because they had no permanent boss.

"For many, freelancing is emerging as the ideal lifestyle, especially in creative and digital industries where people can work from any location, including home, and which demand high levels of innovation," said Dr Jonathan Sapsed, from the University of Brighton's Business School.



Figure 5.7 Barriers and challenges



# Conclusions





# Conclusions

- CDIT freelancers are on average prosperous, enjoying income growth and good levels of wellbeing
  - They largely prefer freelancing, to realise their aspirations and plan to expand
    - Despite views claiming they are exploited, unhappy and “forced”
  - They do experience barriers:
    - Money
    - Freelancing
    - Skills
-

# Policy recommendations

- Equal rights with employees
  - E.g. maternity/ paternity leave
- Access to finance
  - Freelancer-friendly banking and advice
- Awareness and value

*“You do feel like you’re justifying your fees all the time to people..”*

(From interview)

- Guidelines to setting rates and business models
  - Public information campaign
  - Awareness of existing policies
-

# Policy 'dragons den'



# The public vote!



# Statement from the Minister

- *“Our digital economy is already one of the strongest markets in the world and the UK creative industries generate £71 billion in revenue each year and support 1.71 million jobs.*
  - *This study shows that the self-employed play a key role in driving the culture of innovation in the creative and digital industries and are a vital part of Britain’s economic growth.”*
  - Ed Vaizey, then Minister of State for Culture and the Digital Economy
-



# Impact of the Brighton Fuse projects



- Invited by Minister to inform SIC codes debate leading to policy change
- Evidence of A&H for economic growth
- £170m City Deal for Brighton and Hove
- Digital Catapult Centre
- Self-employment - IPSE – MPs



**Knowledge Transfer  
Partnerships**

**Innovate UK**  
Technology Strategy Board



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University of Sussex
- Twitter: @jsapsed

