

<https://doi.org/10.48047/AFJBS.6.14.2024.10016-10023>



African Journal of Biological Sciences

Journal homepage: <http://www.afjbs.com>



Research Paper

Open Access

## RESEARCHING THE CHALLENGES AND OPPORTUNITIES FOR HR IN MANAGING FREELANCERS AND CONTRACT WORKERS

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Volume 6, Issue 14, Aug 2024

Received: 15 June 2024

Accepted: 25 July 2024

Published: 15 Aug 2024

*doi: 10.48047/AFJBS.6.14.2024.10016-10023*

### ABSTRACT

Human resource management is now faced with new challenges, creating new ways to face these challenges and convert them into positive strengths of an organization. Changing business environments create so many problems for HR managers. The main aim of this paper is to detect the challenges faced by HR managers and some suggestions to overcome these problems.

This research paper combines data and changes in the job environment given via online workforce platforms. This paper's findings suggest that part-time and freelancing provide flexible time to employees. This work has become a primary and secondary source of income for many youth. We have seen an increase in the percentage of working women doing freelancing and Contracts.

**Keywords:** Opportunities; Freelance work; Contract based; Motivation, Human resource, Challenges, Management, Strength

### INTRODUCTION

Human resources are the most important assets of an organization. All types of enterprises manage their human resources to survive in the competitive scenario, achieve growth and development, and create a good corporate image. The purpose of HRM is to maximize the productivity of an organization by optimizing the effectiveness of its employees. But in the modern era, human resource management is not an easy task. It becomes challenging day by day. There are so many reasons for complex HR management.

Freelancers working on digital labour platforms have to deal with many challenges. IT freelancers should be considered separately due to special characteristics such as high skill level or collaborative nature of IT work. Thus, we examine the challenges of IT freelancers and synthesize them. We extend the challenges of online freelancing already outlined in the literature and identify four IT-specific challenges for IT freelancers. Therefore, we improve our understanding of how IT work is performed on digital labor platforms and which particular aspects should be considered in future research. Furthermore, we highlight implications for practitioners, i.e., IT freelancers on the one hand and platform owners on the other hand.

The recent study shows well-defined demographic and organizational differences in the pandemic. The major challenges faced by organizations are different time zones of workforces. There are several proven tactics to make managing freelancing and Contract-

based employees easier and more effective. We are concerned about freelancing and Contract-based because of its uncertainty in nature. Freelancers or Contract-based workforce is a very new term in the market. Freelance work is contract-based according to the needs of the client. The worker is showing his/her creativity in the work and gets paid accordingly. During the pandemic, Contract-based based provides a better work-life balance and reduces stress. It also helps us to reduce pollution stress from our environment. This suggests that there is more demand for administration jobs instead of technical jobs

A positive climate is essential to handle human resource management problems. Positive climate involves:-

1. Participation of employees in decision-making.
2. Provide freedom to employees to express their ideas and opinions.
3. To create team spirit among employees.
4. To create self-confidence among employees so that they can draw their directions.
5. An interest in confronting issues and solving them rather than hiding them.

The gig economy refers to a labor market that offers contract-based or freelancing opportunities instead of permanent jobs. Moreover, enabled by digital platforms and technology, freelancers have the flexibility to work remotely, choose projects, and manage their schedules. Various factors, such as flexibility, desire for autonomy, and diverse income streams have driven this shift towards gig work.

## **HR CHALLENGES AMID THE RISING GIG ECONOMY**

### **1. Integration and Collaboration**

One of the primary HR challenges is collaborating with freelancers and making them a part of the existing organizational structure smoothly. Unlike full-time employees who undergo onboarding processes and are immersed in the company. However, freelancers work remotely and have limited interaction with the core team. HR needs to devise strategies to foster collaboration, communication, and integration to ensure that freelancers feel connected and valued.

