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Freelancer as an owner-manager – the challenges and opportunities of knowledge-based self-employment

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Abstract

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The purpose of the study was to provide an insight to the field of freelancing and a general guideline on the topic for starting freelancers. The research questions included: What is freelancing and what does it entail? How does freelancing compare to the common concept of entrepreneurship? What are the most important issues to consider when becoming a freelancer? For this purpose freelancers were categorised as one form of owner-managers and the concept of entrepreneurship and small business were discussed, so as to define how freelancers differ from the common concept of entrepreneurship. A secondary aim of the study was to raise awareness of freelancing as a research topic to promote further research.

The information and data used in the thesis were gathered from various literature and Internet sources. Theoretical concepts discussed in the study include entrepreneurship, small business, owner-managers and freelancing. The concepts were studied to provide a background for freelancing and how it relates to entrepreneurship. The empirical data was gathered from an existing survey on freelance translators, journalists and artists in Finland. The survey was part of a wider study on entrepreneurship completed by the Finnish Ministry of Labour.

The results of the study indicated that freelancing presents workers with various demands that require forethought and preparation, but also provides them with a unique freedom and independence without the common constraints associated with traditional entrepreneurship. It would be wise to study freelancing more extensively, so as to provide more cohesive data on the topic and to better promote the field to prospective employers as well as workers.

Keywords: Freelancing, freelancer, owner-manager, entrepreneurship, self-employment

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1 Introduction

The etymology of freelancer traces back to the medieval Europe, where a free lance was a knight unsworn to an overlord and as such free to sell his services (Osnowitz 2010, p. 20). Nowadays, freelancers are self-employed professionals often working in creative, managerial or technical fields, i.e. so-called knowledge workers. They do not employ others, distinguishing them from small business owners, and they have more autonomy than employees, since they are not dependent on their employers. (Smallbone & Kitching 2012.) The term freelancer is often associated with certain professions, such as translation, journalism and graphic design, due to the fact that freelancing has been fairly common in these fields. In other words, freelancing is not a new phenomenon, but it is becoming more popular in general, due to the restructuring of organisations and the growing need for flexibility in the employment market because of quickening pace of change (Osnowitz 2010, pp. 32 – 33).

Companies are moving from task-orientation towards project-orientation requiring more skilled experts for project work (Greenwald 2009). For employees this means that long-term career paths are not as common as before and part-time work is becoming more prominent. Entrepreneurialism, initiative and adaptability are characteristics that are becoming essential in today's labour market (Osnowitz 2010, p. 8). In some countries, like the US, freelancing has become quite a phenomenon and many people have turned to freelancing as a career opportunity, leading to terms such as 'freelance economy' (Greenwald 2009). Occupational forecasts also claim that freelancers will increase in number in the future (Smallbone & Kitching 2012).

Even though the number of freelancers has grown with the changing economy, entrepreneurial researchers have not paid much attention to freelancers' economic importance. They are often merely relegated to the position of exploited workers or underachieving entrepreneurs, but not discussed in their own right. (Burke 2011.) In entrepreneurial research, the term freelancing is often used when referring to own-account workers in creative or media fields.

Few studies have thoroughly examined the differences between freelancers and other type of small business owners. (Smallbone & Kitching 2012.) Freelancers can also be seen to function as their own entity at the boundary between entrepreneurship and employment (Österberg et al. 2007).

As freelancing is increasing its relevancy in the economy, it provides an interesting research topic in the field of entrepreneurship. It shows that entrepreneurialism can manifest in different forms with different challenges.

1.1 The objectives and research questions of the study

The purpose of the study is to provide an insight to the field of freelancing and a general guideline on the topic for starting freelancers. The study aims to define what freelancing is and what it entails. Freelancers will be categorised as one form of owner-managers and the concept of entrepreneurship and small business will be discussed, in order to define how freelancers differ from the common concept of entrepreneurship. A secondary aim of the study is to raise awareness of freelancing as a research topic to promote further research.

Research questions include: What is freelancing and what does it entail? How does freelancing compare to the common concept of entrepreneurship? What are the most important issues to consider when becoming a freelancer?

1.2 Delimitations

Freelancing is a difficult phenomenon to define, since freelancers can be classified as either workers or entrepreneurs - or somewhere in between. As freelancers can be situated anywhere in the continuum of employee and entrepreneur, research on the topic can adopt fairly different points of view. This means that studies on freelancing can focus on various issues. For example, a study with an employee viewpoint might focus more on the position of the

freelancer in the hiring organisation, as well as, the differences between regular employees and freelancers - often referred to as contingent or contract workers (e.g. Osnowitz 2010).

This study defines freelancers as owner-managers, a subset of small business owners. Hence the focus will be on the concept of entrepreneurship and freelancing will be discussed from that point of view. The entrepreneurial viewpoint was chosen to highlight the entrepreneurial aspects of freelancing and the risks and benefits related. It is important to remember that even though freelancers may not be 'true' entrepreneurs they still face some common risks and need to consider many of the same issues as entrepreneurs, e.g. marketing, selling and accounting.

In addition, the empirical data will focus on freelance translators, interpreters and journalists, meaning that the findings of the study are not all-inclusive. However, the empirical data combined with the discussed theory will hopefully provide a tentative general view on freelancing and its challenges.

1.3 Literature review

As freelancing is becoming more relevant in the economy, it would seem to provide an interesting research topic. However, studies on freelancing seem to be fairly scattered due to the fact that freelancing as a concept is quite tricky to define. It would seem to be clear that freelancers are self-employed, but are they workers or entrepreneurs – or both? This question shows one essential problem with defining and studying freelancing; especially as freelancers themselves have different standpoints (Österberg et al. 2007).

There is then no common literature on the topic of freelancing that would provide a general view on the phenomenon. Most studies have focused on certain professional fields, such as media (e.g. Storey et al. 2005), or to certain aspects of freelancing like networking, client relationships and job insecurity etc.

(Smallbone & Kitching 2012). Many studies also seem to focus on the aspect of freelancer as an employee, discussing the organisational position of the freelancer and the differences between regular employees and freelancers (e.g. Osnowitz 2010). In these cases, they are often referred to as contract workers, contingent workers or portfolio workers. Because of the dual nature of freelancing, freelancers are also sometimes relegated to a no-man's zone with commission salespersons and the like, somewhere between employment and self-employment (Parker 2004, p.7), which makes them hard to study in their own right.

In entrepreneurship research, freelancers are often viewed as either exploited workers or underachieving entrepreneurs and are rarely studied in their own right (Burke 2011, p.1). Freelancers are often categorised as a subset of small business owners: owner-managers or own-account workers (Burke 2011, Smallbone & Kitching 2012). Studies on freelancing rarely try to define any possible distinctions between freelancers and other owner-managers, even though it might provide some new insights to freelancing and the field of small business (Smallbone & Kitching 2012).

Burke (2011) suggests that freelancers could be seen as enablers of entrepreneurship, since they are providing labour force on contingent terms reducing the risk of entrepreneurs and hence promoting entrepreneurial activity.

1.4 Theoretical framework

Since the research will position freelancing as an entrepreneurial activity, the concept of entrepreneurship will be discussed to provide a general background for the topic. This will include traditional views on entrepreneurship and the most common characteristics of entrepreneurs. Following this, the concept of small business will be discussed shortly to provide a stepping stone into the topic of owner-managers. After this general review, the particularities of owner-managers will be compared to other forms of entrepreneurship, in order to

determine how owner-managers differ in their actions, as well as, motivations. From here on the concept of freelancing will be defined and discussed in depth. Also, the topic of knowledge intensive services will be looked into shortly, as freelancing is commonly associated with experts providing various knowledge services.

1.5 Research method

The empirical part will be based on an existing study, so there will be no data gathering involved in the research process. The empirical data is taken from a research done by the Finnish Ministry of Labour: *At the boundaries between entrepreneurship and waged work? Organising work and livelihood in different professions in the 21st century in Finland*. The research concentrates on freelance translators, journalists and artists and it was done as part of a larger research on employment and entrepreneurship in Finland. The research aim was to study professions at the boundary of entrepreneurship and waged work in order to provide a view into different ways of becoming an entrepreneur. The research was partly based on a survey, submitted to freelance journalists, translators and artists, for which there was approximately 1000 respondents. The survey data was divided into two parts: profession-based entrepreneurs and portfolio workers. The first group consists of freelance journalists and translators, which provides the empirical data used in this study. (Österberg et al. 2007).

The empirical data will be analysed and discussed from the point of view of the current study, in order to answer the research questions posed. The aim is to consider questions, such as, how freelancers define themselves, why they have become freelancers, what sort of planning has taken place before becoming a freelancer, how they have organised their work etc.

Naturally, as the used data is focused on only two professions, it does not offer an overall view on freelancers' motivations and issues. However, the analysis

may give a tentative guideline on what could be some major aspects affecting freelancers in general.

1.6 Structure of the thesis

The thesis begins by defining all major theoretical concepts relating to the topic. The first concept to be discussed is entrepreneurship and its characteristics, after which the study will discuss the concept of small business in general. This will provide a background for a deeper discussion on owner-managers and their particularities. After this the thesis will move onto examine the concept of freelancing and the related issues. The theoretical part will provide a definition for freelancing and describe what freelancing involves and how it relates to entrepreneurship.

The empirical part will examine the findings from the study done by the Finnish Ministry of Labour. The empirical data will be utilised to provide answers to the research questions. This part will discuss what the major issues relating to freelancing are. After discussing the major theoretical concepts and analysing the empirical data, the study will summarise the findings and present conclusions. In this part, the study will summarise what freelancing is, how it differs from other forms of entrepreneurship and what are the essential elements that need to be taken into account when becoming a freelancer.

2 Entrepreneurship

Entrepreneurship is a fairly difficult concept to define and there are multiple theories and definitions for entrepreneurs, which often overlap or conflict with each other. Entrepreneurs are self-employed individuals meaning that they earn their income by exercising their profession on their own account and at their own risk. (Parker 2004.) However, there are many forms of self-employment and entrepreneurship is merely one alternative. This means entrepreneurship requires further definition.

2.1 Defining entrepreneurship

Traditional ideas on entrepreneurship from Jean-Baptiste Say to Schumpeter have provided a basis for many definitions of entrepreneurship and there are some major themes that can be found in many entrepreneurial theories. Some suggest risk-bearing and uncertainty are the main factors distinguishing entrepreneurs from other forms of self-employment. Innovation is another major factor associated with entrepreneurship, e.g. the Schumpeterian tradition and the view that entrepreneurs are creators of new combinations. Entrepreneurs have also been long defined as business-owners co-ordinating factors of production. (Parker 2004.) Furthermore, employment creation and the aim for growth are considered to be elements of entrepreneurial activity. (Morris 1998.)

