

# Online Freelancing: An emerging new employment opportunity

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# **What is Online Freelancing?**

# Buyers and sellers connected at lower transaction cost

Online freelancers with various offerings



- Students (58%)\*
- Those with day jobs
- Few others

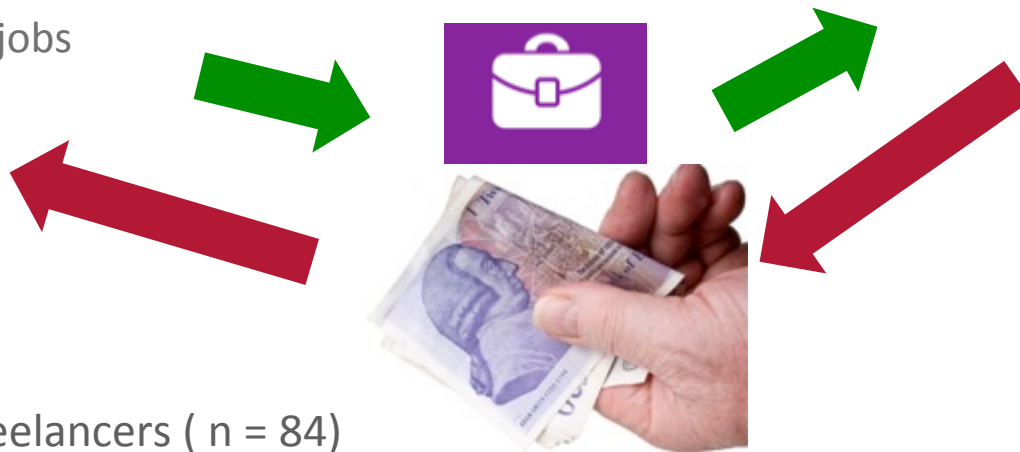
Register with a  
online platform



Clients  
looking for various  
services



- Companies
- Professionals
- Individuals



\* Survey with freelancers ( n = 84)

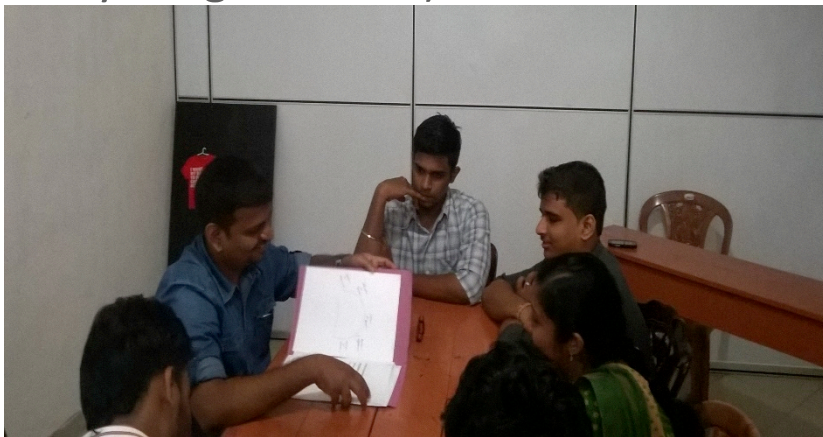
# Findings of multi-pronged research conducted in Sri Lanka in 2016

## Quantitative component

- Nationally representative survey of 16-40 year population (n=5,377)
- Survey of potential freelancers (n=160)
- Survey of current freelancers (n=84) conducted at Dialog's FreelancerSL 2.0 event

## Qualitative component

- Focus group discussions with freelancers, potential workers (youth & young mothers)

