



FREELANCING IN AMERICA: **2017**

An independent, annual study commissioned by Freelancers Union & Upwork



Freelancers are on track to be the majority of the workforce within a decade.

And they're increasingly more likely to be on the cutting edge of their industries as AI and automation technology transform every part of the economy.

Freelancing in America: 2017 is our fourth annual report on the state of freelance work, and the most comprehensive measure of the US independent workforce.

Freelancers have been growing steadily as a share of the workforce for years. That growth is now outpacing the overall workforce's growth so dramatically that we project freelancers will be the majority of the U.S. workforce by 2027. Not only are freelancers growing in numbers and economic impact, but they are also maturing as a workforce and emerging as a more innovative, forward-thinking pool of workers compared to their counterparts in the traditional job market.

This year, the survey provides a fascinating look at how artificial intelligence and automation are causing tremendous economic transformation and how the workforce is already experiencing and adapting to those changes. While this kind of technology is changing many industries for both freelance and non-freelance workers, freelancers have a greater awareness of the transformation and are better preparing for the future. Freelancers are more likely to prepare by actively re-skilling than non-freelancers — in fact, more than half of

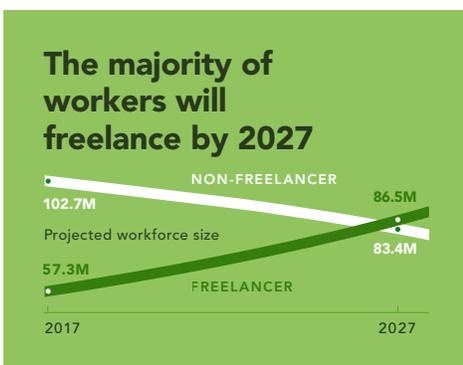
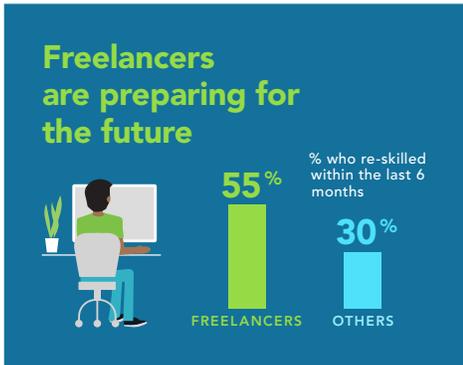
freelancers participated in some kind of skill-related education in the last six months, while less than a third of non-freelancers did so. They're also seeking to diversify their services and their clients.

More workers are freelancing full-time and by choice than ever before. They are increasingly opting into a different way of working and bringing in income. In fact, many freelancers say that pursuing diverse income streams is more reliable today than having a single employer. This way of working also brings unique challenges. While the workforce overall struggles with debt, saving money, and accessing affordable health care, freelancers face a unique challenge when it comes to income predictability and would be more likely to vote for a politician that will recognize their issues. In fact, 72% of freelancers say they're ready to cross party lines to support policymakers who will advocate for them.



KEY FINDINGS:

At its current growth rate, the majority of the U.S. workforce will be freelancers by 2027.



AI is changing the future of work, and freelancers are at the forefront.

- We are in the Fourth Industrial Revolution. 54% of the U.S. workforce is not very confident that the work they do today is likely to exist in 20 years (freelancers and non-freelancers share this belief).
- Freelancers are more aware of job market transformation. 49% of full-time freelancers indicate that their work has already been affected by AI and robotics, versus only 18% of full-time non-freelancers.
- Freelancers update their skills more often and believe they're better prepared than traditional employees for the future. 65% of full-time freelancers say they're updating their skills as jobs evolve, versus only 45% of full-time employees.

Within a decade, the majority of our workforce will freelance.

- 57.3 million people freelanced this year.
- The freelance workforce grew at a rate 3x faster than the U.S. workforce overall since 2014.
- Younger generations are driving the acceleration of freelancing. Almost half of Millennials (47%) freelance, more than any other generation.
- At its current growth rate, the majority of the U.S. workforce will be freelancers by 2027.