Entrepreneurship can also be considered as a process which has various steps: from identifying an opportunity to managing the business. This view makes entrepreneurship seem more obtainable and not just an activity reserved for individuals in possession of certain entrepreneurial characteristics. There are then various components that can be associated with the concept of entrepreneurship. The importance of those components varies depending on the context. (Morris 1998.)

Contemporary thoughts on entrepreneurship are summarized by Morris (1998) as follows:

“Entrepreneurship is the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organizational context and results in a variety of possible outcomes, including new ventures, products, services, processes, markets, and technologies.” (p. 16.)

Morris further defines that entrepreneurship can be seen to have attitudinal and behavioral components. These components are the willingness to take on new opportunities and to take responsibility for effecting change and the set of activities required to implement an idea. Three dimensions underlie these components: innovativeness, risk-taking and pro-activeness. (Morris 1998, pp. 17 – 18). As these dimensions can vary in their intensity from context to context, there is an assumption that there can be different degrees of entrepreneurship, i.e. some ventures are more innovative and some riskier (Morris 1998). This supports entrepreneurial views that suggest there are different types of entrepreneurship, e.g. Vesper's categories (Hoy et al. 1984, p. 356).

Burns (2007) combines the most common characteristics of entrepreneurship for a definition, stating that entrepreneurs use innovation to exploit and create change and opportunity for the purpose of making profit and that they accept a high degree of risk and uncertainty in doing so (Burns 2007, p.11). One could also add to this definition the use of strategic management practices to run the business (Hoy et al. 1984, p. 358).

The concept of entrepreneurship is then difficult to pinpoint. In addition to the aforementioned concepts, there have been many attempts to define entrepreneurship based on the individual and the characteristics of entrepreneurs. These entrepreneurial characteristics will be discussed in the following chapter.

2.2 Characteristics of entrepreneurs

One of the central questions in the field of entrepreneurship is who the entrepreneur is. This has been researched quite a lot, but there have been some issues with the reliability of the findings, as the samples have often been small and unrepresentative. For example, sociological aspects, such as age and education, which are often considered to affect the likelihood of entering

entrepreneurship, can be difficult to generalise. However, there are some common psychological characteristics that seem to be associated with entrepreneurs. (Morris 1998, p. 77.)

Burns (2007) contends that the defining characteristics of entrepreneurs include the need for independence, the need for achievement, internal locus of control (the belief you can control your environment and destiny), opportunism, innovativeness, self-confidence, pro-activeness, decisiveness, self-motivation, vision, flair and the willingness to take risks and to live with uncertainty (p. 33-35). Other commonly suggested traits of entrepreneurs include persistence, dedication, organisational skills, adaptability, initiative, resourcefulness, creativity, perceptiveness, assertiveness and persuasiveness. (Morris 1998, p. 78.)

Naturally, other self-employed individuals also possess some of these traits, such as the willingness to take risks and to live with uncertainty. However, in entrepreneurs these characteristics are often more prominent. Also, the key element distinguishing entrepreneurs is their instinct for growth, in stead of mere survival, as, for example, with owner-managers. (Burns 2007.) This difference will be discussed further in the section dealing with owner-managers.

2.3 Entrepreneurial triggers

Individuals can become entrepreneurs for various reasons, and in some cases it is due to negative factors, such as, unemployment, redundancy or job dissatisfaction. These negative aspects are often considered to be pushing individuals to become entrepreneurs instead of pulling them, which is the case with identifying opportunities and having the desire to develop oneself. These entrepreneurial triggers may have an effect on how the entrepreneur views and operates the business. Subsequently, these factors may ultimately define how successful the business will be. (Morris 1998, pp. 83 – 85, Burns 2007, pp. 99 – 100.)

3 Small business sector

The small business sector has grown in recent years due to the fact that service industries have become more prominent, creating a need for personalised services and flexibility. Small firms are more capable of providing customised services and adapting to changing situations than bigger companies. This along with technology facilitating self-employment, by easing communication and business opportunities, has helped to increase the number of small firms. (Burns 2007, pp. 7-8.) As the small business sector contains firms of different sizes and ages operating in various sectors and locations with different managers, it is far from cohesive (Burns 2007, p. 17). This means that it is hard to define what a typical small business is like and what the concept entails.

3.1 The defining features of small business

The European Commission (2013) has divided SMEs (small and medium-sized enterprises) according to the number of people employed. Micro-enterprises employ up to 9 people, small enterprises up to 49 and medium ones up to 249. However, size is not the only thing separating small firms from large ones. Small companies, also, tend to possess some distinct characteristics that differentiate them from the common concept of business.

According to the Bolton Committee, there are three defining characteristics of small business: market influence, independence and personal influence. More recently, Wynarczyk et al. argue that the defining characteristics of small firms are uncertainty, innovation and firm evolution. (Burns 2007, pp. 14 – 15.) Storey (1994) extends that the central feature of small companies is the greater external uncertainty of the environment they perform in and the internal consistency of their motivations and actions. The other distinguishing features

are the ability to start niches and greater likelihood for change, i.e. growing (Storey 1994, pp. 11 – 12). There are also some common managerial limitations due to the extremely limited resources of small businesses (Hoy et al. 1984, p. 355).

Because the manager and his/her motivations are the main drivers of business operations and the decision-making relies on the manager, small companies may sometimes handle risk and uncertainty less than logically. The decision-making process of small firms is also influenced by other issues, such as, the lack of capital, small number of customers and limited range of services or products. This means that the decision-making in small companies is often short-term and the business strategy equals marketing strategy. It is also difficult to diversify risks in small firms due to the aforementioned factors. (Burns 2007.)

As the owner's personality and motivation are the main influences in running a business, the owner seems to be the key element in small business. A small business owner can be defined as an individual, who establishes and manages a business for the principal purpose of furthering personal goals. The owner perceives the business as an extension of his/her personality. (Hoy et al. 1984, p. 358.)

There would then seem to be as many types of small firms as there are small business owners, since the wants and needs of individuals can differ widely. This leads to the fact that the small business sector is as complex as the firms forming it. One type of small business populating the sector is the owner-manager, the characteristics of which will be discussed in more depth in the following chapter.

4 Owner-managers

Owner-managers are one business type populating the diverse sector of small business. This business type is often considered to be entrepreneurship in its

most basic form, since owner-managers are self-employed individuals that do not employ other people. However, due to the fact that the business operations are so limited, their entrepreneurial characteristics are often tapered.

4.1 Characteristics of owner-managers

Owner-managers tend to operate as sole traders and to run lifestyle firms, in which the main objective is to earn a living by doing something the owner-manager enjoys. Since the business process relies on the owner-manager, his/her personality and motivations have a significant influence on the business. The business could then be seen as an extension of the owner-manager, meaning that the personality of the manager is imprinted in all aspects of the business.

Since all the relevant operational tasks, i.e. administration, book-keeping, sales and marketing, are handled by the owner-manager, his/her knowledge and skills are a major determinant for success of the business. There is usually no strategic management applied in business processes, since the goal of the business is not growth. This also means that owner-managers rarely run innovative businesses. The decision-making of owner-managers is drastically affected by the personal risks they face in case of failure. (Burns 2007.)

4.2 Owner-managers vs. entrepreneurs

Even though owner-managers are often seen as a type of entrepreneurship, they are not necessary entrepreneurs. In fact, most of them are not entrepreneurial in their operations. There are, however, some characteristics of entrepreneurs that can be associated with owner-managers. These include the need for independence, the need for achievement, internal locus of control, as well as, the ability to live with uncertainty and to take measured risks. However,

these characteristics may not be as prominent in owner-managers as in entrepreneurs; for example, many owner-managers may be willing to take risks only to a certain extent. (Burns 2007.)

There are also many characteristics of entrepreneurs that are not considered to be found in owner-managers, such as innovation, creativity, pro-activeness and opportunism. Naturally, there is no clear boundary separating owner-managers from entrepreneurs, because of the personality variable. Some owner-managers may have many, if not all, of the entrepreneurial characteristics. It would seem that the main distinction is the extent to which these characteristics emerge in owner-managers. (Burns 2007, pp. 32 – 35.)

The main factor separating owner-managers from entrepreneurs is the low degree of innovation used in business operations, since innovation is considered to be one of the key elements of entrepreneurship. Another differentiating factor is that owner-managers do not aim for growth, as their main business objective is to survive and earn a living. This leads to the fact that there is no strategic management. (Burns 2007.)

Owner-managers are then a distinctive type of small business that is completely reliant on the motivations, personality and actions of the owner, who may possess some entrepreneurial characteristics to an extent. Many of the features of owner-managers can be found in freelancers, and they are, in fact, often defined as owner-managers. This will be discussed in the chapter dealing with freelancing.

5 Freelancing

As freelancing is situated somewhere between employment and entrepreneurship and freelancers form a fairly heterogeneous group, it may be difficult to define what is distinctive about freelancing. Even freelancers themselves may have differing views on how they define freelancing. Some

reject the term freelancer and see themselves as contract workers and the like. This relates to the connotations of different terms and how they define the work of freelancers. (Osnowitz 2010, p.15.) This is why it is important to define freelancing as a distinct activity.

In short, there is no typical freelancer. They differ in personal, work and organizational characteristics, all of which tend to influence business processes and outcomes. (Smallbone & Kitching 2012.) This means that, as with owner-managers, the freelancer him/herself is the core of the business. However, there do seem to be some factors that separate freelancers from employees and other small business owners. In the following, the concept of freelancing is considered.

5.1 Defining freelancing

Freelancers are defined as self-employed professionals often working in creative, managerial or technical fields, i.e. they are so-called knowledge workers. They can operate under various legal business forms, such as, sole traders, partners in unincorporated businesses or directors of their own limited companies. (Smallbone & Kitching 2012.) Freelancers work for various clients and the relationship between the client and the freelancer is often defined in a *contract for services* setting the terms. This is in contrast to regular employment, in which the employer/employee relationship is determined in a *contract of services*. (Tench et al. 2002, p. 314, Parker 2007, p. 6.)

Freelancers are not considered to be employees, since they are not dependent on their employers and have more autonomy than regular employees. Conversely, they are responsible for paying their own taxes and insurances meaning that they also lack the benefits of employees. (Smallbone & Kitching 2012.) They are often paid on their productivity rather than on their time input, i.e. they get no weekly wage (Burke 2011, p. 3).

Despite the apparent independence of freelancers, some sort of reliance may still exist in the relationship between the client and the freelancer. For example, if the freelancer does not have a wide client-base or relies on one client, the freelancer's independence is debatable, since the freelancer is basically in the position of an employee, except with fewer benefits and more uncertainty. (Smallbone & Kitching 2012.)

