Are freelancers a neglected form of small business?
John Kitching and David Smallbone
Small Business Research Centre, Kingston-upon Thames University, Kingston-upon-Thames, UK

Abstract
Purpose – The purpose of this paper is to demonstrate that freelancing is neglected by researchers as a form of small business activity. It aims to consider whether it is possible and useful for researchers to distinguish freelancers from other types of small business owner.

Design/methodology/approach – The paper does this in three ways: first, by conceptualising freelance status; second, by examining the research literature on freelance workers; and, third, by estimating the size of the UK freelance workforce to demonstrate their importance.

Findings – The definition proposed permits identification of many types of freelancer hitherto neglected by researchers. Freelancers are a large and growing proportion of the UK business stock and the recent recession has led to a further expansion.

Originality/value – Given the size and distinctiveness of the freelance workforce, researchers might explore the similarities and differences between freelancers and other small business owners with regard to: their motivations for starting and continuing to operate on a freelance basis; experiences of business ownership and management; the heterogeneity of the freelance workforce; and the wider social, economic and political causes and consequences of freelance working.

Keywords Freelance, Small enterprises, Self employed workers, Work status, Labour Force Survey, United Kingdom

Paper type Research paper

Introduction
Small businesses are a diverse phenomenon. Researchers have categorised small businesses, and their owners, in numerous ways: by owner characteristics, such as gender, ethnicity and founder status (e.g. Westhead and Wright, 1998); by organisational features, such as size, family ownership or managerial structure (e.g. Scase and Goffee, 1980); by strategic priorities, such as innovation, export activity or growth (e.g. Delmar et al., 2003); and by economic function (e.g. Rainnie, 1989). One possible distinction that might be drawn among the small business population is that between freelance workers and other types of small firm. We argue that distinguishing freelancers is a useful distinction for researchers to make, drawing attention to a large but arguably under-researched subset of the small business population. Although the specific focus of the paper is on the UK, the arguments presented are intended to be of wider relevance.

Freelance status is not a legal concept defined either by UK statute or by common law. Rather, the term is a customary one used by workers, end-users of labour services[1] and others to refer to particular kinds of worker or work relationship.

The authors are grateful to the Professional Contractors Group for funding the research on which much of this paper is based, to the organisations listed in Table I, and to the UK Data Archive for access to unpublished Labour Force Survey data.
Academic researchers typically use the term “freelance” to refer to independent workers in creative and media occupations (e.g. Storey et al., 2005; Holgate and McKay, 2009; Moeran, 2009). Practitioner organisations incorporate other occupational groups too. The Professional Contractors Group, a cross-sector trade association representing freelancers, has members in IT, engineering, project management, technical design and management (Professional Contractors Group (PCG), 2008). The Freelancers in the UK website invites workers in media, design, editorial, finance, IT, food and other trades to publicise their skills online[2]. The term freelancer has been used to refer to a variable range of activities and it is unclear, therefore, what precisely is distinctive about freelance work. Arguably, there are more freelancers in the UK than have been conventionally described as such.

Failure to define freelance status prohibits accurate quantification and official statistics on freelance working are scarce. Other terms, such as “independent contracting” (Kalleberg, 2000) and “portfolio working” (Handy, 1984), are also used to refer to apparently similar forms of work but their relationship with freelancing is unclear. UK, US, European Union and International Labour Organisation (ILO) official data sources do not identify a specific category of freelance workers. Freelancers are, therefore, hidden within official statistics on businesses and workers. EU sources treat freelancers as part of a broader category of “economically dependent workers” (Greene, 2002). US sources distinguish non-employer firms, most of which are self-employed individuals operating very small unincorporated businesses[3]. ILO sources distinguish a category of “own account workers”, those working alone or with partners, without employees (International Labour Office (ILO), 2009), that would seem to incorporate freelancers. Own-account work is common in both developed and emerging economies, although its incidence varies markedly (International Labour Office (ILO), 2009). Preliminary ILO estimates for 2008 suggest that own-account workers constituted 9 per cent of those in work in developed economies, and 33 per cent for the whole world. We discuss UK data sources later.

The purpose of the paper is to argue that freelancers constitute a group worthy of becoming a more important subject of research than hitherto. Specifically, we seek to achieve three aims:

1. To conceptualise freelance status, in order to clarify the distinction between freelancers and other labour market actors, including small business employers, employees and own-account workers.
2. To examine the research literature on freelance workers, their motivations and experiences of working.
3. To estimate the size of the UK freelance workforce, in order to demonstrate their importance to the UK business stock.