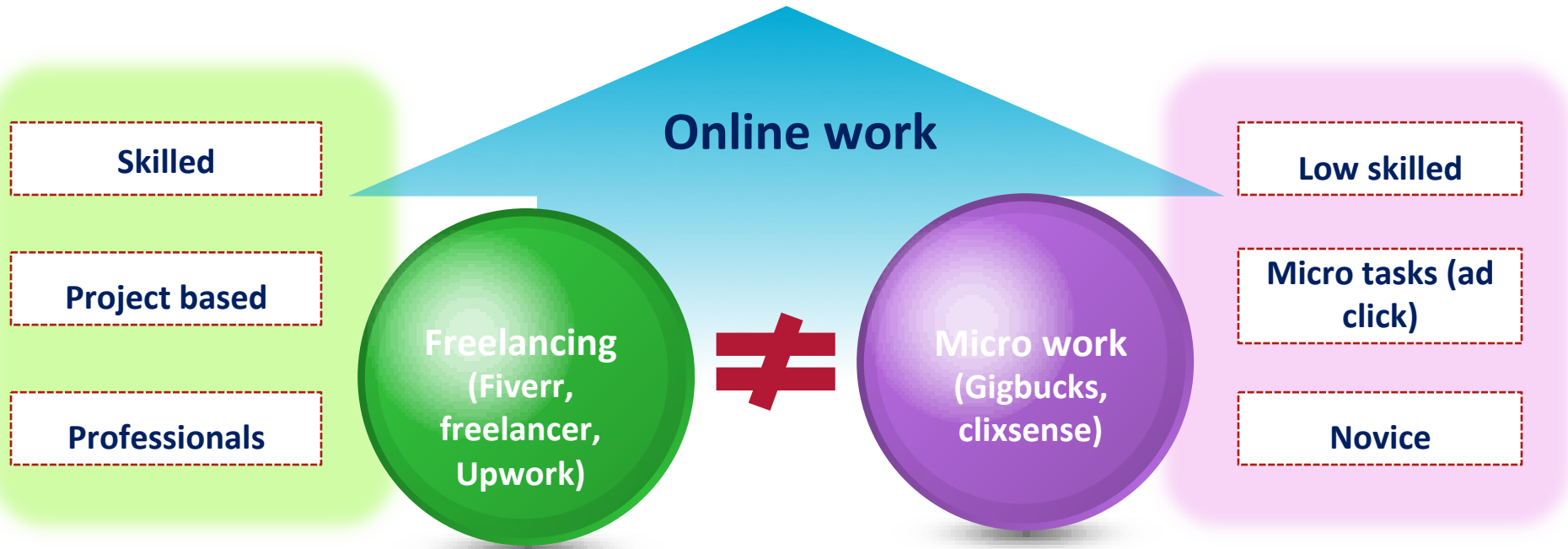


*Focus group discussions in Jaffna*



*Focus group discussions in Colombo*

# Freelancing differs from microwork; majority prefers freelancing



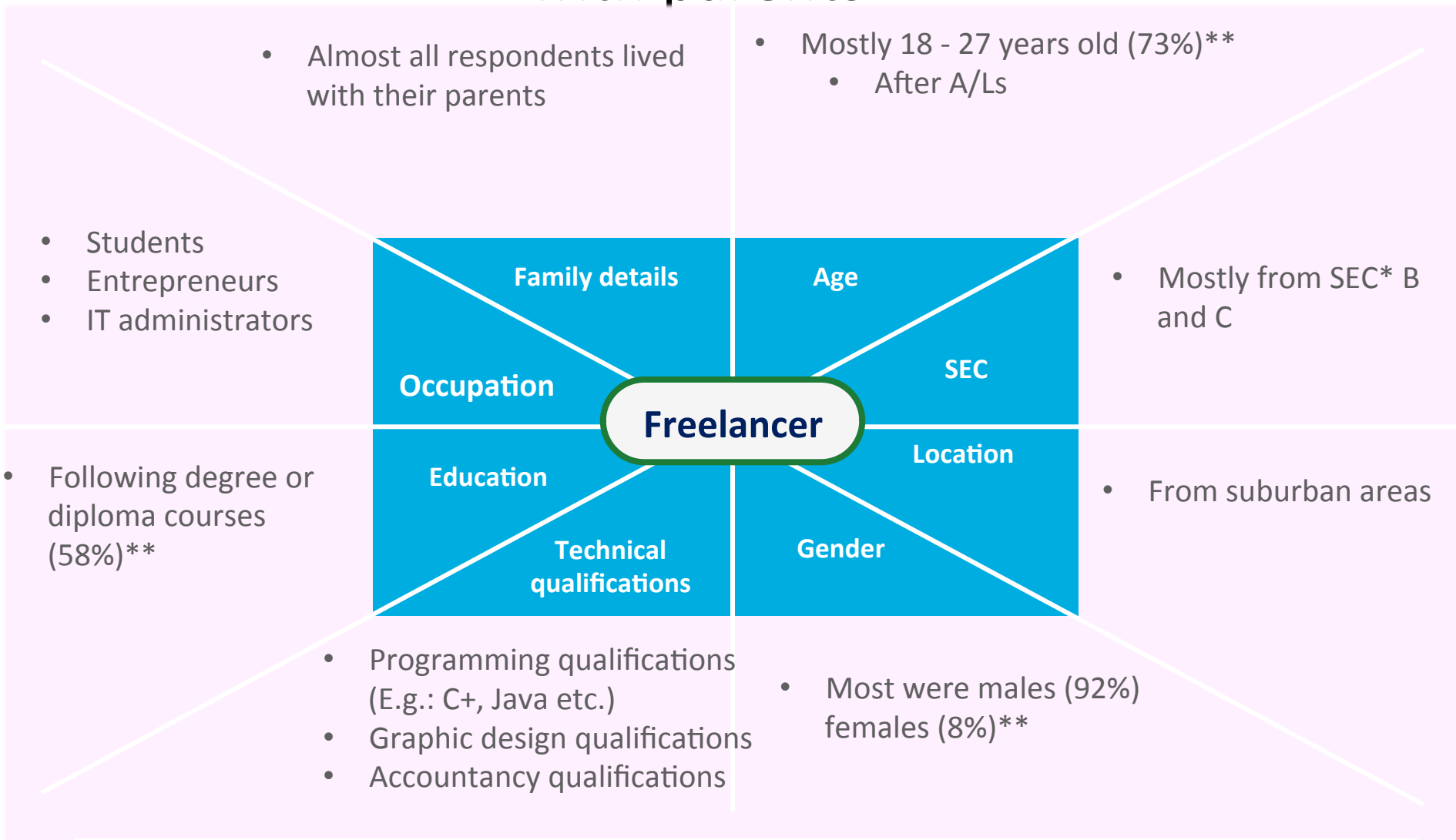
## Advantages

- Value commensurate for time spent
- Skills necessary
- No issues with payments

## Disadvantages

- Not worth the time spent
- Difficult to get payments
- Takes time to fulfill minimum requirement
- Some freelancers start with micro work but migrated to freelancing

# Most respondents between 20-28 yrs and lived with parents



\*SEC – Socio Economic Class, measured through occupation and education of chief wage earner of the household

\*\* Survey with freelancers ( n = 84)