Another defining factor of freelancing is that it is short-term and task-based, making termination a distinctive feature. Contracts are set for a limited time and at some point the freelancer needs to find a new job. This means that it is the freelancer's responsibility to acquire work and income. (Storey et al. 2005.)

From an entrepreneurial view, the main factor distinguishing freelancers from small business owners is that they do not employ others. Also, the causes and processes of freelancers differ from those of other small firms, partly due to the fact that freelancing is often involuntarily and they are not interested in the business aspects (Smallbone & Kitching 2012, Storey et al. 2005). They are then similar to owner-managers and are often defined as such (Burke 2011).

In short, freelancers are self-employed knowledge workers providing a specialized service for a limited time-frame. They are own-account workers with no employees, responsible for acquiring their own income. They work for their clients under a contract for services and are responsible for their own taxes, insurances and health care. As with small business sector, the freelancing field is wide and diverse. This means there is no typical freelancer and the business processes of one freelancer can differ widely from those of another one.

5.2 Knowledge intensive services

As freelancers are in most cases considered to be knowledge workers, they are then basically offering *knowledge intensive services* for their clients. The concept of knowledge intensive services is used to refer to businesses, in which

knowledge is the main production factor and the product offered. This field entails *knowledge intensive business services*, which refers to companies providing knowledge services for other companies. (European Commission 2012.) These knowledge services include for example, marketing, accounting and consulting. The demand for knowledge intensive business services seems to be increasing, due to the fact that these services provide valuable supporting functions, which help companies to grow and broaden their own operations. (Pietiläinen et al. 2007.)

Knowledge intensive services often require continuous interaction between the client and the service provider through the process and the service is adapted and changed according to the needs of the client. The problem many specialists face is that they are trained to work alone, but in work life are expected to operate with others sharing their knowledge. The four key elements that specialists operating as entrepreneurs need to balance are the personal aspect, individual skills, results orientation and working with others. (Pietiläinen et al. 2007.)

The personal element is central in knowledge intensive services, since the knowledge workers are selling their expertise, consisting of their experience, knowledge and social skills. This means that valuing the service can be difficult, as the concepts are fairly abstract. The provided service then needs to be conceptualized for the client, which means that the specialist needs to consider what his/her skills entail, what they accomplish and how they are defined. Since knowledge workers are considered to be experts of their field, they are expected to know more than others and provide solutions for problems. (Pietiläinen et al. 2007.)

Knowledge workers often see entrepreneurship as a way to fulfill themselves and to develop their skills further. This means that the basic goal in becoming an entrepreneur is to lead a better life. (Pietiläinen et al. 2007.)

5.3 Freelancer and the entrepreneurial spirit

As mentioned in previously, freelancers are often seen as belonging to the group of owner-managers and they share many of the same qualities, such as being self-employed individuals not employing others. However, the main common feature would seem to be that the freelancer's main business goal is to earn enough income to survive (Storey et. al. 2005). This means their business goals are not entrepreneurial, nor are their business processes, which is also the case with owner-managers. In fact, the main entrepreneurial aspect of freelancing is considered to be the risk and uncertainty associated with the activity, i.e. job and income insecurity (Burke 2011, p. 6).

Even though freelancers and owner-managers share certain characteristics, they may differ regarding their motivations, management activities and business performance (Smallbone & Kitching 2012). Whereas the characteristics of owner-managers include the need for independence, need for achievement, internal locus of control, as well as, the ability to live with uncertainty and take risks (Burns 2007), these may not all apply to freelancers. Or the degree of these entrepreneurial characteristics may be even lesser than with owner-managers.

This seeming lack of entrepreneurial spirit can be seen by considering the fact there are both full-time and part-time freelancers, which is often not the case with other business owners. This poses the question of how driven freelancers are and how willing they are to take risks and face uncertainty. Furthermore, freelancers seem to be fairly willing to return to regular employment, if the opportunity rises. The reason for which is earning regular income, getting benefits and eliminating insecurity. (Tench et al. 2002, p. 317.) This suggests that many freelancers are not ready to endure the insecurity or risks related with entrepreneurial activity, nor do they have an immense need for independence.

The lack of entrepreneurial characteristics may be due to the fact that in some cases becoming a freelancer is involuntary meaning that the individual does not

have any other competitive means of earning income (Pietiläinen et al. 2007). Freelancing can be forced upon individuals due to redundancy, dismissal or failed business (Storey et al. 2005). Pietiläinen et al. (2007) claim that entrepreneurship is rarely involuntarily amongst specialists, since it provides them with an opportunity to fulfill themselves and to constantly develop their skills.

Österberg et al. (2007) pose a question whether freelancers define themselves mainly as specialists in their field, and not as entrepreneurs. This would mean that entrepreneurship is seen as merely another method to find work and comparable to regular employment. (pp. 26-27.)

Burke (2011) suggests that freelancers themselves are not necessary entrepreneurs despite some of their entrepreneurial characteristics. Instead, he suggests that freelancers are enablers of entrepreneurship, since they offer labour on contingent terms allowing entrepreneurs to reduce their risks.

Despite this apparent lack of entrepreneurial characteristics, freelancers have to often perform many activities associated with entrepreneurship, such as marketing, selling, forming a brand, as well as, understanding markets and customers (Storey et al. 2005). Freelancing is then clearly closer to entrepreneurship than employment, but has its own distinctions. Considering the possible distinctions of freelancers, might help in defining freelancing as an entity of its own, not just an extension of owner-managers.

5.4 Challenges and benefits of freelancing

Even though freelancing is not always a voluntary career path, freelancing can still be seen as a desirable career option due to the benefits associated with it. The main benefits include freedom of choice, flexibility and variety of assignments (Storey et al. 2005). The freelancer is not bound by the

instructions of the employer and can commonly determine his/her own working hours and work location (Süb & Becker 2013, p.225). Freelancing also provides specialists of different fields with an opportunity to apply their knowledge, to fulfill themselves, and to constantly develop their skills further (Pietiläinen et al. 2007, p. 22).

These benefits all stem from independence, which is a common element in all forms of self-employment. Despite this aspect of free agency and self-reliance, the freelancer still faces some constraints and remains dependent on others; the context is merely different to regular employment (Kunda & Barley 2004, p.291). The major risks associated with freelancing include work and income insecurity, detached position and minimal employment protection (Storey et al. 2005). Freelancers may then perform independently and have more freedom than regular employees, but they also have to face many challenges, in order to retain that freedom.

5.4.1 Market conditions

The market conditions are one major challenge for freelancers. As clients find freelancers commonly via informal networks, i.e. co-workers, peers and friends, the market is fairly closed. It is difficult to acquire knowledge about jobs, if it is not available for all. This means opportunities are not equal for all market participants making competition less fair. Furthermore, it can be challenging to enter these networks and to establish a reputation that is acknowledged by clients. On the other hand, the market might also be too open, since there are generally many freelancers offering the same service. Some freelancers are also willing to work for minimal pay, which deteriorates bargaining power of freelancers and reinforces the negative market conditions. (Storey et al. 2005.)

Client relationships are a key element in marketing and selling knowledge services, since clients provide references and network contacts that will help to find new customers. Another factor affecting the marketing of knowledge services is that there is no concrete product to be sold. This means that the marketing process relies on creating trust and commitment to the service.

Interaction with the client is important throughout the process, so as to build relationships and to provide a service that satisfies the client. (Pietiläinen et al. 2007, p. 115 – 117.)

5.4.2 Branding

One difficult element in freelancing is how to market and sell the knowledge and skills provided by the freelancer. The expertise provided cannot be separated from the individual and the freelancer's social skills and personality are a part of the entity that is sold (Pietiläinen et al. 2007, p. 92). As Storey et al. (2005) point out, the freelancer is essentially selling him/herself, and as such forms a brand that is marketed to potential customers. Building a brand helps to differentiate the freelancer from others and provides a framework of the freelancer's competence and operations for customers. To be able to do this, it is important that the freelancer values and understands the benefits provided by his/her competence. (Pietiläinen et al. 2007, p. 119, 122.)

The personal brand can cause issues due to the fact that rejections and criticisms are easily taken personally, even though they are generally aimed at the business service provided. Furthermore, as the freelancing market is reliant on networks and personal contacts, it can be quite difficult to control how the brand reputation is evaluated and interpreted by clients. The views of others can easily affect the freelancer's evaluation of his/her own competence, hindering the marketing of the service. (Storey et al. 2005.)

5.4.3 Social capital and time

Specialists are usually trained to work individually, which fails to take into account that interpersonal skills are essential in work life (Pietiläinen et al. 2007). Social and networking competence is important for freelancers so as to be able to communicate with customers and interact in organisations. These skills do not only help to build contacts, but to use them for sharing information and getting new commissions. (Süb & Becker 2013.)

Even though free agency is considered to be one of the main drivers behind freelancing, independence entails many responsibilities. The work time is not limited to the project or work at hand. There are many other activities that the freelancer has to take care of, such as finding work and clients, developing networks, updating skills and performing administrative tasks (Osnowitz 2010, p. 65). This means the freelancer has to consider how to use his/her time as effectively as possible.

On top of this, freelancers may often feel pressure to take more work than is viable or to take jobs with short notice. This makes long-term planning difficult and leads to long hours and no holidays. (Kunda & Barley 2004, Süb & Becker 2013.) These additional tasks and time pressures are rarely reflected in the prices of freelance services (Osnowitz 2010, p. 65).

5.4.4 Client relation effects

It is important that freelancers understand what reasons clients have for hiring them, because it provides them with an idea on what their position in the employment market is and what possible challenges come with that position.

Even though freelancers usually charge higher rates than employees, they are less expensive for the company, since they do not have to be paid for employment taxes, health insurance, pensions, sick pays, holiday entitlements, equipment or training (Kunda & Barley 2004, Süb & Becker 2013). This means that the freelancer has to endure all of the costs him/herself.

Freelancers are often seen as commodities that are just another resource to be used by the business. As the freelancer is an expert employed to provide a particular service, there is no adjustment period when entering the organisation. The freelancer's position in the organisation can also be quite problematic, as the client can have reservations concerning the loyalty and commitment of the freelancer. This is why contracts are important, so as to provide both parties with a sense of security. The contract is especially important for the freelancer, being in a more vulnerable position. The contract needs to be as detailed as

possible, so as to provide the freelancer with a document of proof in case of disputes. For example, the work requirements and timetable should be clearly stated in the contract, since they may change during the project. (Kunda & Barley 2004. 177-179, 205)

There are then many challenges to be found in freelancing, which is the case with self-employment in general. Some of these challenges are similar to problems of other business owners, but there are some particular issues, such as, networking and marketing that have some distinct features.