### **2. Compliance and Legal Issues**

Compliance with labour laws and regulations poses another challenge in managing freelancers. HR must navigate the legal complexities surrounding contract workers, ensuring adherence to labour standards, tax regulations, and intellectual property rights. Any misclassification of freelancers as employees can lead to legal ramifications and may emerge as the potential for HR challenges. Therefore, HRs must establish clear guidelines for engagement and classification for contractors.

### **3. Performance Management**

Evaluating freelancers' performance is one of the biggest HR challenges. With limited supervision and varying project scopes, HRs must develop objective performance metrics. Besides, having a constant feedback mechanism to assess freelancers' work is an extremely daunting task. Therefore, companies must establish clear expectations, deliverables, and timelines for managing performance. And ensuring alignment with organizational goals.

### **4. Cultural Alignment**

Maintaining a cohesive company culture becomes challenging especially when HRs have to manage freelancers. HR plays a pivotal role in cultivating a sense of belonging and shared values among both full-time employees and freelancers. Initiatives, such as virtual meetups, cross-functional projects, and recognition programs can help bridge the cultural gap and foster a sense of community within the diverse workforce.

## **STATEMENT OF THE PROBLEM**

- **Communication barriers:** Outsourced workers may not be located in the same country or speak the same language as the company, which can make communication difficult and lead to misunderstandings.

- **Time zone differences:** If the outsourcing company and the client are in different time zones, it can be difficult to schedule meetings or get timely responses to questions.
- **Quality control:** It can be difficult to ensure that outsourced work meets the same quality standards as work done in-house.
- **Lack of accountability:** When an employee is outsourced, it can be difficult to hold them accountable for their work in the same way as an in-house employee.
- **Dependence:** Companies may become too dependent on freelancers or outsourcing companies, which can make it difficult to bring the work back in-house if the need arises.

### **OBJECTIVES OF THE STUDY**

- To identify the future scope of Contract-based and freelance work in organization effectiveness.
- To explore future opportunities related to Contract-based and freelance.
- Highlight the specific implications of the challenges and opportunities of HRM practices
- Present a comprehensive understanding of the challenges and opportunities that arise for HR departments in managing freelance and contract workers
- Emphasise the importance of adapting HRM strategies to effectively integrate freelance and contract workers, tap into their skills, and create a supportive environment

### **SCOPE OF THE STUDY**

The research findings will contribute to the challenges and opportunities of the economy on HRM practices of freelance and contract workers. The HRM and organizations understand the challenges and opportunities associated with freelance and contract workers and develop effective strategies for managing their workers. The research will provide insights into how industries in India can leverage freelance and contract workers to enhance their competitiveness and organizational flexibility while addressing the implications on employment relationships and talent management.

### **LIMITATIONS OF THE STUDY**

- The period of research was restricted to three months.
- The different views and opinions provided by the respondents were subjected to Personal bias.
- Employees tend to underestimate their skills before training and overestimate their skills post-training to validate their participation in the training program.
- In this way it is seen that it is difficult to comprehensively evaluate or capture the effectiveness of a training program.
- While getting all the questionnaires filled out, I faced that most of the employees didn't want to respond
- The number of employees covered in this survey is limited to the sample size of 116 employees only.
- The time duration for the project is limited so it was difficult to analyze the training needs at the micro level

### **REVIEW OF LITERATURE**

(Kudaravalli et al., 2017) However, when IT work is performed by freelancers on digital labor platforms, special aspects need to be taken into account. IT freelancers differ from other online freelancers in two aspects. First, a high skill level is required for IT work, which is constantly evolving Second, a level of collaboration is often required on IT projects to

complete them successfully. This is not the case with other freelancing activities such as simple design tasks, translations, or image editing

**Jabari N., Croteau A.M., Audebrand L.K., & Marsan J. (2019)**, the idea behind high-quality employee motivation in an organization can provide long-term rewards with the support of better industrial relations. Compared to organization workers, the Gig workforce needs the support of technology to get motivated. Both professional and work life are most important for human beings. The good Quality of work life of the employee is the greatest question in the current pandemic situation. The family members' support plays a major role in keeping you motivated in such a confusing state. Study shows "Four Circles "that reflect four domains of a person's life - "work, home, community, and self". He suggests that these four circles represent values and culture. Explain the facts that how online gig/ freelancing work provides "a flexible working time to individuals to take care of their family members. Also, they can enroll themselves in any higher education program or start a new venture. It has a great emphasis on motivating your workforce to do freelance work.