# **Scoping the online freelancing industry in Sri Lanka**

# We estimate 17,000 - 22,000 online freelancers in Sri Lanka

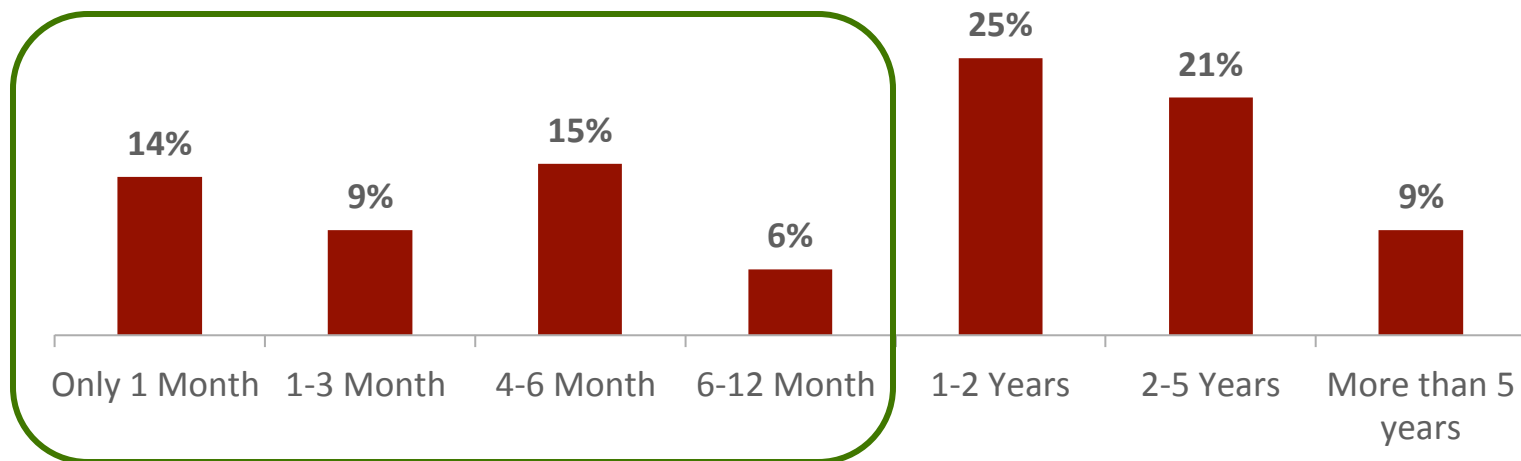
**22,000**

Freelancers based on nationally representative survey

**17,000**

Freelancers based on counting platform registration + estimation

## Duration as freelancers, based on non-representative survey



**Growing at a rate of 44% per year**

Base: Freelancer Survey  
All Respondents (84)



# Based on representative survey, we estimate 22,000 freelancers

Target Age Group (16 – 40)

% of Respondents

Number of people

100% 7.7 Mn

Are you aware of freelance work?

Yes, aware of freelancing/microwork

26% 2.0 Mn

No, unaware of freelancing/microwork

74% 5.7 Mn

Are you involved in freelancing?

