

New research finds that freelancers could be the key to boosting employment

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Freelancers increase the opportunity to create more jobs in the UK, finds research from Trinity Business School.

According to research from Professor Andrew Burke, Chair of Business Studies and Dean at Trinity Business School, and Marc Cowling, Professor of Business Economics at the College of Business, Law, and Social Sciences University of Derby, the use of freelancers enhances employment growth by improving productivity.

Using data from a random survey of 1,028 SME owner-managers and Senior Executives in the UK, the researchers found that when freelancers make up at least 11% of a company's workforce, that firm's productivity will increase.

This in turn generates greater profits, as the research revealed that the average productivity of firms with at least 11% of their workforce being freelancers was £4,669 higher per employee than firms with less than 11% freelancers working for them.

The researchers also found that, contrary to the traditional view that freelancers take jobs from others, jobs created by firms in the UK above the 11% threshold was 914,400, which equates to 1.2 additional new jobs per firm.

According to the researchers, when firms use freelancers to add-to existing workforces and output, as opposed to simply using them as a replacement for someone else, there is a clear improvement in the performance of that firm.

Professor Andrew Burke, Chair of Business Studies and Dean at Trinity Business School, says:

"People normally associate the use of freelancers with employment destruction as they are perceived as doing work that otherwise could have been done by employees. This view overlooks a different type of freelancer who works in sync with employees but brings expertise and innovation not available within firms and on a swift basis, thereby enabling these businesses to innovate, grow faster and ultimately create more employee jobs. Our research is the first empirical research to see which type of freelancing effect dominates. Using UK data, we find that there is a positive net effect of freelancing on employment creation but to generate these gains firms have needed to take a deliberate strategic initiative to adopt a freelance intensive workforce model comprising of at least 11% by freelancers."

Marc Cowling, Professor of Business Economics at the College of Business, Law, and Social Sciences University of Derby, says:

“Our research was the first to debunk the view that freelancers are cheap, low value workers who cause job losses by replacing core employees. Rather we found they add specialist skills and expertise that create value and profit and allow firms to increase their core workforce as they accelerate their growth.”

The study provides the first statistical evidence of benefits of freelancers.

The research was published in Small Business Economics, August 2020:
<https://link.springer.com/article/10.1007/s11187-019-00241-x>

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For more information, or to speak with Professor Andrew Burke, please contact Jonny Stone at jonny@bluesky-pr.com or call 01582 790704.