6 Freelancer point of view

In the previous chapters the theoretical background for freelancing was discussed, so as to provide an insight to the topic. In the current chapter the thoughts of actual freelancers will be considered and discussed, so as to get a more practical view into how freelancing can be defined. It is important to understand how freelancers themselves see the field, as well as, their position in the employment market, to distinguish what the real issues faced by freelancers are.

The empirical data used in this section is taken from a research done by the Finnish Ministry of Labour: *At the boundaries between entrepreneurship and waged work? Organising work and livelihood in different professions in the 21st century in Finland*. The research was done in 2007 and it concentrates on freelance translators, interpreters, journalists and artists. The study was part of a larger research on employment and entrepreneurship in Finland spanning from 2003 to 2007.

The purpose of the research was to study professions at the boundary of entrepreneurship and waged work, in order to provide a view into different ways of becoming an entrepreneur. This why the aforementioned professions were chosen as research objects, as they represent the phenomenon in different forms.

The research was based partly on a survey, submitted to freelance journalists, translators, interpreters and artists, for which there was approximately 1000 respondents. Some background data on the respondents can be found in the table below. The data is in percentages, which is the case in all further tables. (Österberg et al. 2007.)

	Combined	Journalists	Artists	Translators/ interpreters
Gender				
Female	70	68	64	77
Male	30	32	36	23
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Age				
Under 30	6	5	7	7
30-39	25	19	31	24
40-49	31	38	25	29
50-59	26	29	20	30
Min. 60	12	9	17	10
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	974	222	427	325

Table 1. Background information about respondents (%)

The survey data was divided into two parts: profession-based entrepreneurs and portfolio workers. The first group contained freelance journalists, translators and interpreters and the second group artists. The empirical data used in the current study is limited to the profession-based group, which consisted of 547 respondents. Of this total number translators and interpreters accounted for 325 and journalists 222. The artists were excluded, because the study aims to concentrate on the specialist and entrepreneurial aspect of freelancing. The data gathered from profession-based entrepreneurs was then considered to be more relevant for the purposes of the current study.

The freelance journalists, translators and interpreters are then labelled from here on out as profession-based entrepreneurs or freelancers. Profession-

based entrepreneurship is used because the professions manifest in various forms, such as entrepreneurs, freelancers and own account workers.

The questions considered in the section include how freelancers define themselves and their profession, reasons behind becoming a freelancer, what kind of preparation was involved, work organisation and major issues.

6.1 How freelancers define themselves and their activity

As discussed in previous chapters, it is quite difficult to define freelancing, since it can be situated anywhere in the continuum between employment and entrepreneurship. This applies not only to theoretical definitions but also to freelancers themselves, which can be seen in the table below.

	Combined	Journalists	Translators/ interpreters
Paid employee	9	4	13
Entrepreneur	63	69	57
Both paid employee and entrepreneur	16	13	19
Other (e.g. freelancer)	13	14	11
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	541	221	320

Table 2. How profession-based entrepreneurs/freelancers view their position in the employment market (%)

Majority of respondents (63%) saw themselves as entrepreneurs, which supports the idea that freelancing is basically entrepreneurial activity. There were some differences between journalists and translators/interpreters, since journalists (69%) were more likely to consider themselves to be entrepreneurs than translators (57%). About 20 % of respondents saw themselves to be both employees and entrepreneurs, which probably stems from the dual nature of freelancing. Freelancers are often performing as both entrepreneurs and employees, so defining one's place in the employment market can be quite

tricky. Translators were a bit more likely to define themselves as dual operators (19%) than journalists (13%). They were also more likely to define their position to be that of a paid employee, suggesting that work relations in the field may be dominated more by the clients that are seen as employers rather than clients. This may affect the way freelance translators and interpreters handle their client relations and work independence.

It then appears that freelance journalists are clearer on their position in the employment field seeing themselves as entrepreneurs, whereas translators have slightly more variation in how they define themselves. Differences in definitions can be due to various factors, such as field of profession, individual preferences and overall context of work relations. Fairly few defined themselves as freelancers. This may imply that freelancing is not a widely recognised activity in the employment field, leading to the fact that it is easier to define oneself as an entrepreneur, since they have a less ambiguous position in terms of employment relations.

Even though most respondents seemed to prefer to define themselves as entrepreneurs, the data still helps to illustrate how difficult it can be to define freelancing as a unified field. This is also demonstrated by the following table, in which the business forms adopted by knowledge-based entrepreneurs are presented.

	Combined	Journalists	Translators/ interpreters
Business form			
Own account worker	19	10	28
Entrepreneur	31	32	31
Freelancer	46	53	39
Other (Combinations of the aforementioned)	3	5	2
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Legal form of business			
No officially registered business form	36	36	37
Sole trader	42	37	48
Partnership	2	2	1
Limited partnership	4	5	2
Limited company	14	17	11

Cooperative	1	1	1
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	543	222	321

Table 3. Business forms adopted by profession-based entrepreneurs/freelancers (%)

Even though most respondents saw their position in the employment market equalling that of entrepreneurs, almost half of them had freelancer as a business form. This was more apparent with journalists, of whom over 50 % had freelancer as a business form, compared to 39% of translators and interpreters. This may be due to the fact that journalists are often associated with freelancing and it is the common term used in the field, whereas with translators and interpreters the definition is not as common. This is in contrast to how freelance journalists defined their position in the employment field to be that of an entrepreneur, which helps to further demonstrate how difficult it is to define freelancing.

Around 30 % of respondents stated that their business form was entrepreneur and 19% stated they were own account workers. Translators and interpreters seemed to favour own account working (28%) more than journalists, of whom only 10% worked as own account workers. Overall, translators and interpreters seemed to vary more in their business form having fairly equal number of own account workers, entrepreneurs and freelancers, whereas with journalists freelancer was the preferred option. The same thing was apparent in the previous table in which translators and interpreters had more variations on their considered position in the employment field. The profession of freelancers seems to then have an effect on how they define themselves and their activity.

The answers of freelance journalists and translators help to illustrate how difficult it is to define freelancing as a business activity. Even though in the context of employment, the respondents saw themselves as predominantly entrepreneurs, the business form they mostly adopt is freelancer. This implies that freelancing is not seen as a distinct category in the employment field and

the term is less recognised than entrepreneur. If the term freelancer is not defined and recognised as a creditable employment option in relation to entrepreneur and employee, it can make it difficult to define client relations and rights and obligations of freelancers.

The most common registered form of business among the respondents was sole trader (42%), with 37% of journalists and 48% of translators and interpreters operating as one. However, many of the respondents (36%) did not have any legally registered business, which demonstrates that freelancing is not as regulated as regular entrepreneurship. Partnership, limited partnership and cooperative were not common options among the respondents, but 14% of respondents had registered a limited company. This was more common with freelance journalists, of whom 17% had registered a limited company, suggesting that these respondents are more entrepreneurial in their operations.

It then seems that freelancing is a fairly unregulated activity, since many operators do not have any registered legal business. This can be seen as an advantage, but also as a hindrance. Because of the lack of regulation it can be difficult to see freelancing as a credible activity comparable to entrepreneurship. If business is not registered under any legal form it can be difficult to get officials and clients to recognise freelancers as viable business activity, which again deteriorates their position in the field of employment.

6.2 The situations behind entering the field of freelancing

The most common reason for becoming a freelancer is often considered to be the need for independence and flexibility. There are also some situational factors that can push the individual to choose freelancing. In the following tables, situational factors as well as previous work experiences of knowledge-based entrepreneurs/freelancers are considered to get a view into what has lead them to freelance.

Table 4 shows how much previous work experience and how many employers freelance journalists and translators/interpreters have had before becoming self-employed.

	Combined	Journalists	Translators/ interpreters
Previous work experience in waged work			
No experience	10	8	11
Some experience (at least once)	90	92	89
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Number of years			
Under 5 years	28	24	31
5–9 years	25	24	26
10–14 years	17	19	14
15–19 years	12	13	11
Min. 20 years	19	20	19
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Number of employers			
One	16	12	20
2–3	37	37	36
4–5	29	34	24
Over 5	18	17	20
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents (if work experience)	467	193	273

Table 4. Waged work experience of freelance journalist, translators and interpreters: number of years and employers (%)

Only 10% of respondents had no waged work experience before freelancing and approximately 70% had over five years of work experience. This implies that most respondents had worked as regular employees for many years before considering the option to become freelancer. Almost 70% of respondents had 2-5 employers meaning that there had been some changes in employment but not much. Respondents with only one or over five employers totalled both slightly under 20%. It then appears that many of the respondents had fairly stable work situations and had accumulated work experience of many years before entering a new career path. The terms of employment of these work experiences are viewed in the table below.

	Combined	Journalists	Translators/ interpreters
Employment duration			
Permanent	69	68	70
Fixed term	58	57	59
Temporary	25	20	29
Other	0	0	1
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Paid hours			
Full time	95	98	92
Part time	30	26	34
Hourly	24	20	28
Other	1	2	0
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Total respondents (if work experience)	484	201	283

Table 5. Waged work experience of freelance journalist, translators and interpreters before becoming knowledge-based entrepreneur/freelancer: terms of employment (%)

Almost 70% of respondents had had permanent jobs at some point in their careers and nearly 60% jobs that were fixed term, whereas only 25% of respondents had had temporary positions. Also, 95% of respondents had had a full time position at some point in their career, whereas the portion of part time (30%) and hourly (24%) positions was clearly lower. This further suggests that the position of the respondents was fairly stable in the employment market before starting as a freelancer. The respondents were not then likely driven by the lack of employment or negative conditions in their choice of becoming a freelancer.

	Combined	Journalists	Translators/ Interpreters
How previous work experience corresponded to the degree			
Very well	29	33	25
Well	32	34	30
Partly	27	25	30
Not particularly	7	4	9
Not at all	5	4	6
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>

Total respondents (if work experience)	484	201	283
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Table 6. How previous work experience corresponded to the studied degree (%)

The quality of the previous work experience was also fairly good in relation to the degrees of respondents with about 60% of respondents considering that their previous jobs corresponded very well or well with their degree. Only 12% of respondents considered that their degree could not be applied, either partly or at all, in their previous work. This implies that the jobs of most respondents were satisfactory as far as opportunities to utilise their degree of study was concerned.

Since most of the data above seems to suggest that the employment situation of respondents was fairly satisfactory, it seems that discontent with previous work seems to not have been the driving factor behind becoming a freelancer. This is also supported by data dealing with the employment position of respondents when starting as a knowledge-based freelancer/entrepreneur. Only 9% of respondents were unemployed or soon to become unemployed, whereas 62% of respondents were employed. Approximately 20% were students before starting their business. There were also respondents who were on leave from their job for one reason or another. The employment contracts of most respondents were also fairly stable, as over 60% were permanent employees. The fraction of fixed term and temporary employment among respondents was fairly low with 26% and 10% respectively. The exact figures are shown in table 6.