Yes, involved

1.1% 22,000

No, not involved

98.9% 1.98M

Out of which 7,700 registered within last 6 months. Further validate the annual growth of 44%

# Estimated 17,000 freelancers registered in platforms with 1.5 accounts per person

Freelancing /Microwork Platform	% of Respondents	Number of Freelancers	Alexa Ranks (2015 – 2016)
Fiverr	60%	10,020**	64 →32
Freelancer	33%	5,511 *	289 → 257
Upwork	29%	4,910 *	264 →235
Adsense	13%	2,154	
Peopleperhour	6%	985	
Click Sense	6%	985	
Neobuxs	4%	585	
Total Freelancer accounts	151%	25,150	
No. of unique freelancers	Ave of 1.5 accounts per person	App. 17,000	

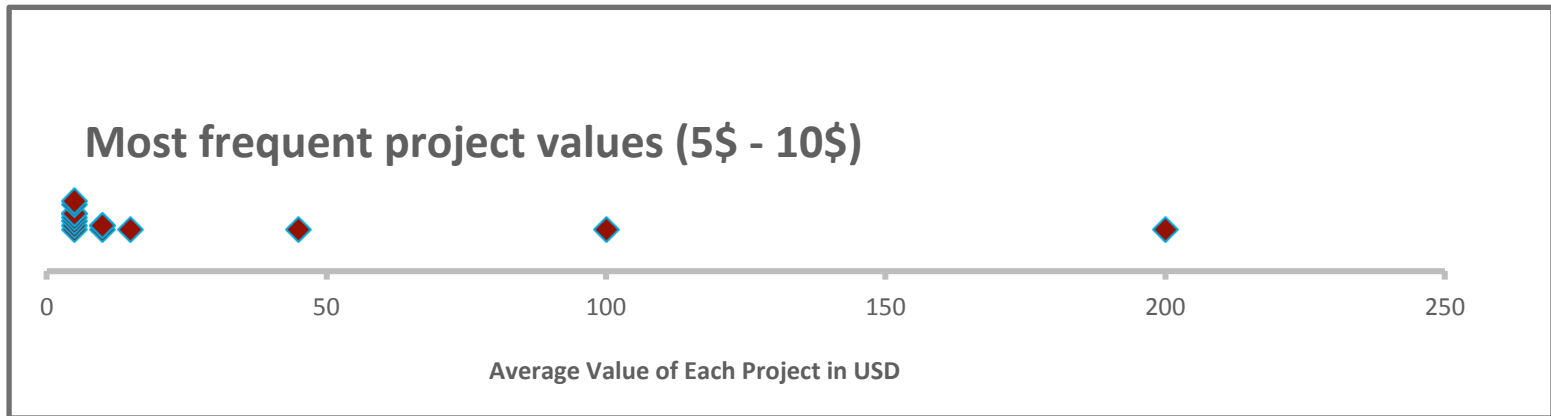
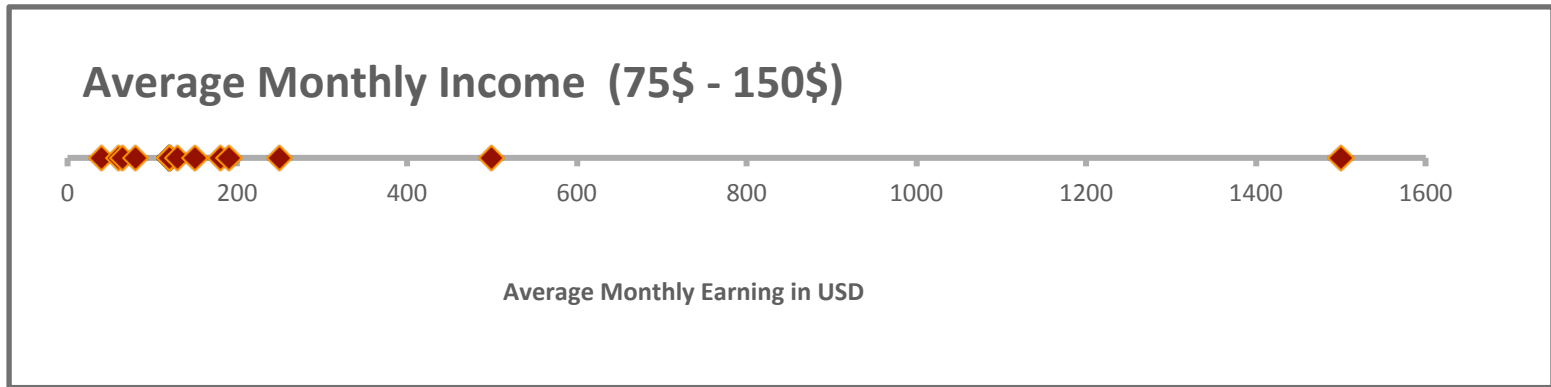
\* Physically counted number of Sri Lankans registered