The paper is organised in four main sections. First, we outline our methodological approach. Second, we conceptualise freelance status using a range of criteria in order to distinguish freelance working from other types of labour market status. Third, we discuss previous UK and other research on freelance workers, as we define them. Fourth, we estimate the size of the UK freelance workforce and, in conclusion, we consider the implications of the freelance/non-freelance distinction for small business researchers.
Methodological approach
To address these objectives, we draw on the research literature, primary data from ten key respondents knowledgeable of freelance working (see Table I) and official UK data sources. We present a definition of freelance status while recognising that others, based on different assumptions, are possible. This definition is operationalised using official UK data categories to derive estimates of freelancer numbers. In doing so, we make a case for the use of existing official datasets as sources that, with qualification, can be used to derive estimates of the size of the UK freelance workforce.

The study adopts a broad definition of “freelance worker”, including not only those to who the term freelance is customarily applied. This approach is justified by evidence that freelancing, as defined here, is found in a wider variety of work settings than prior studies might lead us to believe. We begin with the issue of conceptualisation.

Conceptualising freelance status
Several criteria are relevant to determining freelance status and to distinguishing freelancers from other labour market actors. Freelance status attaches to workers performing particular kinds of work in particular end-user relationships. Hence, individuals might be freelance in one relationship and employees in another; indeed, multiple jobholders may occupy both statuses simultaneously. Our preferred definition of freelance status is shown in Table II, although others are possible if different positions are taken in relation to the listed criteria. One might, for example, restrict the definition of freelance status to those with relationships with multiple clients/end-users of labour services during a particular time period, rather than a single one. Subsequent discussion offers a justification for the position adopted.

Freelancers or employees?
Freelancers might be defined as those genuinely in business on their own account, working alone or with co-owning partners or co-directors, responsible for generating their own work and income, but who do not employ others[4]. Employees, conversely,
are dependent on an employer to provide them with work to do, and work under their direction. The employment/self-employment distinction is of some use here but, although some freelancers work on a self-employed basis, not all do. Freelancers operate under a range of legal business forms: as self-employed sole proprietors or partners in unincorporated businesses, as directors of their own limited companies,[5] and as PAYE umbrella company employees. Freelancers generally work for clients under a contract for services and are responsible for paying their own tax and national insurance contributions (NICs) to the UK tax authority, Her Majesty’s Revenue and Customs (HMRC), plus employers’ NICs if they are directors of their own limited companies. Employees, by contrast, work under a contract of service for a wage/salary with an employer who is responsible for employees’ tax and NIC payments. Umbrella company arrangements offer a hybrid position. Under such arrangements, workers provide labour services to a third-party end-user but are not employed directly by them. Instead, workers are employed by an intermediary, umbrella, company under an over-arching employment contract.[6] The umbrella company is responsible for invoicing end-users (or agencies, if the worker’s engagements are sourced through them) on workers’ behalf, and paying their salaries net of tax and NIC deductions; for this service, the umbrella company takes a fee. Umbrella workers might be freelancers, as defined here, genuinely in business on their own account, or they may not. Freelancers might, therefore, be either self-employed or employees.

Distinguishing freelancers from other labour market actors, therefore, is not always easy. The boundary between freelancing and employment is fuzzy rather than clearly defined. Individuals’ work statuses may be ambiguous on the grounds of the nature of the worker/end-user relationship, the number and type of end-users served, contract duration, and whether freelancing is a primary or secondary work role. Nor are worker and end-user definitions of their relationship legally binding. HMRC and the courts will examine worker/end-user relationships to determine what kind of contract exists and, by extension, the status of the parties to that contract. The courts have developed various common law principles to distinguish work status, including the control, integration, mutuality of obligation and economic reality tests (Burchell et al., 1999; Freedman, 2001; Pitt, 2007), but these often point in different directions in particular cases. To complicate matters, individuals might occupy different statuses for tax/NIC and employment law purposes.