	Combined	Journalists	Translators/ interpreters
Primary position			
Paid employee	62	65	59
Student	19	15	22
Unemployed/becoming unemployed	9	9	9
Family leave (maternity/paternity/parenting/nursing)	7	8	6
Leave of absence	1	0	1
Other	3	3	3
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>

Type of employment			
Permanent	62	66	58
Fixed term	26	25	27
Temporary	10	8	13
Other	2	1	3
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents (if work experience)	541	220	321

Table 7. Position in the employment market when becoming a profession-based entrepreneur/freelancer (%)

Overall, the employment situation of respondents seems to have been satisfactory and fairly stable, with many respondents having permanent jobs and getting full hours. This raises the question why freelancing was considered to be the preferred career path. The situational factors affecting the choice to become profession-based entrepreneur/freelancer are shown in the table below. They are divided into three groups: pull, push and neutral. As discussed previously, push factors are considered to be negative ones pushing an individual to choose entrepreneurship, while pull factors are positive reasons pulling the individual to become an entrepreneur.

	Combined	Journalists	Translators/ interpreters
Pull factors			
Considering for a long time, seizing an opportunity	32	32	31
Recognising a desirable opportunity	29	27	30
Next step in the career path	29	30	29
Provided a flexible option for situation in life (e.g. small children)	19	23	15
An opportunity was presented (e.g. family business)	3	2	5
Push factors			
Difficulty of getting employed, few job opportunities	26	18	35
No other viable income earning options	28	28	29
Discontent with the job at the time	22	27	17
Employer suggested becoming an independent operator	3	3	3
Neutral/other factors			
The most common method of employment in the field	30	18	43
Threat of future redundancy	16	17	15
Moving to a new location	9	8	10

Other reasons (need for change, opportunity to use own skills more widely, inspiring role models)	5	5	5
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Total respondents	541	220	321

Table 8. Situational factors affecting the choice to become profession-based entrepreneur/freelancer (%)

The allotment of push and pull factors seems to have been fairly equal with the positive factors being slightly more prominent among respondents. Approximately 60% of respondents had either been considering freelancing previously and seizing an opportunity when presented with one or merely recognised a desirable opportunity that they took advantage of. It was also considered to be a logical step in the career path by many of the respondents (30%). Another factor was the provided flexibility, especially in relation to family life, but it was less common (19%).

The most common push factors among respondents included difficulty of finding work (26%), having no other viable earning options (28%) and dissatisfaction with previous work (22%). Translators had more difficulties with finding employment (35%) than journalists (18%), whereas journalists were more likely to be dissatisfied with their work (27%). There were a small number of respondents (3%) for whom an employer had suggested becoming self-employed.

In addition to pull and push factors, there were also some neutral factors affecting the choice to become a freelancer, the prominent one being the fact that it was the most common method of employment in the field (30%). This applied especially to translators and interpreters, of whom 43% stated this as one of the reasons, while fewer than 20% of journalists felt the same. This combined with the fact that more translators had trouble finding work suggests that the employment situations in the two fields are different to some extent influencing the reasons behind freelancing. Other neutral factors affecting the decision to become freelancer were threat of redundancy (16%) and move to a

new location (9%) as well as various other reasons, such as need for change and opportunity to utilise own skills better (5%).

The situational factors affecting the choice to become a freelancer seem to divide fairly equally between negative and positive ones. Translators seemed to be influenced more by the difficulty of getting work, while journalists were driven by their dissatisfaction with previous work. Translators also considered freelancing as the common form of employment in the field supporting the choice to become a freelancer. Many of the respondents saw freelancing as an opportunity that was taken when the right time came. It was also considered to be a logical continuum in the career path.

These results seem to imply that even though in some cases there are negative factors affecting the choice to become freelancer, they are clearly not predominant. Only few of the respondents were unemployed before becoming freelancers and their work terms were mostly favourable. Freelancing was often considered to be a logical option in the career path and an opportunity to be seized. It was also considered to provide a more flexible option for regular employment, though flexibility was not a major factor in the decision making process. It can then be suggested that even though common negative drivers, such as difficulty of finding work, can affect the choice to become a freelancer, freelancing is often seen as a positive opportunity.

The above tables showed possible factors affecting the decision to become a freelancer. In the following chapter the focus will be on what kind of preparations and planning was involved in the process.

6.3 Entrepreneurial planning and preparation

Before starting a business it is quite common to consider the idea in advance and to plan for it accordingly. In some cases, it may take years to plan the idea

prior to starting the actual operations. Also, preparations such as finding background information and collecting necessary data for the business can be fairly time consuming. Table 9 shows what kind of preparations freelance journalists, translators and interpreters took before starting as profession-based entrepreneurs.

	Combined	Journalists	Translators/ interpreters
Mental			
Years of thought	44	43	45
Months of thought	21	21	21
Not much previous thought	24	23	25
Other (e.g. previous experience, forced entry)	11	13	9
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Practical preparations			
Choosing the field of study accordingly	13	7	18
Previous career path choices support becoming a knowledge-based entrepreneur/freelancer	11	15	7
Entrepreneurial training	15	15	15
No plans or preparation, option considered when presented with the opportunity	39	37	41
No plans or preparation, choice done due to various circumstances	36	39	34
Other (advice services, networks)	5	6	4
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Total respondents	541	220	321

Table 9. Preparations and planning before becoming a profession-based entrepreneur (%)

A bit less than half of the respondents had thought about the idea of starting to operate on their own for years before doing it. Approximately 20% had considered the idea only some months, whereas 24% had not considered the idea much at all. This then reveals that there were quite a few respondents that had not considered freelancing and what it entails very extensively before starting their operations.

The same trend was present in the practical preparations leading to freelancing. Over 70% of respondents had made no particular plans or preparations before

starting to freelance: 39% had considered freelancing only when the opportunity was presented and 36% due to various circumstances. Only 13% of respondents had chosen their study field in the aim of becoming a freelancer: the portion of translators was clearly larger with 18% compared to the share of journalists that was only 7%. There were a few respondents (15%) that had had some sort of entrepreneurial training before becoming self-employed. Some respondents considered that their preceding career path supported the decision to become a knowledge-based entrepreneur but they were in the minority.

The freelance journalists, translators and interpreters were also asked how their operations began, the results of which are presented in the table below.

	Combined	Journalists	Translators/ interpreters
Selling services privately	65	63	67
Starting a completely new business	26	25	27
Starting a business with another person	4	5	3
Working in a family owned business, part of which owned by the freelancer	1	1	1
Starting a business in cooperation with current employer (spinoff)	1	1	0
Becoming a business partner in an existing company	0	0	1
Continuing a family business	0	0	1
Buying an existing company	0	<1	0
Other	3	5	1
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	541	219	322

Table 10. How profession-based entrepreneurship/freelancing began (%)

Over half of the respondents started their operations by selling services privately. A much smaller portion of respondents (26%) had started a completely new business from scratch. There were also a small number of respondents (4%) that had started a business with another person. Other options such as working in a family business, starting a business in cooperation with current employer or becoming a business partner in an existing company were not common alternatives with the respondents. There were then clearly

two common methods to start freelancing among the respondents, the predominant one being selling services privately.

Previous entrepreneurial experience or training was fairly uncommon among the respondents. Almost 90% of respondents had no entrepreneurial training during their studies, and only 27% had completed separate entrepreneurial studies. Freelance journalists had slightly more likely received some sort of entrepreneurial training during their studies than translators.

Almost 80% of respondents had no previous experience on entrepreneurship, whereas the rest had either part time or full time experience on it. The exact percent numbers are presented in table 11.

	Combined	Journalists	Translators/ interpreters
Entrepreneurial training during degree education			
Yes	13	17	10
No	87	83	90
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Separate entrepreneurial studies			
Yes	27	25	29
No	73	75	71
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Previous entrepreneurial experience			
No previous experience	76	76	76
Yes, full time	12	13	10
Yes, part time	12	11	13
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	537	218	319

Table 11. Studies on entrepreneurship and previous experience (%)

The freelance journalists, translators and interpreters were also asked what kind of entrepreneurial aspects they had dealt with in their prior work assignments. The question was multiple choice and the results are shown in the table below.

	Combined	Journalists	Translators/ interpreters

Working overtime regularly, mainly without compensation	27	33	21
Managerial duties	18	26	11
Experience of paid by results, earnings at least partly dependent on performance	10	11	10
Project like work	34	34	35
Organising and completing work independently (freedom to choose work time, place and methods)	34	38	30
Experience of marketing and selling	21	24	19
Career/work assignments varied and fluctuating	45	51	40
Working in small entrepreneurial organisations	21	20	22
Working in the same field and with similar tasks as currently as a freelancer	50	62	38
<i>Total</i>	Multiple choice (not 100%)		
Total respondents	486	200	286

Table 12. Entrepreneurial aspects found in previous work assignments (%)

Many of the respondents had previously worked in the same field of business, in which they were currently operating as freelancers. This especially applied to freelance journalists, of whom 62% had worked in similar tasks, whereas only 38% of translators and interpreters had worked in the same field and with similar tasks.

The most common entrepreneurial factor found in previous work experience was the variation and fluctuation in work assignments and career as a whole (45%). In addition, various respondents had experience of project-like work (34%) and organising work independently (34%). There were also some respondents (27%) that had regularly worked overtime without any compensation. This was more common among freelance journalists. Only 21% of respondents had experience on marketing and selling, and 18% on managerial activities. Again there were clearly more freelance journalists (26%) with experience on managerial duties than translators (11%). Fairly few respondents (10%) had experience on being paid by results, meaning their income was partly reliant on their work performance.

It seems then that many of the knowledge-based entrepreneurs had done fairly little entrepreneurial planning or preparation before starting to freelance. Many had not put much thought into the business before starting it, or prepared for the

operations. Most respondents started their business by selling services privately and only a fraction started a business straight away.

There were fairly few respondents that had had any preceding studies or experience on entrepreneurship. The respondents had faced some entrepreneurial issues via their work life, such as, project work, organising work assignments independently and working overtime. However, managerial as well as marketing and selling skills were not often required in previous employment. In addition, fairly few had experience on work, in which wage was at least partly reliant on performance. This implies that entrepreneurial awareness and skills were not predominant among the respondents and the main focus was on their specialist skills in the field of business.

6.4 Organising work

In the previous sections, the situations and preparations involved in freelancing were considered. In the following, the actual content of freelancing activity will be considered using data on work arrangements, client relationships etc. Table 13 shows how long the respondents have worked as freelancers and what their work relations are.

Most respondents had worked as freelancers over 5 years and 16% had worked at least 20 years in the field. This then suggests that freelancing can be a long lasting career option and not just a short term solution to avoid unemployment. Almost 90% of respondents worked alone and only 3% had employees, while the rest worked with other owners. This then helps to highlight the fact that freelancers tend to work alone and rarely hire employees.