\*\*Fiverr does not report registered sellers by country. Number of Fiverr users estimated based on other platform numbers

Base: All Respondents (84)

# **Benefits from freelancing**

By working 2-3 hrs/day can even earn LKR 20,000(USD 140); close to LKR 50,000 (USD 350) if full time



Source : Survey with Freelancers ( n = 84), Focus group discussions (n=28)

# Online freelancing is a gateway to service-sector jobs and start ups

- Improvement in soft skills
  - Learning to manage clients (local and international)
  - Meeting deadlines
  - Communicating effectively with clients
  - Negotiating a deal
  - Managing client expectations
- Opportunity to master specific skills (e.g., logo design, translation, programming)
- Freelancers gradually move away from platforms and become entrepreneurs
  - Rajika : Freelancer → Entrepreneur
  - Formed startup with an Australian Partner to provide graphic design services mainly for European and Australian clients

# **Benefits to the economy**

# Freelancers export services and bring foreign income to country (calculations based on pessimistic assumptions)

- Number of freelancers in Sri Lanka is 17,000 - 22,000
- Who are active and making regular income - 40% of 19,500 (7,800)
- Monthly average income - \$200
- Total take-home income per year -  $\$200 * 12 * 7800 = \mathbf{\$18.7 \text{ Million}}$

Comparison	Revenue per year (millions)	Employees	Per employee contribution	Nature of work
BPO Industry	\$850*	80,000*	\$10,625	Full-time
Freelancing / Microwork	\$18.7	7,800	\$2,400	Majority part-timers