On the nature of the worker/end-user relationship, the key issue concerns the degree of worker autonomy in relation to choice of end-user and the conduct of work, with

<table>
<thead>
<tr>
<th>Work status</th>
<th>Self-employed proprietors and partners in unincorporated businesses, and directors of limited companies, without employees genuinely in business on their own account, including some PAYE umbrella company employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skill/occupation</td>
<td>Creative, managerial, professional, scientific and technical occupations only</td>
</tr>
<tr>
<td>Nature of client base</td>
<td>Organisational and personal clients</td>
</tr>
<tr>
<td>Number of clients</td>
<td>Workers with only a single client included</td>
</tr>
<tr>
<td>Contract duration</td>
<td>Contracts of any duration included</td>
</tr>
<tr>
<td>Primary/secondary work role</td>
<td>Workers working freelance in either primary or secondary paid work roles, on either a full-time or part-time basis</td>
</tr>
</tbody>
</table>

Table II. Freelance status: a definition
freelancers exercising greater control than employees. But, issues of autonomy and
dependence are not clear-cut. All employees exercise some control over the methods,
time and location of work; conversely, no freelance worker has complete control due to
the influence of end-users. Some freelancers, for instance, utilise end-users’ premises,
facilities and tools to perform work. One of the ten key respondents we consulted
reported that many journalists, nominally freelance, work the same days and hours for
particular end-users every week, sit at the same desk, report to the same manager and
yet are paid gross. Subjection to high levels of end-user control, or high levels of worker
dependence, have led commentators to describe some self-employed workers as
“disguised wage labourers” (Rainbird, 1991), the “dependent self-employed” (Burchell
et al., 1999; Böheim and Muehlberger, 2006), “false or bogus” or “borderline”
self-employed (Greene, 2002), the “distanced workforce” (Druker, 1999), “reluctant
entrepreneurs” (Boyle, 1994; Stanworth and Stanworth, 1997a) or “entreployees”
(Pongratz and Günter, 2003). Examples of such arrangements are commonly provided
from the construction industry and from homeworking (Druker, 1999).

Second, as the research literature demonstrates, freelancers vary in the number of
end-users served at any particular point in time, and even more over the course of a
career (e.g. Fraser and Gold, 2001). End-user numbers are clearly relevant to worker
dependence and, consequently, to freelance status. Key respondents reported that
HMRC would only treat as freelance those working for two or more end-users. This
might, however, create anomalies. Freelancers often do not have a paying client at the
time work is performed, for example, photographers taking pictures for stock with a
view to subsequent sale. One respondent questioned whether a consultant working one
day per week for five different end-users should be considered freelance if another
working for a single end-user over the same period is not, where working
arrangements are otherwise similar. Those working for multiple end-users are clearly
easier to identify as freelancers in comparison with those with a single end-user during
a particular period.

Most researchers have focused on freelancers working for organisational end-users
(e.g. Baines, 1999; Muehlberger, 2007). Although perhaps much more common, limiting
the definition to those serving organisations might be unduly restrictive. Solicitors
working solely for personal clients, for instance, would be excluded. Respondents
reported other examples, including IT contractors installing home computer facilities,
designers of wedding name-place cards, and tutors providing educational services to
private individuals. Consequently, one might argue, those serving both organisational
and personal end-users might be defined as freelance.

Freelancers might also be distinguished from employees with respect to contract
duration. The longer the contract with a particular end-user, the more likely that
HMRC, and the courts might construe the relationship as one of employment rather
than a commercial contract. Contrast a writer submitting an unsolicited piece to a
magazine in the hope they will publish with a camera-man engaged for one to two days
to shoot a television commercial with an engineer hired to undertake oil and gas
exploration activities for periods of three to five years. We propose that those
supplying labour services to end-users over very long periods, as in oil exploration,
might be defined as freelance if they satisfy the other criteria in Table II.

Some might define freelance status only in terms of a full-time job. Individuals
might, however, work on a freelance basis in either a main or a second job, and on a
part- or full-time basis. We propose to define freelance status broadly, to include those freelancing part-time in a second job as well as full-time in main jobs. While part-time freelancers might be less visible to observers, their numbers are not negligible as we show later. Many combine part-time freelance work with paid employment or with domestic and caring roles (Mallon and Duberley, 2000; Gill, 2007; Damarin, 2006). Freelancers working for as little as an hour per week are caught within this broad definition.

**Freelancers or own-account workers?**
The discussion has focused primarily on the distinction between those genuinely in business on their own account, employees and employers, rather than between freelancers and other kinds of own-account worker. Freelancers might be defined as a distinct subset of own-account workers on the grounds of skill or occupation. Popular and academic conceptions of freelancing consider it to be the work of skilled professionals, arguably encompassing creative, managerial, professional, scientific and technical skills and occupations – groups often collectively described as “knowledge workers” because of their information processing, problem-solving and knowledge generation activities (e.g. Benson and Brown, 2007).