	Combined	Journalists	Translators/ interpreters
Time frame of activity			
Under 5 years	25	20	31

5–9	26	26	26
10–14	20	22	18
15–19	13	15	10
Min. 20 years	16	16	15
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Other owners and employees			
Working alone (no other owners or employees)	89	87	90
Other owners	9	11	7
Paid employees	3	2	3
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	543	222	321

Table 13. Time frame, ownership and employees (%)

Table 14 shows what kind of work premises freelance journalists, translators and interpreters tend to have. Approximately 80% of respondents worked at home and only 15% had some kind of premises outside of home. Less than 5% worked in their clients' premises having no own work space. This supports the less official nature of freelancing and the requirements related. Since journalists and translators provide knowledge services, the requirements for work premises are lesser. This means that there tend to be fewer costs associated with freelancing, as rent costs and the like are diminished or cut completely.

	Combined	Journalists	Translators/ interpreters
Place of work			
Working mainly from home	78	77	80
Own/Rented office space outside home	15	19	11
No own working space, working mainly at the client's premises	3	2	5
Other (various different places)	3	2	4
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	543	222	321

Table 14. Work premises (%)

Clients and assignments form another important feature of work organisation. The main client group among respondents appeared to be companies with other client groups, such as local authorities and private persons, being less

dominant. The figures are shown in table 15 along with number of clients per year as well as number of work assignments per year.

	Combined	Journalists	Translators/ interpreters
Main client groups			
Local authorities	11	7	14
Government	15	6	23
Companies	93	94	91
Private persons	15	6	24
Other (third sector, EU)	12	12	12
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Number of clients/year (approximately)			
1–2	7	3	11
3–5	24	27	20
6–10	31	37	26
11–50	35	32	38
51–100	3	1	4
Over 100	1	0	1
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Number of work assignments/year (approximately)			
1–2	2	1	2
3–5	9	5	14
6–10	6	5	8
11–50	35	38	32
51–100	25	30	20
Over 100	22	20	24
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	545	221	324

Table 15. Clients and work assignments (%)

Most respondents had 3–50 clients per year by their own approximation, the most common number of clients being 11–50 (35%) and 6–10 (31%) per year. There was then quite a bit of variation in the number of clients between knowledge-based entrepreneurs. The number of assignments ranged most commonly from 11 to over 100 assignments. Only a few had a lower number of assignments per year. So, the number of assignments also varied quite a lot depending on the individual, which is to be expected. The fact that about 20% of respondents had over 100 assignments per year shows that there can be a lot of work if one is successful. The high number of assignments compared to the

number of clients per year seems to also imply that many of the freelance journalists, translators and interpreters have clients that use their services repeatedly, meaning there are ongoing customer relationships in existence.

The freelance journalists, translators and interpreters were presented with possible aspects found in profession-based entrepreneurship and asked to rate them using a scale of 1–5, in which one equalled completely agree and five completely disagree. In table 16, the percentages of those who chose either partly or completely agree to the claims are shown.

	Combined	Journalists	Translators/ interpreters
Innovative aspects			
Service/Product provided unique, not available anywhere else	42	53	31
Aim to continuously innovate and develop business and to differentiate operations from competitors	44	67	21
Done major changes to provided products/services/operations during last three years	25	37	13
Trying out new operational methods often, despite not being sure of their success before hand	33	49	17
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Entrepreneurial aspects			
Invested a lot of money in the business	18	22	13
The needs of major clients control the decision making process	71	70	72
Failure or end of business would lead to major financial loss	38	41	35
Independently deciding on work content, methods and time	81	83	79
Various assignments for different clients simultaneously	77	87	67
Owns or pays for equipment and materials	91	95	88
Pays for health care, pension etc fees	87	89	85
Earnings related to work performance	89	89	89
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Total respondents	543	222	321

Table 16. Aspects of profession-based entrepreneurship/freelancing (%) (Scale of 1-5 was used, of which 1=completely agree and 5=completely disagree, the data presented combines those who partly or completely agreed with the statements.)

The aspects were divided into innovative and entrepreneurial. Freelance journalists were clearly more innovative in their operations than translators and interpreters. Firstly, they considered their service or product to be unique and aimed to continuously develop their operations to differentiate themselves from competitors. Freelance journalists seemed to also be more likely to try out new methods, even though they were possibly risky. This risk taking factor was particularly low with translators and interpreters (17%), as was adapting the provided service or operations (13%).

This suggests that the two fields and their operators are fairly different affecting the competitive strategies. In case of translation it might be quite difficult to differentiate and change services, since the field is quite cohesive regarding the service provided. Naturally, additional services and the like can be provided, but unlike with journalists the choices may be fewer. The field and work options of journalists are wider and differentiation might be the key factor in getting work. The amount of innovation could then be associated with the field of business and its requirements more than freelancing as a whole.

Freelance journalists, translators and interpreters were closer in their view pertaining to entrepreneurial aspects found in their work. Most of the respondents found various aspects in their work that could be considered entrepreneurial, such as, paying for equipment and materials, paying for health care and other fees, getting earnings according to performance and having independence to decide on work related issues.

A larger proportion of journalists (87%) worked for different clients simultaneously than translators and interpreters (67%), which is possibly due to the nature of the work. However, many respondents (71%) considered that their decision making was controlled by the needs of major clients. Investing a lot of money in the business was not very common among respondents, which might partly explain why over half of respondents did not consider that failure of business would lead to major financial loss. It seems then that financial risk taking is not common among freelancers.

Over half of respondents had some kind of plans to grow their business, though the extent was not in a large scale. However, majority of respondents had no plans to hire employees in the near future or did not consider it likely. The figures are shown in table 17. This suggests that operations were likely to stay the same in the future. It also reinforces the idea that freelancers tend to work alone and are not interested in business growth, which is often considered to be a defining feature of entrepreneurship.

	Combined	Journalists	Translators/ interpreters
Aim of business growth			
Yes, considerable	5	4	7
Yes, fairly considerable	10	12	8
Yes, to some extent	41	44	37
Not particularly	35	33	37
Not at all	9	6	11
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Hiring employees in the near future			
Definitely	1	0	1
Fairly likely	2	3	1
Possibly	5	3	7
Not likely	20	22	19
No plans	72	71	73
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	542	221	321

Table 17. Future plans: business growth and hiring employees (%)

6.5 Major issues and satisfaction with work

One major issue when doing business is naturally money: how much to invest and what the income is. As revealed in table 16, fairly few respondents had invested a lot of money in their operations. The table below shows exactly how much money freelance journalists, translators and interpreters had invested in their operations and what their yearly income was.

Over half of respondents had invested under 10 000 euros in their business and many of them had invested only under 3000 euros. Between the freelance journalists and the translators/interpreters, the latter group was less likely to invest a lot of money in their business. Around 30% of translators and interpreters had invested less than 1000 euros in their operations.

The incomes of respondents varied quite a lot, which is to be expected. Over half of respondents had their yearly income somewhere between 10 000 and 40 000 euros. The translators and interpreters had often lower income than journalists. For example, the yearly income of over 20% of translators and interpreters was less than 10 000 euros, whereas only 8% of journalists were in the same position.

	Combined	Journalists	Translators/ interpreters
Money invested (bank loans)			
Less than 1000 €	21	14	28
1000–2999 €	22	19	25
3000–4999 €	16	14	17
5000–9999 €	15	18	11
10 000–19 999 €	7	10	4
20 000–49 999 €	7	10	4
Min. 50 000 €	1	3	0
No answer	11	11	11
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Turnover/income per year (last)			
Less than 1000 €	4	5	3
1000–4999 €	5	0	10
5000–9999 €	6	3	10
10 000–19 999 €	17	15	20
20 000–29 999 €	22	25	20
30 000–39 999 €	14	19	9
40 000–49 999 €	9	9	9
50 000–99 999 €	14	12	15
Min. 100 000 €	4	8	1
No answer	4	5	3
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	542	221	321

Table 18. Money invested in operations and turnover/income (%)

Even though the yearly turnover estimates were more focused on the lower scales, especially among translators and interpreters, only 10% of respondents considered their income to be poor. Most respondents deemed their income to be either good or satisfactory. Surprisingly, even though freelance journalists were more likely to earn more money, few of them (4%) considered their earnings to be excellent, whereas 8% of translators and interpreters considered this to be the case. This seems to suggest that the definition of financial success is different amid freelancers and the income expectations can be lower in many cases. The exact figures are shown in table 19, along with estimates on fluctuation of yearly turnover and change in income from the beginning of operations.

	Combined	Journalists	Translators/ interpreters
Own estimation of income			
Excellent	6	4	8
Good	27	28	26
Satisfactory	42	44	40
Fair	15	16	13
Poor	10	7	12
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Fluctuation in yearly income			
Very high	7	9	6
High	22	19	25
Average	53	54	51
Low	18	19	17
Not at all	1	0	1
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Change in income from the beginning of operations			
Improved clearly	31	30	32
Improved to an extent	30	30	31
Stayed at the same level	20	17	22
Weakened to an extent	10	12	7
Weakened clearly	6	7	4
Difficult to estimate due to yearly income changes	4	4	4
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>
Total respondents	541	220	321

Table 19. Profitability and fluctuations in income (%)

As is to be expected, there is some fluctuation in yearly income. Most commonly respondents estimated the fluctuation in income to be average or high. This means that even though there is not a lot of money invested in operations, there are some financial risks always present, since the financial situation changes constantly. Over half of the respondents considered that their income had improved from the beginning of operations, but there were some respondents (16%) whose income had decreased from the beginning. So it seems that income tends to develop positively along with the business activity.

The respondents were also asked to evaluate their entrepreneurial skills required in operations, as well as, available services supporting their business. The figures are shown in table 20.

	Combined	Journalists	Translators/ interpreters
Specialist and financial services			
Enough suitable public specialist services available	34	40	27
Enough suitable public financial services available	16	20	13
Is aware of provided support and financial services	21	23	19
Has enough entrepreneurial skills and knowledge required in running business operations	53	54	51
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Total respondents	542	221	321

Table 20. Required entrepreneurial skills and provided support services (%) (Scale of 1-5 was used, of which 1=completely agree and 5=completely disagree, the data presented combines those who partly or completely agreed with the statements.)

Despite the fact that it was revealed in a previous section that many respondents did not have extensive knowledge or experience about entrepreneurship, over half of the respondents considered that they had enough entrepreneurial skills and knowledge to run their business. This can either suggest that many of the entrepreneurial skills were acquired through freelancing or that the respondents did not consider that their business required extensive entrepreneurial skills.