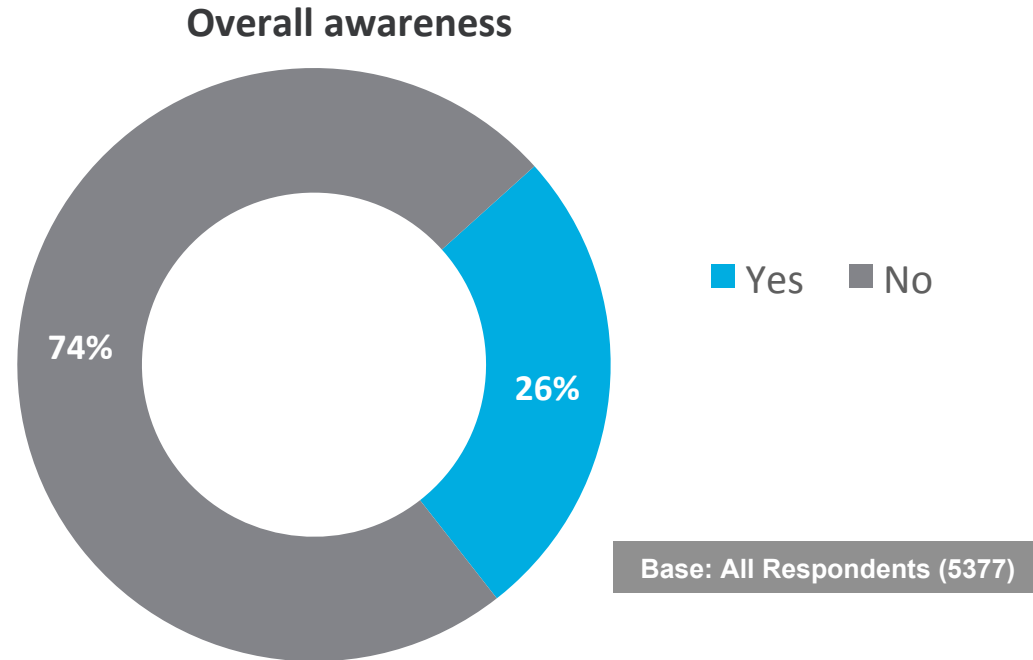
\* SLASSCOM Strategy document 2016,  
<https://slasscom.lk/sites/default/files/SLASSCOM%20Strategy%20Document%202016.pdf>

# **Awareness of and willingness to engage in freelancing**



# 26% of 16-40 age group aware of online freelancing

At national level, within 16-40 age group only 26% were aware of freelancing/microwork



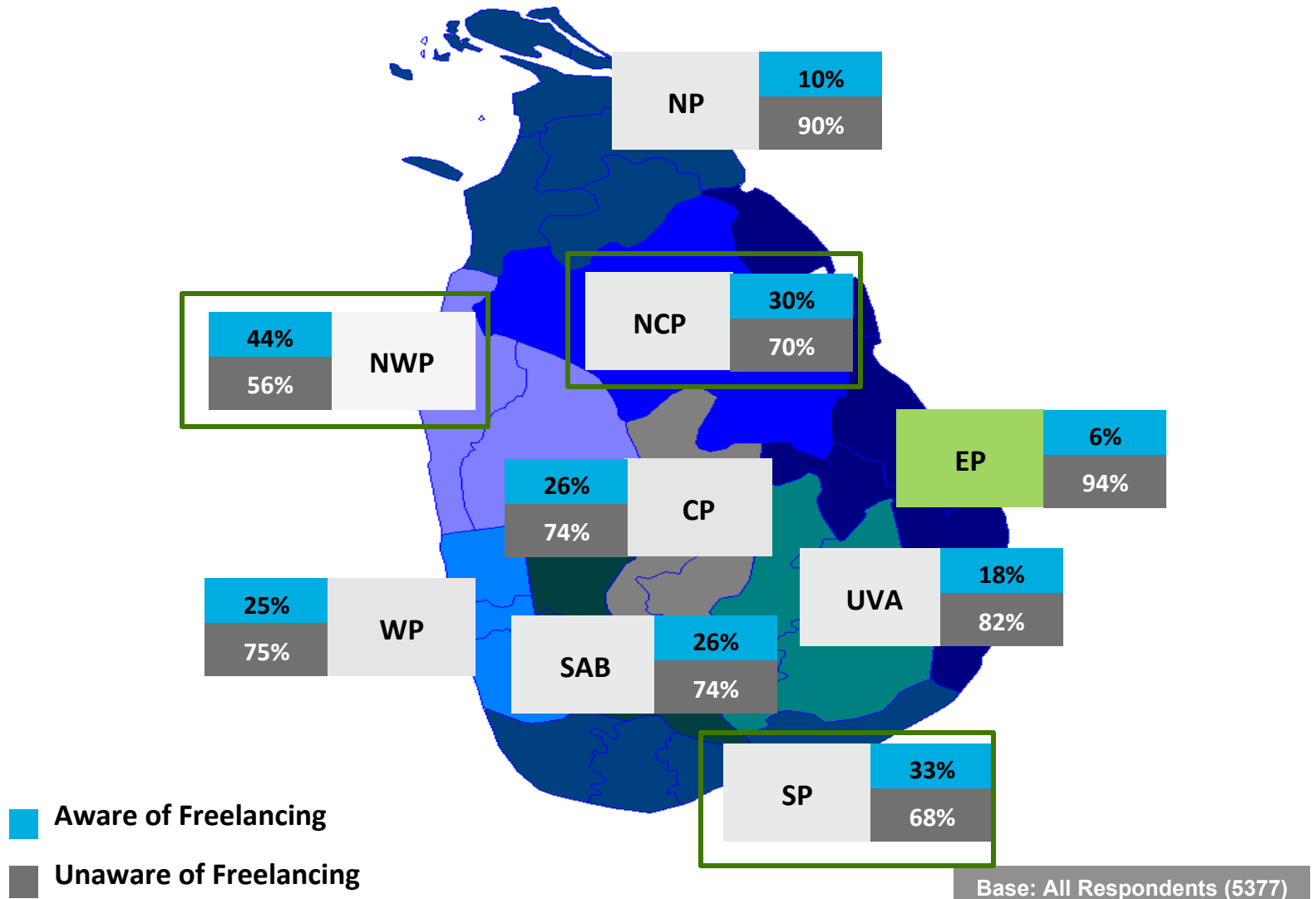
Q: Are you aware of freelance work / money earning jobs through online platforms?