Defining freelance status in terms of skills or occupational categories, of course, only shifts the definitional problem: how should creative work, for instance, be defined? Official data sources might be of assistance here. The UK Standard Occupational Classification (SOC) 2010 distinguishes nine major occupational groups according to skill level and specialisation, defined in terms of the nature and duration of the qualifications, training and work experience required for competent performance (see Table III) (Office for National Statistics (ONS), 2010). SOC major groups 1-3, including “managers, directors and senior officials”, “professional occupations” and “associate professional and technical occupations”.

<table>
<thead>
<tr>
<th>SOC major group</th>
<th>Examples of occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers, directors and senior officials</td>
<td>Managers and proprietors in agriculture related services, transport and logistics, and health and care services</td>
</tr>
<tr>
<td>Professional occupations</td>
<td>Professionals in science, research, engineering and technology; health; teaching and education; business, media and public service</td>
</tr>
<tr>
<td>Associate professional and technical occupations</td>
<td>Health and social care associate professionals; protective service occupations; culture, media and sports occupations</td>
</tr>
<tr>
<td>Administrative and secretarial occupations</td>
<td>Book-keepers, credit controllers, legal secretaries</td>
</tr>
<tr>
<td>Skilled trades occupations</td>
<td>Skilled agricultural trades; metal, electrical and electronic trades; construction and building trades</td>
</tr>
<tr>
<td>Caring, leisure and other service occupations</td>
<td>Dental nurse, hairdressers and barbers, travel agents</td>
</tr>
<tr>
<td>Sales and customer service occupations</td>
<td>Sales and retail assistants; debt, rent and other cash collectors; call and contact centre occupations</td>
</tr>
<tr>
<td>Process, plant and machine operatives</td>
<td>Taxi driver, sewing machinist, scaffold</td>
</tr>
<tr>
<td>Elementary occupations</td>
<td>Farm worker, window cleaner, security guard</td>
</tr>
</tbody>
</table>

**Source:** ONS (2010)
professional and technical occupations”, it might be argued, correspond broadly with creative, managerial, professional, scientific and technical occupations and might, therefore, constitute a skill/occupation criterion for freelance status. Such a definition, it should be noted, would exclude the own-account workers involved in selling, cafes, hairdressing/beauty and care mechanics/valets studied by MacDonald (1996), milk deliverymen (Boyle, 1994) and independent contractors in direct selling (Brodie and Stanworth, 1998; Brodie et al., 2002). Clearly, different choices with regard to the occupational categories constituting freelance work might be made.

A methodological caveat needs to be entered here. Classifications such as SOC2010 presuppose homogeneity in occupations similarly defined, although in practice job titles may not be an accurate indicator of the skills required or used. Ideally, therefore, independent data on job content and the skills demanded of workers is required to substantiate such claims. Moreover, freelancers often possess skills spanning conventional occupational boundaries. Examples include the media freelancers discussed in Platman (2004) and the writers, editors, programmers and engineers in Osnowitz (2005). Alternatively, freelancers may combine unrelated occupations or professions (Clinton et al., 2005).

Freelancers, we contend, are a particular kind of small business owner. They are qualitatively different from small business employers, other own-account workers and employees. They can be distinguished from small employers because they do not employ others, from own-account workers because of the knowledge/skill-intensive services they provide and from employees on the grounds of their autonomy. It is arguable that the causes, processes and consequences of freelance working differ qualitatively in important respects from other forms of small business trading and that the freelance/non-freelance distinction is, or should be, important to researchers.

**Are freelancers a distinct kind of small business owner?**

Academic researchers typically use the term freelance to refer to own-account workers in creative and media occupations, including journalism (Baines, 1999), television and radio (Dex et al., 2000; Saundry et al., 2007), film (Davenport, 2006), publishing (Stanworth and Stanworth, 1995), public relations (Tench et al., 2002), translation services (Fraser and Gold, 2001), and artists (Menger, 1999). Own-account workers in other occupations tend to be described differently, as contractors or consultants in IT (e.g. Barley and Kunda, 2006), as interim managers (e.g. Goss and Bridson, 1998; Russell and Daniell, 2005), and as locums in social work (Kirkpatrick and Hoque, 2006). While most research has centred on creative and media occupations, we argue that own-account workers in managerial, professional, scientific and technical occupations should also be treated as part of the freelance workforce.