In contrast, over half of the respondents considered that there were not enough specialist and financial services suitable for their needs, so as to support them in their operations. This was more evident among translators and interpreters, of whom only 13% thought that there were enough public financial services available and 27% that there were enough other specialist services available. This seeming lack of support services might be partly due to the fact that only approximately 20% of respondents were aware of any provided support services.

There seems to then be some issues with services aimed for knowledge-based entrepreneurs and freelancers, who are working at the boundaries of entrepreneurship. Due to the nature of the work, it can be quite difficult to provide all-inclusive services for freelancers, who operate under various business forms and face different issues due to their specialist fields. Naturally, there are entrepreneurial support services that can be utilised, but they may not be able to respond to all the challenges of freelancers.

Since freelancing is such a varied field, it may also cause problems for officials. Merely a few respondents thought that officials understand the particularities of freelancing, as shown in table 21. These views seem to suggest that some kind of development is required in supportive functions provided for freelancers and other self-employed individuals that differ from the traditional idea of entrepreneurship.

The freelance journalists, translators and interpreters were also asked to evaluate issues relating to taxation and social security, the figures on which are shown in the table below.

	Combined	Journalists	Translators/ interpreters
Taxation and social security			
Is able to handle all necessary social and pension fees	52	50	53
Social security of freelancers should be similar to employees	94	94	94
Taxation on freelancers should be lowered	71	68	73

Opportunities for unemployment benefits should be improved for freelancers	86	84	87
Officials understand the particularities of freelancing	10	12	9
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Total respondents	542	221	321

Table 21. Taxation and social security (%) (Scale of 1-5 was used, of which 1=completely agree and 5=completely disagree, the data presented combines those who partly or completely agreed with the statements.)

The majority of respondents considered that the social security benefits of freelancers should be similar to those of waged employees, and that opportunities for unemployment benefits should be improved. A bit lower number of respondents (71%) thought that taxation on freelancers should be lowered. Approximately half of the respondents thought that they were able to pay for all necessary social and pension fees, but there were also those who were not able to finance the costs. These results suggest that the related fees and taxes can cause some issues to freelancers and that freelancers may be in a worse position than other parties in relation to employment benefits and the like.

Respondents were also asked to evaluate their satisfaction with their work and income. The data in table 22 represents those respondents that partly or completely agreed with the statements presented.

	Combined	Journalists	Translators/ interpreters
Overall satisfaction			
Satisfied with the decision to become knowledge-based e/f	87	84	91
Quality of life better now than as an employee	68	70	66
Current situation in life suited for freelancing	80	79	82
Demand and financial situation			
Currently enough clients	66	65	67
Overall demand in the field good at the moment	59	60	58
Income better now than as an employee	28	24	31
Work content and commitment			
Best method of realising oneself	86	85	87
More control over work than as an employee	86	85	88

More free time as an employee than as a freelancer	45	44	47
If possible, would return to waged employment	14	15	12
Profession-based e/f in terms of career and education			
Previous work experience useful for current situation	75	81	68
Degree studies valuable for work	82	78	85
Current activity the worst way to employ one's education	5	5	4
<i>Combined</i>	<i>Multiple choice (not 100%)</i>		
Respondents combined	542	220	322

Table 22. Satisfaction with work and income (%) (Scale of 1-5 was used, of which 1=completely agree and 5=completely disagree, the data presented combines those who partly or completely agreed with the statements.)

The majority of respondents (87%) were satisfied with becoming a knowledge-based entrepreneur, though a lower number of respondents (68%) thought that their quality of life had improved from regular employment. Over half considered that they had enough clients and that the demand for business was good. However, only 28% of respondents earned more money as freelancers than as regular employees.

Less than 50% of respondents considered that they would have more free time as waged employees than as freelancers. This is in contrast to the common idea that freelancing can be time consuming and provide less free time due to the unstable nature of employment requiring freelancers to limit their free time to better respond to the needs of clients. This begs the question of whether the respondents do actually have more free time as freelancers and what is the reason behind this if that is the case. Do the respondents with more free time have less work, which leads to more free time, or do the respondents just perceive to have more free time as freelancers due to the fact that they are in control of their own time. It may also be difficult to clearly distinguish between work and free time in freelancing compared to regular employment. Also, as stated in the theory part, many freelancers do not often realize all the activities that should be included when calculation work hours.

A majority of respondents thought that they had more control over their work as freelancers and that freelancing was the best method to apply their skills and knowledge. This helps to explain why only 14% of respondents would consider returning to waged employment. Most respondents also thought that knowledge-based entrepreneurship provided a good opportunity for utilising prior work experience and studies. Only 5% thought that freelancing was the worst method to employ their education. This suggests that many of the respondents were satisfied with the decision to become freelancers, even though their income appeared to have decreased due to freelancing.

This seems to imply that there are other factors affecting the satisfaction of freelancers than mere income. Things like independence and the chance to use one's skills and knowledge as best as possible seem to be major drivers behind satisfaction of knowledge-based entrepreneurs.

Table 23 shows how freelance journalists, translators and interpreters see their future in relation to freelancing. Over half thought they would be freelancing full time in ten years time, and 15% thought they would be freelancing part time. In comparison, only 12% of respondents thought they would be working as regular employees full time and 7% part time. The fractions are somewhat affected by the fact that 24% of respondents stated they would be already retired. Only 2% of respondents considered that they would be unemployed.

	Combined	Journalists	Translators/ interpreters
Freelancing full time	64	66	63
Working as a full time employee	12	11	13
Freelancing part time	15	14	16
Working part time	7	5	8
Working on a grant	5	7	3
Retired	24	24	23
Unemployed	2	2	2
Other	4	5	3
<i>Total</i>	<i>Multiple choice (not 100%)</i>		
Total respondents	545	219	321

Table 23. Situation in ten years (%) (Scale of 1-5 was used, of which 1=completely agree and 5=completely disagree, the data presented combines those who partly or completely agreed with the statements.)

It then seems that the freelance journalists, translators and interpreters had fairly positive views on their future, with regard to freelancing activity and employment. Unemployment was not considered to be a probable alternative in the future and fairly few respondents seemed to consider the return to regular employment as a viable option. It shows that the respondents are committed to their operations in the long term and do not consider failure to be a likely option. Also, as the respondents were mostly satisfied with their work and situation in life, the likelihood of considering other options was not great.

The major issue among respondents seemed to be the decrease in income, even though most were satisfied with their income level. Also, the fees and benefits associated with the activity provided some problems, as well as, the lack of suitable support services. Despite this, the respondents seemed to consider that the positive aspects overrode the negative ones, as most of the respondents were satisfied with becoming freelancers and considered it to be the best way to apply their skills and knowledge. It appears that personal satisfaction and ability to control one's work prevail over the amount of income.

7 Conclusions

The aim of the study was to define how freelancers differ from the common concept of entrepreneurship and to provide a guideline on what freelancing entails. A secondary goal was to raise awareness of freelancing as a research topic, in order to promote further research. Freelancing is often a foot note in entrepreneurship studies, as it is considered to be merely one form of self-employment, comparable to commission salespersons and the like, which are situated somewhere between employment and self-employment (Parker 2004).

Freelancers are often categorised as a subset of owner-managers that work in knowledge-intensive fields providing knowledge services for their clients. They can operate under various legal business forms, such as, sole traders, partners in unincorporated businesses or directors of their own limited companies, which was also apparent among the respondents of the current study. The defining characteristics often associated with freelancing include autonomy, short-term and project like work assignments, as well as, working alone. They possess characteristics of both employees and entrepreneurs, but also have distinguishing features that separate them from both groups. Freelancers are clearly more independent and self-reliant than waged employees, but unlike most entrepreneurs they do not employ other people or have growth plans for the business, which means that their business goals and processes are rarely entrepreneurial in nature.

The main entrepreneurial aspect of freelancing is commonly considered to be the risk and uncertainty associated with job and income insecurity (Burke 2011). Other entrepreneurial aspects that can be associated with freelancing include the need for independence, need for achievement and internal locus of control, which are the common aspects of owner-managers in general. The degree of these entrepreneurial characteristics in freelancers may, however, be quite small in comparison to other owner-managers. This seeming lack of entrepreneurial spirit can be seen by considering the fact there are both full-time and part-time freelancers, which is often not the case with other business owners.

This poses the question of how driven freelancers are and how willing they are to take risks and face uncertainty. Furthermore, freelancers seem to be fairly willing to return to regular employment, if the opportunity rises. The reason for which is earning regular income, getting benefits and eliminating insecurity. (Tench et al. 2002, p. 317.) This suggests that many freelancers are not ready to endure the insecurity or risks related with entrepreneurial activity, nor do they have an immense need for independence. However, as operations and goals are tied closely to the freelancer as an individual, generalisations are quite difficult to make. For example, many of the respondents discussed in the

current study did not consider returning to regular work as a preferable option and seemed to be committed to freelancing in the long term, which is most likely due to the fact that many of them had chosen to become freelancers for positive reasons.

In short, freelancers are commonly self-employed knowledge or creative workers providing a specialized service for a limited time-frame. They are own-account workers with no employees, responsible for acquiring their own income. They work for their clients under a contract for services and are responsible for their own taxes, insurances and health care. However, as the freelancing field is wide and diverse, there is no typical freelancer meaning the business processes of one freelancer can differ widely from those of another one.

It can then be quite difficult to define freelancing as a concept, which means that freelancing is also a challenging research topic. It is easier to see it as a small inconsequential part of entrepreneurship or employment that cannot be defined clearly as its own entity. However, as the number of freelancers and other knowledge-based entrepreneurs seems to be continuously growing due to changes in the employment market and organisations, it would seem wise to study the concept more extensively. There are various studies focusing on particular freelancer groups or issues, but they are scattered and seem to have no common base.

The concept of freelancing and the related issues have been considered in various studies. The next step would seem to be to clearly separate freelancing from other forms of self-employment, and especially entrepreneurship. It is not wise to categorise freelancers as underachieving entrepreneurs only because their business processes and aims are different from the traditional idea of entrepreneurship. This merely serves to put freelancers in a worse position than other entrepreneurs, since they can easily be dismissed as “entrepreneurs” that have no real business goals and are merely playing around.

It is hence important to clearly define and study how and why freelancing differs from regular entrepreneurship and to what extent. There can be various

differentiating factors, such as, business form, aims, applied processes, client relationships and provided services. Studying these factors can provide further insight to freelancing, as well as, its positive aspects. As knowledge services are becoming a sought-after commodity among companies, freelancers may prove to be the answer in providing knowledge services in a flexible manner. By studying the benefits of freelancing, it is also easier to convince organisations of the value and credibility of freelance services in a wider scale.