## **Description of Freelancing**

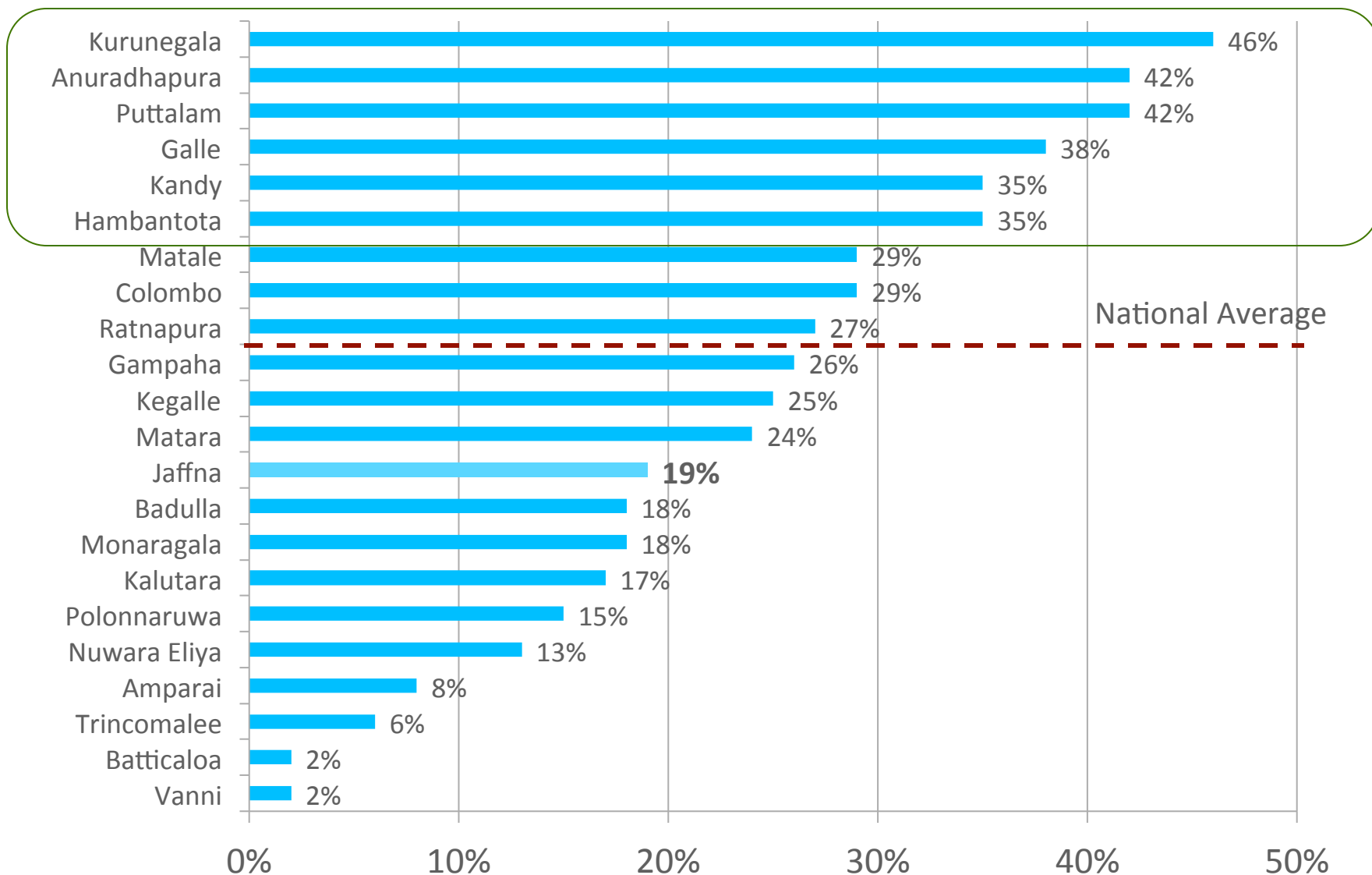
By freelance work we refer to situations where a person is usually self-employed, works for different companies or individuals on assignments, and usually gets paid per assignment. Work usually includes web designing, logo design, creative writing, and accounting. The freelancer usually works from home or another location that is unconnected to the firm/individual who is paying for the job.