There are several ways in which the “distinctiveness” of freelancers might be addressed. Researchers might focus, for instance, on the people involved, the characteristics of the businesses they form, management practices, or the functions such businesses perform in the wider economy. Research has focused on: individuals’ motivations for becoming, and remaining, freelance (Granger et al., 1995; Mallon, 1998; Kunda et al., 2002; Hughes, 2003); experiences of freelance working, including work stress (Ertel et al., 2005), job insecurity (Stanworth and Stanworth, 1997a; Cohen and Mallon, 1999; Dex et al., 2000; Fraser and Gold, 2001) and the tensions arising from having to be ‘enterprising’ (Storey et al., 2005); commitment to the form of work (Felte
et al., 2008); networking to secure work assignments (Osnowitz, 2006; Antcliff et al., 2007); client relationships (Stanworth and Stanworth, 1997b; Mallon and Duberley, 2000) and the degree of client dependency (Stanworth and Stanworth, 1995; Fraser and Gold, 2001; Baines, 1999; Muehlberger, 2007); comparison of worker and end-user perceptions of their relationship (Redpath et al., 2009); learning and skill development (Platman, 2003; Storey et al., 2005; Mallon and Walton, 2005); processes of articulating and representing freelancers’ interests (Saundry et al., 2007) and even military (Rink, 2010) and criminal activities (Sales and Murphy, 2007). Research on the self-employed without employees (who may or may not be freelancers as defined here), report significantly higher levels of job satisfaction overall, with pay, and with the work itself, than employees do, but lower levels of satisfaction with job security (Taylor, 2004; Blanchflower, 2004). Much of this research does not explicitly contrast freelance working with other types of small business activity.

Individuals’ decisions to become and remain freelance must be situated within the context of broader economic, political and social forces that influence the demand for their labour services. Privatisation, market, technological and regulatory change, and organisational restructuring have all contributed to the externalisation of labour in recent decades. Organisations are increasingly seeking to match labour inputs more closely to commercial requirements to achieve numerical flexibility and cost savings (e.g. Stanworth and Stanworth, 1997b; Purcell and Purcell, 1998); using freelancers is one means of achieving this flexibility. Commercial contracts have replaced employment contracts in many cases, as jobs previously performed by employees have been outsourced to freelancers, many of who have been ex-employees (Boyle, 1994). There is some evidence of a growing use of temporary jobs for high discretion freelancers (Stanworth and Druker, 2006). A major example is the audio-visual sector where regulatory and technological change since the 1980s has produced changes in industrial structure, working practices and contractual arrangements (Antcliff, 2005). There are now a large number of very small companies, often one-person freelance businesses, supplying production, camera, sound, lighting, and editing services (Skillset, 2009)[7].

Our argument for greater research attention to be paid to freelance workers is supported by a number of features of the academic literature. First, studies have focused on a narrow set of occupations or sectors, notably those where the term freelance is used customarily. While this is understandable, it means data are scarce on occupations and sectors where workers satisfy the definition provided in Table II but are not usually referred to as freelance. Second, researchers have neglected to define freelance status, instead relying on conventional uses in particular work contexts. We therefore lack a definition of freelance status and, consequently, a clear understanding of how freelancing differs from other forms of small business trading. We argue that such a definition is both possible and useful for researchers. Third, the lack of aggregate data means the big picture of freelancer numbers and their personal, work and organisational characteristics is lacking. As official statistics on freelance workers do not exist in the UK, researchers have to construct measures from available data sources as best they can. Fourth, it is not clear where the UK stands internationally in terms of freelancer numbers and characteristics. Fifth, few studies have sought explicitly to examine the similarities and differences between freelancers and other types of small business owner. Do freelancers differ with regard to financing, securing
and handling clients, organising work tasks, learning and skill development, or in their attitudes to employing others? Such an approach should not, of course, overlook diversity *within* the freelance workforce; freelancers in different work settings might act quite differently. We now turn to the issue of estimating freelancer numbers in order to demonstrate their importance to the UK economy.

### Estimating the size of the UK freelance workforce

#### Official UK data sources

In this section, data are presented to demonstrate that freelancers constitute a large and growing segment of the UK business stock. Size estimates vary with the definition of freelance status adopted and the data sources used to derive them. As stated earlier, the UK has no official definition of freelance status, nor any data source specifically recording freelancer numbers. Official data sources provide a starting point for constructing size estimates, including the Labour Force Survey (LFS) and the Business Population Estimates (BPE) published by the Department for Business, Innovation and Skills (BIS) (2011)[8]. The two sources take different units of analysis – workers and businesses – although the BPE figures incorporate LFS data (BIS, 2011). Estimates should be treated with caution as they rely on data sources created for purposes other than quantifying freelancer numbers and are known to be subject to error.