Top drivers and barriers to freelancing

DRIVERS

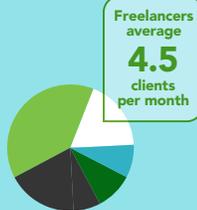
- ✓ Freedom
- ✓ Flexibility
- ✓ Earning Extra Money

BARRIERS

- ✗ Income predictability
- ✗ Finding work
- ✗ Benefits

More income sources are better

Freelancers think having diversified income is more secure than one employer (63% agree)



Tech is enabling freelancing

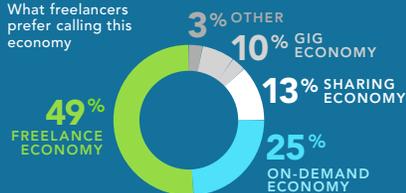
71%

of freelancers say the amount of work they obtained online increased over the past year



Don't call this the gig economy

What freelancers prefer calling this economy



Freelancers contribute an estimated

\$1.4 Trillion

annually in freelance earnings to our economy

Freelancers are increasingly opting in, looking for freedom, flexibility, and the better security that comes with having diverse clients.

- Perceptions of freelancing as a career are becoming more positive (69% of freelancers agree, up 6 points since 2016).
- The main motivations for full-time freelancers are freedom and flexibility, with part-time freelancers driven by earning extra money as well as flexibility.
- Freelancers increasingly think having a diversified portfolio of clients is more secure than one employer (63% agree, up 10 points since 2016) and have an average 4.5 clients per month.
- Freelancers are finding more work online. 71% say the amount of work they obtained online has increased over the past year (up 5 points since 2016).
- Don't call this the "gig economy" — results show respondents much prefer the "freelance economy" (49% prefer, approximately 5x more than the 10% who prefer "gig economy").

Freelancers are an economic engine, but they face some unique financial challenges.

- Freelancers contribute approximately \$1.4 trillion to the U.S. economy annually, an increase of almost 30% since last year.
- Freelancers and non-freelancers share many of the same key concerns, which include access to affordable healthcare, debt, and the ability to save.
- That said, freelancers have a unique top concern — income predictability. Freelancers therefore dip into their savings more often, with 63% of full-time freelancers dipping into savings at least once per month versus only 20% of full-time non-freelancers.
- 7 out of 10 freelancers prefer taking home more pay and purchasing benefits on their own, rather than receiving less pay and accessing benefits through an employer or client.
- Freelancers are seeking a voice beyond political affiliation. 72% of freelancers are open to crossing party lines if a candidate indicated that they supported freelancer interests.

Freelancing in America: 2017

The traditional pillars of work in America — commuting, a 9-to-5 workday, a single long-term employer — have been eroding for decades. An increasing number of Americans are forgoing work with a single employer — and the access to benefits like health insurance and retirement plans that go with it — in favor of the autonomy and flexibility that comes with freelancing. Freelancing has become a commonplace and respected way to make a living, and now it's poised to flip the workforce on its head: freelancers are on track to become the majority of the U.S. workforce by 2027, or even sooner if the rate of freelance workforce growth continues to accelerate.

Freelancers are on track to become the majority of workers by 2027 – even sooner if the rate of growth continues to accelerate.

For the fourth year in a row, Freelancers Union and Upwork have commissioned the most comprehensive survey of independent workers in order to gain insights into their experiences, concerns, and needs. This year, we found that freelancers are growing in both numbers and status, that they are more likely to be deepening and expanding their skills than non-freelancers, and that they represent an enthusiastic voting bloc.

Don't call this the "gig economy." Nearly half of respondents prefer to call it the "freelance economy."

Today, 57.3 million Americans are doing some kind of freelancing, meaning they perform supplemental, temporary, project- or contract-based work to fully or partially support themselves. In the last 12 months, they comprised 36% of the workforce and pumped nearly \$1.4 trillion into the economy. Not only has the freelance workforce exploded in size, it's also matured. More than two-thirds of survey respondents told us that perceptions of freelancing as a career are becoming more positive (69%) and that professionals at the top of their fields are choosing to work independently (67%). At the same time, younger workers are driving the growth of freelancing; nearly half of millennials (47%) freelance, more than any other generation. Oh, and don't call this the "gig economy." Results show that nearly half of respondents prefer to call it the "freelance economy."

47% of Millennials are freelancing

Freelancers appear to have more awareness that artificial intelligence (AI) and automation technology are transforming the job market. While freelancers and non-freelancers share the belief that the "Fourth Industrial Revolution" will change or make their jobs obsolete, our survey found that freelancers are far likelier to indicate that their jobs have already been affected by AI and robotics. 49% of full-time freelancers say they have seen the impact of those forces, compared with only 18% of full-time non-freelancers. And while technological innovation is changing the realities of work for everyone, our survey found that freelancers are more likely to be keeping pace. Whether it's sharpening their skills, acquiring new skills, or finding ways to diversify

their offerings, many freelancers are exhibiting a level of innovation that's above and beyond their traditional counterparts. More than half of freelancers participated in some kind of re-skilling in the last six months, while less than a third of non-freelancers did so. And freelancers are an enterprising bunch; they're doing this on their own and continuing to stay at the leading, and bleeding, edge of their professions to build their businesses.