It is also important to define freelancing as a clearly separate activity, in order to improve the position of freelancers in the employment market. Officials should be properly equipped to consider the particular challenges of freelancers, which are different from those of both employees and entrepreneurs, so as to be able to provide suitable support for freelancers. This would then help with possible issues with taxation and unemployment benefits, which seemed to be a problem among the respondents, along with the lack of suitable services. For example, the conditions for unemployment benefits and qualifying for earnings-related allowance can prove to be difficult for freelancers, since they rarely work regular hours and can work both as entrepreneurs and employees meaning that the regulations and conditions may work against them (Akavan erityisalat 2013).

In addition, it is vital to define whether the relationship between the employer and freelancer is truly based on a contract for services and not a contract of employment, since it affects, whether the pension fees are paid by the freelancer or the employer. If the freelancer works under the supervision and control of the employer, the relationship is based more on that of a contract of employment, meaning the pension fees should be paid by the employer. In contrast, the work of a truly independent operator is not overseen by the employer, it is only the final input that is accepted or dismissed. The freelancer has control over all other elements including work place, time and methods. (Akavan erityisalat 2013.) It is then important that both freelancers and employers recognise the differences between freelancers and temporary employees, so as to avoid possible issues and disgruntlements. The last

section of the study provides useful links on freelancing, including one that gives information on the position of freelancers in the field of employment.

Since freelancers themselves have differing views on how to define their work, having a more general idea on what freelancing entails might help freelancers themselves. By having more knowledge on the topic and understanding what skills and activities are involved in freelancing, freelancers might put more value on their work and be able to define their work terms better. In addition, a clearer view on the demands of freelancing can facilitate pricing and negotiation processes, since it helps freelancers to defend their service prices to clients, as they can identify all the elements entailed in the price.

As was discussed in the empirical part of the current study, many of the respondents did not do any extensive planning or preparation before becoming freelancers. Neither did many of the respondents have entrepreneurial experience or skills before starting their operations. These factors can prove to be hindrances for business operations in the long term, if the freelancer is not aware of all the related demands. It is important to recognise that freelancing entails more than just the provided service; there are a lot of entrepreneurial activities involved, such as selling, marketing and accounting, that require planning and background knowledge. Managerial skills can also be necessary, since the freelancer is commonly the sole worker with control over every aspect of the business.

Few of the respondents had experience on any of these things prior to starting their operations showing that these skills may often be learned “on the go”. However, with proper understanding of what freelancing entails, freelancers would be more equipped to operate efficiently in the long term, not just surviving from day to day. It is then important especially in those fields that distinctly have a large number of workers operating as freelancers, to recognise and emphasize the importance of entrepreneurial training and knowledge prior to starting freelancing full time, or in best case scenario to provide opportunities for entrepreneurial training in the curriculum.

Considering that income among freelancers is often lower and more fluctuating than with regular employees, money is rarely a major factor in the decision to freelance. The most prominent factors seem to be autonomy over work content and time, and the ability to utilise own skills in a personally satisfying way. When discussing freelancing, there is often the assumption that quite many of the freelancers have chosen freelancing due to unemployment or other push factors. Most of the respondents in the current study appeared to have a fairly stable position in the employment market, meaning that the decision to become a freelancer was voluntary and considered to be rather an opportunity than a necessity. However, it is prudent to take into account the fact that the study was published in 2007 meaning the economical situation was more positive, which most likely has an effect on the data. Presumably, the current economic climate would signify more freelancers with push factors, such as unemployment and declining work options, affecting their decision to freelance.

Most of the respondents were also committed to freelancing in the long scale, not prepared to abandon their operations for regular employment, even if presented with a chance. This is in contrast with the common idea that many freelancers would return to regular employment, if they had the opportunity. This implies that there can be more positive drivers behind the decision to freelance than commonly thought, even if the main ones may be derive from necessity.

It seems that financial investments are rather low in freelancing and knowledge services in general meaning the financial risks are also lower, which, in turn, means that the consequences of possible business failure are not extensive. This supports the idea that the barrier to enter freelancing is quite low, since the risks are lower than in regular entrepreneurship. Freelancing does not commonly require large investments in premises or equipment, shown by the fact that most of the respondents were working at home. The respondents did not have extensive growth plans for their business, though many did consider growing their business in some small way. However, only few considered the

idea of employing other people, supporting the central feature of freelancers as 'lone wolves'.

There were quite many respondents who were of the opinion that their decision making was controlled by major clients, which shows how important customer relationships are in freelancing. Particularly, if the client base is narrow, the larger clients can end up dominating the relationship between the freelancer and the client, deteriorating the position of the freelancer. In these cases, the freelancer can be reinstated in the position of an employee, except without the benefits. Amongst the respondents, there were quite a few that seemed to rely on a small number of clients.

It is then essential to consider and manage client relationships to ensure that the freelancer retains a good negotiation position. This requires not only managing existing customer relationships, but also constantly prospecting for and acquiring new clients. Widening the client base naturally involves selling and marketing, which are skills that many freelancers may not possess. However, they are essential skills in acquiring new clients, along with networking. Nowadays, this exceedingly involves utilising various social media channels to contact people and to raise one's profile, as well as, to gather vital information. It is then crucial for the freelancer to be able to use these tools as effectively as possible, and to recognise new opportunities and technologies from the start.

There are then a lot of things that freelancers need to consider and be aware of, in order to survive in the world of business. Despite this, there seems to be a lack of proper knowledge on the topic, making it difficult for freelancers to acquire knowledge, even if they wanted to. This is why it is important to study the topic more extensively and to provide a general theoretical base for freelancing. Freelancers are not merely one small category of owner-managers, but a concept worth studying separately due to the particularities of the field and possible benefits for other entrepreneurs and organisations. With the flexibility provided by freelancers, many organisations could adapt their services and operations, so as to better match the demands of the fast-paced markets.

The things that make freelancing unique and sometimes challenging can prove to be its best assets in the changing organisation structures. Freelancers can operate independently without some of the major risks associated with entrepreneurship and have few location restrictions. It is then a flexible way to use one's skills with a chance to provide a truly personalised service for clients. It can be a challenging and unstable proposition, but it provides a freedom rarely found in employment. Situated somewhere in between employment and entrepreneurship, freelancing provides a view into how the employment markets are changing and what kinds of challenges are rising for various professionals, especially those in knowledge-based fields. It is wise to consider these new employment opportunities and their benefits, so as to understand that there are more alternatives than the traditional ones.

Traditional views provide a good basis for regarding employment, but it is important to acknowledge that they are not the only viable alternative. This should also be taken into account in entrepreneurship studies, in which the concept of freelancing should be discussed further, so as to raise awareness on the topic among both potential freelancers as well as employers. It is vital to recognise that freelancing is not just something limited to certain creative fields, but is a viable work model for other specialists providing knowledge services and the like. Without proper knowledge on the topic, employers are more likely to consider only traditional options, such as temporary employees, when considering flexible workforce options for their operations. Freelancers could possibly provide better solutions and input for organisations, as they are not constricted by the structures and management of the organisation, making them more likely to innovate and provide more effective solutions for the organisation. Nevertheless, they are still an unknown quantity for many employers, which can make them seem more hassle than they are worth.

Providing information on freelancing merely in entrepreneurial or business studies is not enough to promote freelancing in general, but it is a good starting point, since without proper background knowledge, there is nothing to build on. Furthermore, it would be beneficial to discuss freelancing in various

entrepreneurship forums and events, which have a wide entrepreneurial audience, so as to promote the benefits and credibility of freelancing as a future employment alternative. Officials associated with employment issues should also try to promote the field of freelancing more on a general level, so as to provide more information and support for those interested in the field. In many countries, such as the US, there are also countless sites and blogs on freelancing providing information and first hand accounts on what freelancing entails, which are maintained by freelancers. It is then also the freelancers themselves that need to take responsibility of promoting the field and its opportunities and benefits, so as to garner attention. In this task, the numerous social media channels are invaluable.

Freelancing may not be the traditional way of employment, but it can be just as legitimate, merely different. It provides a flexible way of working with better opportunities for relocation or expanding work opportunities internationally. It is a job that in many cases can be done anywhere in the world, as long as the freelancer has a computer and an internet connection. In the long run, the freelancer has control over work content, time and place, even if the requirements of clients can sometimes determine them to an extent. However, the freelancer always has the final word on the decision to accept the assignment, whereas regular employees rarely have much say in their work content. Freelancers can then do the job they like anywhere they like without the constraints of regular employment, in which the employee is often somehow tied to the location and management of the employer.

The freedom and independence associated with freelancing, naturally, entail more responsibilities and uncertainty, which can make freelancing a daunting prospect for many people. However, as the employment market today is less than secure, the days of permanent positions and long term careers in one organisation seem to be numbered. The situation many specialists – and workers in general – face is temporary employment and continuously hunting for new jobs. It is then wise to consider, whether freelancing would provide better career options and more freedom to expand ones job opportunities than temporary positions. While in temporary employment, the employee is

commonly tied to one organisation having to work under its requirements and structures, the freelancer in turn is able to work simultaneously for various clients under his/her own management and to connect to a wider audience without the location constraints.

In the end, it is about which method provides the best opportunity for knowledge workers to use their skills in the employment market as well as the best possible input for the employer. Freelancing could be the solution that many are looking for but have not yet considered.

7.1 Useful links

Freelancing is still widely associated with certain fields in Finland, such as journalism, which can be seen from the fact the site with most practical information about freelancing is for freelance journalists provided by the freelance division of the Union of Journalists in Finland (www.freet.fi). The site deals with many issues associated with freelancing and provides contract models for freelance journalists. Despite the fact that the site is aimed for freelance journalists, it provides valuable information for all freelancers on issues such as taxation, pensions and pricing. It can also help prospective employers to consider all possible issues with hiring freelancers.

The freelance division of the Union of Journalists in Finland has also developed a price calculator, which helps freelancers price their services (www.prohostonline.fi/hinnoittelulaskuri/). The calculator lists all the cost elements associated with freelancing and hence also helps freelancers to recognise all the elements that should be taken into account when setting prices. This can help freelancers not just to price their services accordingly but also to justify the pricing for potential clients.

There is also a freelancing portal for both freelancers and employers via which freelancers can search for work assignments and employers for freelancers

(www.freelanceri.info/). This site can provide a potential work channel especially for starting freelancers trying to garner work assignments without pre-existing reputation. It also provides an easy method for employers to find suitable freelancers for various projects. A site through which freelancers can be contacted may also help to increase visibility of freelancing among employers, especially if the participant numbers continue to grow and it is deemed a good channel for prospecting for freelancers.

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Akava Special Branches provides some useful tables demonstrating the position of the freelancer in the employment market (www.akavanerityisalat.fi/edunvalvonta/ammatinharjoittaja_yrittaja/freelancerin_asema). One table describes the differentiating characteristics of regular employment and independent contracting. There is also a table listing the responsibilities of freelancers in relation to taxation and other fees.

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