BPE data for 2010 suggests there were 4.48 million businesses in the formal UK economy, of which 3.29 millions were businesses without employees (defined as sole proprietorships and partnerships without employees, and companies with a sole director). An estimated 3.53 million people worked in these businesses and, therefore, were potentially a part of the freelance workforce: these include 2.59 million sole proprietors, 446,000 partners and 498,000 sole directors in limited companies[9]. BIS data do not permit disaggregation by skill level or occupation in order to isolate freelance workers as defined here. The 3.53 millions figure includes many who do not satisfy the skill/occupation criterion of freelance status proposed earlier.

#### Labour force survey data

The LFS provides quarterly estimates of UK self-employment and employment based on interviews with approximately 120,000 adults aged 16 and over in more than 50,000 households. The LFS categorises respondents as either employees or self-employed in main jobs and, if relevant, second jobs during a specific reference week. Results are grossed up to be representative of the adult population. LFS data are subject to a number of potential errors (Machin, 2008), which might influence the estimates derived. First, the LFS is based on individuals’ self-reports and is, therefore, liable to error if respondents report incorrectly; this has tended to lead to over-reporting of self-employment. Second, approximately one quarter of responses are obtained from proxy respondents which increases the possibility of error; in practice, however, follow-up studies suggest they do not affect estimates of work status (Office for National Statistics (ONS), 2006). Third, LFS excludes certain groups – temporary foreign workers, those with three or more jobs and those with freelance work engagements outside the survey reference period – leading to an underestimation of self-employment. With these caveats in mind, the data are examined in the following.

LFS self-employment data provide the starting point for estimating freelancer numbers. Using unpublished LFS data from the UK Data Archive, it is possible to
distinguish the self-employed without employees from self-employed employers and to focus on specific occupational groups in order to narrow in on the freelance workforce. The majority of the self-employed in April–June 2010 – the latest period for which data are available – worked alone or with partners, but did not employ others, in both main and second jobs (82 and 92 per cent respectively) (Office for National Statistics (ONS), 2011a).

LFS data allow four separate freelancer groups to be identified and their numbers estimated. The first group refers to those working freelance in main jobs, the rest to those freelancing in second jobs with some other status in main jobs:

1. The self-employed without employees, working alone or with partners, in main jobs in an SOC1-3 occupation.
2. The self-employed without employees, working alone or with partners, in a second job in an SOC1-3 occupations and who are:
   a. employees in main jobs;
   b. self-employed employers in main jobs; or
   c. self-employed without employees, working alone or with partners, in main jobs in an SOC4-9 occupation.

Table IV presents data for the four freelancer groups for April–June 1992 and for April–June 2011, the earliest and latest periods for which data are freely available from the UK Data Archive (ONS, 1992, 2011a)[10]. Comparison of 1992 and 2011 data suggest freelancer numbers have increased by approximately 50 per cent over the period. The 1992 data suggest approximately 1.04 million self-employed without employees in main and second jobs in SOC1-3 occupations (column e). For April–June 2011, the figure was approximately 1.56 millions, including 1.35 millions in main jobs (column a) and a further 207,000 in second jobs (adding columns b to d). These figures probably include a number who either HMRC or the courts would consider employees, suggesting a downward revision of unknown magnitude of the estimates would be appropriate[11].

LFS data might be thought to understate freelancer numbers because those operating through limited companies or through umbrella companies are employees rather than self-employed. The LFS does, however, capture at least some company owner-directors and possibly umbrella workers too. LFS respondents reporting as self-employed in their main job, or not paid directly by an employer, are prompted to describe themselves using up to four possible responses from a list of seven categories. Unpublished LFS data for the self-employed without employees in SOC1-3 occupations in main jobs, for the April–June 2011 period, provides figures for each of these seven categories (ONS 2011a)[12]:

1. Working for yourself (955,553).
2. Running a business or a professional practice (355,925).
3. Doing freelance work (315,323).
4. A partner in a business or a professional practice (155,717).
5. A sole director of your own limited business (152,196).
6. A sub-contractor (105,649).
7. Paid a salary or wage by an agency (27,882).
<table>
<thead>
<tr>
<th>SOC major group</th>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
<th>(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>April-June 1992</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOC1 managers and senior officials</td>
<td>425,668</td>
<td>31,995</td>
<td>5,240</td>
<td>7,047</td>
<td>469,950</td>
</tr>
<tr>
<td>SOC2 professional occupations</td>
<td>194,963</td>
<td>40,366</td>
<td>2,010</td>
<td>398</td>
<td>237,737</td>
</tr>
<tr>
<td>SOC3 associate professional and technical</td>
<td>281,424</td>
<td>40,993</td>
<td>1,926</td>
<td>4,435</td>
<td>328,778</td>
</tr>
<tr>
<td>All SOC 1-3 occupations</td>
<td>902,055</td>
<td>113,354</td>
<td>9,176</td>
<td>11,880</td>
<td>1,036,465</td>
</tr>
<tr>
<td><strong>April-June 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOC1 managers, directors and senior officials</td>
<td>314,948</td>
<td>29,756</td>
<td>2,477</td>
<td>5,465</td>
<td>352,646</td>
</tr>
<tr>
<td>SOC2 professional occupations</td>
<td>492,813</td>
<td>77,813</td>
<td>3,621</td>
<td>2,415</td>
<td>576,662</td>
</tr>
<tr>
<td>SOC3 associate professional and technical</td>
<td>544,360</td>
<td>78,528</td>
<td>637</td>
<td>7,027</td>
<td>630,552</td>
</tr>
<tr>
<td>All SOC 1-3 occupations</td>
<td>1,352,121</td>
<td>186,097</td>
<td>6,735</td>
<td>14,907</td>
<td>1,559,860</td>
</tr>
</tbody>
</table>

**Notes:** Includes the self-employed without employees, either working alone or with a partner, in main jobs and second jobs. Data weighted according to age, sex and region of residence in order to be nationally representative

**Sources:** ONS (1992, 2011a)
Most respondents report “working for self” (955,000). Just over 315,000 report “doing freelance work” but, given sectoral variation in the use of the term, this figure probably understates freelancer numbers. Those working in an SOC3 occupation, which includes creative and media jobs, were much more likely to report doing freelance work than those in SOC1-2 occupations. Furthermore, 152,000 respondents reported being the sole director of a limited business, a figure likely to include many company owner-directors. Umbrella workers participating in the LFS cannot identify themselves as such; it is impossible, therefore, to derive an estimate of their number from LFS data[13]. Respondents suggested there may have been as many as 250,000 umbrella workers in the UK in 2008 – the Government propose a figure of 100,000 (HM Treasury/Her Majesty’s Revenue and Customs (HMRC), 2008) – depending on the definition of freelance status adopted.

Commentators have interpreted the increase in own-account and freelance work in mature market economies in recent decades in various ways. Those preferring the “portfolio” (Smeaton, 2003) or “free agency” model (Kunda et al., 2002), refer to the positive choice to supply labour services as independent contractors to a range of business clients (Knell, 2000). These “gold-collar” workers (Kirkpatrick and Hoque, 2006) are typically highly-skilled and highly-paid. In contrast, the “marginalisation model” (Smeaton, 2003) treats own-account work as “non-standard”, “flexible”, “contingent”, “atypical” or “vulnerable” work (TUC, 2008), typically lesser-skilled, lower-paid and insecure, a consequence of large private and public sector organisations externalising jobs. “Non-standard” workers include the nominally self-employed but who, in practice, lack the resources and autonomy conventionally associated with independent business ownership and who might be better described as “disguised employees”. Although both types of worker, no doubt, have increased in number in recent years, only those fitting the portfolio model should be considered freelance.

It is likely that freelancer numbers will increase in future. Occupational forecasts indicate significant increases in the number of managers and senior officials, professional occupations and associate professional and technical occupations (UK Commission on Employment and Skills (UKCES), 2008), a trend evident across Europe (CEDEFOP, 2008), and, to a lesser degree, a rise in self-employment. The recent recession appears to have stimulated expansion of the UK freelance workforce. During the 1980s, the last period to witness a substantial rise in UK unemployment, there was also a very large increase in self-employment without employees (Hakim, 1988). During the 3.5-year period from October-December 2007 to April-June 2011, UK unemployment rose approximately 56 per cent from 1.6 to 2.49 millions (Office for National Statistics (ONS), 2011b). Over the same period, the freelance workforce has risen approximately 11 per cent from 1.40 to 1.56 millions (Office for National Statistics (ONS), 2011a).

Conclusions
This paper has considered the case for freelancers to be granted greater research attention than hitherto. They are qualitatively different from other types of small business owner and quantitatively important to the UK economy. A conceptualisation of freelance status has been proposed and a qualified size estimate of the UK freelance workforce provided. The proposed definition, one that arguably accords closely with academic and popular conceptions of freelance status, is sufficiently focused to ensure
those so defined share certain key properties, while being sufficiently broad to encompass their likely heterogeneity. Previous research has studied various groups of freelance workers but remains concentrated on a narrow range of occupations and sectors. The definition proposed here permits identification of many types of freelancer largely neglected by researchers.