Nearly two-thirds (63%) of freelancers told us that having a diversified portfolio of clients is more secure than having a single employer

Building a diverse portfolio of clients is a key strategy for freelancers. Nearly two-thirds (63%) of freelancers told us that having a diversified portfolio of clients is more secure than having a single employer, and on average freelancers have 4.5 clients per month. To find those new clients, freelancers have, unsurprisingly, turned to the Internet. 71% say the amount of work they obtained online increased over the past year, up 5 percentage points since 2016. When asked if they had ever obtained a freelance job online, 59% of respondents said yes, up 17 percentage points since 2014.

Increasingly, freelancers are opting in, with around two-thirds (63%) saying they began freelancing by choice, rather than out of necessity. Many say that they would value the freedom and flexibility that comes with independent work. At the same time, freelancing has its challenges. Many freelancers worry about income predictability, finding enough work, and accessing affordable health care and other benefits. Unpredictable income makes saving money a challenge, with 56% of full-time freelancers saying they have \$5,000 or less in savings, (compared with 49% of non-freelancers),

and 63% dip into their savings at least once per month. Access to affordable health care also remains a major issue for freelancers. They are likely to support the Affordable Care Act, and 7 out of 10 prefer taking home more pay and purchasing benefits on their own, rather than receiving less pay and accessing benefits through an employer or client. And just like other workers, they're also concerned about paying off debt and saving for retirement.

Freelancers haven't yet coalesced around a slate of potential political motivations, but the desire to do so is growing. A strong majority (67%) told us that they are more likely to vote for a candidate who supports their interests, and a whopping 72% of freelancers are open to crossing party lines for that candidate.

72% of freelancers say they're ready to cross party lines to support policymakers who will advocate for them.

Conclusion:

Not only has freelancing become more prevalent, it's about to become the norm. Within the next decade, workers will be more likely to do some kind of freelance work than not. As AI and automation technology continue to change the nature of work for all Americans, freelancers will play a key role in delivering the skills needed for the future — already they are continuously updating their skills and finding ways to diversify the services they offer in order to stay competitive. The freelance workforce will face new challenges related to skills, predictability, and access benefits and supports outside of the employer system as more people choose to work independently.

We're Living in the Fourth Industrial Revolution.

AI and automation are transforming the way we work. Through agility and ingenuity, freelancers are at the forefront of that change.

Freelancers are preparing for the future



Over half (54%) of the US workforce is not confident that the work they do today will exist in 20 years, freelancers and non-freelancers included.

Freelancers have better awareness of how their work is changing. 49% of full-time freelancers agree that their work has already been affected by automation, compared to only 18% of full-time non-freelancers.

And over half of full-time freelancers are concerned about the impact of automation on their livelihoods — compared to only 29% of full-time non-freelancers.

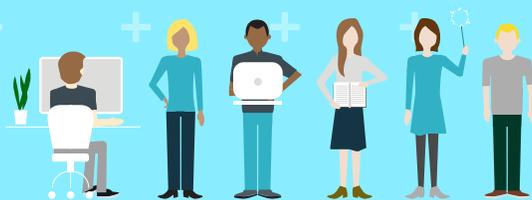
Freelancers are seeking out further training and education more than their non-freelancer counterparts. More than half of freelancers participated in re-skilling in the

last six months, while less than a third of non-freelancers did so.

Freelancers say they are nearly twice as likely to be better prepared to succeed in a world where AI or automated technology does the work of humans. And they're not just tooting their own horns — even 30% of non-freelancers agree.

Automation is driving broad transformation in what the workforce needs, so freelancers are refreshing their skills to ensure they're remaining relevant by providing some of the hottest emerging skills. For example, the fastest-growing skills for freelancers include:

- Virtual reality-related skills
- Natural language processing
- Econometrics



Freelancing in America is an independent study commissioned by Freelancers Union & Upwork, and conducted by Edelman Intelligence.

Learn More at www.FreelancersUnion.org/FreelancingInAmerica2017