**McGregor and Doshi (2020)**, most of the organization leaders come over from the first barrier which is allowing the team to do online work. Every time you need to remain active online. The second step's question is more important: How to motivate employees who are doing Contract-based based? During COVID-19, many employees focus on more freelance work. The world has become very challenging during the pandemic time but some organizations still manage to raise their standards in terms of better customer satisfaction, and providing good quality products and services. We will not forget the work of Frontline workers; they have devoted their lives to the safe lives of other people during the pandemic.

**(Durward, Blohm, & Leimeister, 2020)** The necessity of taking a closer look at this form of work arises not only from the observation of its enormous growth but also from the fact that it is different from traditional forms of work, as prior research suggests, dealing with the advantages and challenges of online freelancing. In contrast to traditional employment, online freelancers are self-employed and work outside of an organizational environment Due to the global matching on digital labor platforms, there is a high competition and broad heterogeneity of clients and jobs. Additionally, the work is temporary and purely digital Finally, freelancers are not managed by a traditional supervisor, but by algorithms.

**(Idowu & Elbanna, 2022)** For the discipline of information systems (IS), this subject is particularly relevant, as a considerable share of freelancing jobs falls into the area of information technology (IT) work. Therefore, in this paper, we specifically examine IT freelancing, which can be defined as the field of IT work on digital labor platforms that include technology and software development (app development, website design, and software testing). IT work has characteristics that can differentiate an execution of work on digital labor platforms from other areas, which makes it worth taking a closer look. IT work is particularly relevant for many companies due to the general trend toward digitization, and especially in the context of the pandemic, which is countered by a shortage of qualified workers.

## **RESEARCH GAP**

Although several studies have been conducted on Contract-based and Freelance there has been a lack of serious studies reflecting the scope of Contract-based and freelance work opportunities shortly and organizational effectiveness. The present study is being conducted to address online workforce motivation and future scope.

## **RESEARCH METHODOLOGY**

Research methodology is a way to systematically solve research problems. Research methodology is understood as a source of the study of how research is done scientifically. The various steps adopted by a researcher in studying the research problem along with the logic.

## RESEARCH DESIGN

The research design constitutes the blueprint for the collection, measurement, and analysis of data. There are types of research design; they are exploratory research design, experimental research design, and descriptive and diagnostic research design. The research adopted a descriptive research design for the study.

### Sample Design and Sample Size

In the present study, the random probabilistic sampling (Stratified random sampling) technique was used for the selection of the sample.

## SAMPLING METHOD

The sampling method utilized was convenience sampling.

## SOURCES OF DATA

### Primary Data

It was collected through a questionnaire further this data was processed and tabulated using graphs the tables were analyzed and the findings were drawn accordingly.

### Secondary Data

It refers to a special kind of ratio, it is used to make comparisons between two or more series of data since the percentage reduces everything to a common base and allows meaningful comparisons to be made.

## TOOLS AND TECHNIQUE

1. Simple percentage analysis
2. Chi-square analysis
3. Correlation
4. Anova

## CHI-SQUARE TEST

### NULL HYPOTHESIS

**H<sub>0</sub>:** There is no significance between the various factors of future opportunities for freelancers and doing online work assignments as full time contract workers

### ALTERNATIVE HYPOTHESIS

**H<sub>1</sub>:** There is a significant between the various factors of future opportunities for freelancers and doing online work assignments as full time contract workers

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.866E2 <sup>a</sup>	9	.000
Likelihood Ratio	199.222	9	.000
Linear-by-Linear Association	101.078	1	.000
N of Valid Cases	116		

a. 5 cells (31.3%) have an expected count of less than 5. The minimum expected count is 2.37.