Although official UK data sources are not entirely adequate to the task of estimating the size of the freelance workforce, we have made the case for their use as a basis for deriving such estimates, albeit with qualification. Researchers must construct estimates as best they can from available data sources. The Labour Force Survey provides a useful starting point but researchers should be aware of its limitations. LFS data suggest that freelancers constitute a large and growing segment of the UK small business population, approximately 1.56 million people, constituting an increase of 50 per cent since 1992, although arguably, this figure should be revised in two ways – downwards, to take account of those not genuinely in business on their own account, and upwards to incorporate umbrella workers. Long-term occupational forecasts suggest that freelancer numbers are likely to increase in the coming decade.

Freelancers’ motivations, experiences of business ownership, and the wider social, economic and political causes and consequences of freelance working are, or should be, issues of profound interest to researchers. Prior research has provided insights into these issues but few studies have sought to examine the similarities with, and differences between, freelancing and other types of small business trading. Moreover, many studies are now at least a decade old. Freelancers are not simply smaller-scale versions of businesses with employees; nor do they resemble other own-account workers in all respects. Freelancers and other own-account workers share certain characteristics but possibly also differ with regard to motivations, management activities and business performance. The heterogeneity of the freelance workforce might also be fruitfully investigated. There is no typical freelancer; they vary in personal, work and organisational characteristics and these are likely to influence business processes and outcomes. Freelancers might also play different roles in the wider economy, supplying straightforward numerical flexibility in some circumstances and contributing highly valued innovative knowledge and skills in others. All of these issues should be of paramount concern to small business researchers.

Notes
1. End-users of labour services include both employers, who hire workers under contracts of service, and clients, who engage workers under contracts for services.
2. Available at: www.freelancersintheuk.co.uk/ (accessed 5 September 2011).
4. Freelancers may, of course, subcontract work to others. Should the tax authorities or the courts consider these others to be employees, the freelancer would be reclassified as an employer.
5. Directors may or may not be employees, depending on whether they have a contract of service with the company (Pitt, 2007).
6. HMT/HMRC (2008) estimated there to be approximately 120 umbrella companies in the UK during 2008, while acknowledging the number might be higher.
7. Freelancers are defined as those on contracts of 364 days or less, including employees as well as those taxed under Schedule D (Skillset, 2009, p. 25).

8. Business Population Estimates for the UK and Regions 2010 are the first based on a new, revised methodology, which means estimates are not directly comparable with those provided by previous editions of SME Statistics. The net impact of the revisions has been to reduce estimates of the number of UK enterprises by approximately 400,000. Available at: http://stats.bis.gov.uk/ed/bpe/ (accessed 5 September 2011).

9. Data available at: http://stats.bis.gov.uk/ed/bpe/ (see Table III) (accessed 5 September 2011). These figures exclude companies with multiple owner-directors and no other employees, a group that might also include freelancers.

10. Given the growth in UK self-employment and business ownership during the past three decades, particularly among those without employees (Hakim, 1988; OECD, 2000: ch. 5), and the expansion of managerial and professional occupations, freelancer numbers are likely to have increased for a longer period than that covered here. Self-employment jobs, including workers in main and second jobs, almost doubled from 2.29 millions in June 1978 to 4.35 millions in March 2011 (seasonally adjusted), JOBS01 dataset, Workforce Jobs Summary, published August 17, available at www.ons.gov.uk/ons/publications/re-reference-tables.html?newquery = *&newoffset = 25&pageSize = 25&content-type = Reference + table&edition = tcm%3A77-222417 (accessed 5 September 2011). Many of these are likely to have been freelance workers, as defined here.

11. It is possible, too, that some freelancers have been classified as employees, for example, umbrella workers, suggesting an upward revision of freelancer numbers might be appropriate. Again, it is not possible to estimate these on the basis of LFS data.

12. These figures do not include those working self-employed without employees in second jobs and, consequently, understate the numbers who would define themselves in terms of the seven response categories. No data were available for 19,088 cases.

13. Identifying umbrella workers through LFS would require the addition of an eighth category to the response list above. It would also require the routing of respondents reporting as employees to the list. Currently, only those reporting as self-employed, or as employees not paid directly by an employer, are directed to it.

References


A neglected form of small business?


Further reading


Corresponding author

John Kitching can be contacted at: j.kitching@kingston.ac.uk

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