**RESULT:** Since the calculated values are greater than the table value. So we reject the null hypothesis. There is no significance between the various factors of future opportunities for freelancers and doing online work assignments as full time contract workers

### CHI-SQUARE ANALYSIS:

### NULL HYPOTHESIS

**H<sub>0</sub>:** There is no significance between the work assignment enabling to improve skills, knowledge, and new capabilities of freelancers and contract works and contracts based workforce employee's attitude

### ALTERNATIVE HYPOTHESIS

H1: There is significance between the work assignment enables to improve skills, knowledge, and new capability of freelancers and contract works and contracts based workforce employee’s attitude

**Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.953E2 <sup>a</sup>	9	.000
Likelihood Ratio	201.302	9	.000
N of Valid Cases	116		

a. 4 cells (25.0%) have an expected count of less than 5. The minimum expected count is 3.17.

**RESULT**

Since the calculated value is less than the table value. So we accept the null hypothesis. There is no relationship between work assignments enabling improvement skills, knowledge, and new capabilities of freelancers and contract workers and contract workforce employee’s attitude

**CORRELATION**

The table shows the relation between contracts-based workforce employees’ attitudes and freelance workers towards the role of online projects.

**Correlations**

	Contracts based on workforce employee’s attitude	Freelance workers towards the role of online projects.
Contracts based on workforce employee’s attitude	1	.937**
Sig. (2-tailed)		.000
N	116	116
Freelance workers towards the role of online projects.	.937**	1
Sig. (2-tailed)	.000	
N	116	116

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**RESULT**

This is a positive correlation. There are relationships between Contract workforce employees’ attitudes and freelance workers toward the role of online projects.

**ANOVA**

**NULL HYPOTHESIS**

**Ho:** There is no significant relationship between factors influencing HR Freelance in Organizational effectiveness and contract-based workers help compensation structures

**ALTERNATIVE HYPOTHESIS**

**H<sub>1</sub>:** There is a significant relationship between factors influenced by HR Freelance in Organizational effectiveness and contract-based workers' help to compensation structures.

#### ANOVA

EDUCATIONAL QUALIFICATION OF THE RESPONDENTS	Sum of Squares	df	Mean Square	F	Sig.
Between Groups (Combined)	187.029	4	46.757	190.069	.000
Linear Unweighted Term	62.602	1	62.602	254.480	.000
Weighted Deviation	163.737	1	163.737	665.594	.000
	23.292	3	7.764	31.561	.000
Within Groups	27.552	112	.246		
Total	214.581	116			

#### RESULT

From the above analysis, we find that the calculated value of the F-value is a positive 190.069 value. There is a significant relationship between the educational qualification of the respondents and the quality of the products.

#### SUGGESTIONS

Contract-based workers and Freelance in organizational effectiveness have been very successful and they provide career opportunities to the online workforce. Impact of online work on business performance, There has been a positive impact of Contract-based workers and Freelance on business performance. There are significant differences in the perceptions of Contract workers and Freelance

To cope with the demands of a changing environment managers need to upgrade their skills and knowledge. Different aspects of the changing business environment should be considered by managers to survive in the competitive environment. Training and development programs should be conducted for employees. Upgradation of knowledge is a must to cope with technological changes and to face competition at the global level. Better compensation and career advancement policies are followed to retain the best talent and to face the competition of Contract-based workers and Freelance.

#### CONCLUSION

According to the Future Workforce survey, Contract and freelance work has brought some positive impact in the economy. The online work is increasing day by day. It is also making the young workforce to become self-sufficient. The economy has revolutionized the way work is structured and performed, presenting both challenges and opportunities for organizations and HR professionals alike. By addressing the HR challenges associated with managing freelancers and leveraging their unique strengths, businesses can harness the full potential of the gig economy to drive innovation, agility, and competitiveness in today's dynamic marketplace.

HRs to strategically plan, communicate effectively, and foster collaboration. We have designed the platform to cater to HR problems during business processes. It helps navigate the complexities of the gig economy and build a resilient workforce poised for success in the digital age.

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