# Awareness higher in NWP, SP, NCP, CP & SAB than in WP

## Awareness of Freelancing

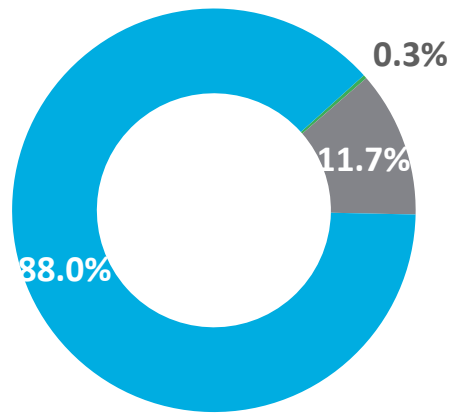


# Kurunegala, Anuradhapura & Puttalam Districts have highest awareness; Gampaha below national average



# 12% of 16-40 age group willing to freelance but face barriers

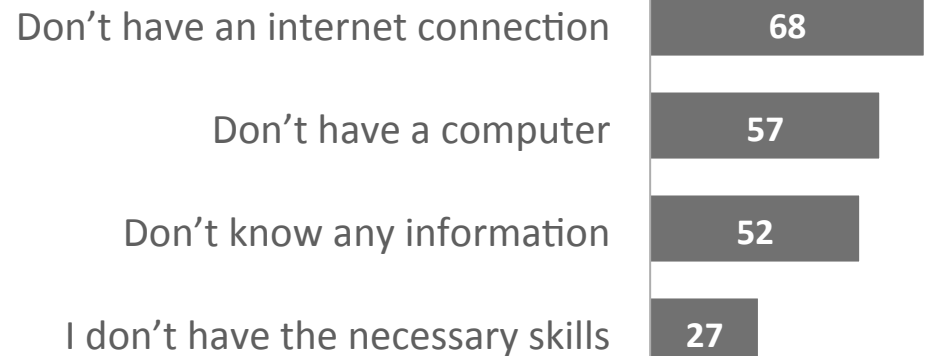
Willingness to work  
Total Population (16-40)



- Currently working
- Willing to work
- Not willing to work

Base: All Respondents (5377)

Willing to work, but face barriers



Base : Those who are willing to work

# **Problems associated with online freelancing**

# Reported negatives

**Inability to maintain work life balance/ Difficult to do with day job**

**Low job security**

**Platform takes cut and favours the buyer**

**Highly competitive and price sensitive**

**Low trust among freelancers on payment methods**

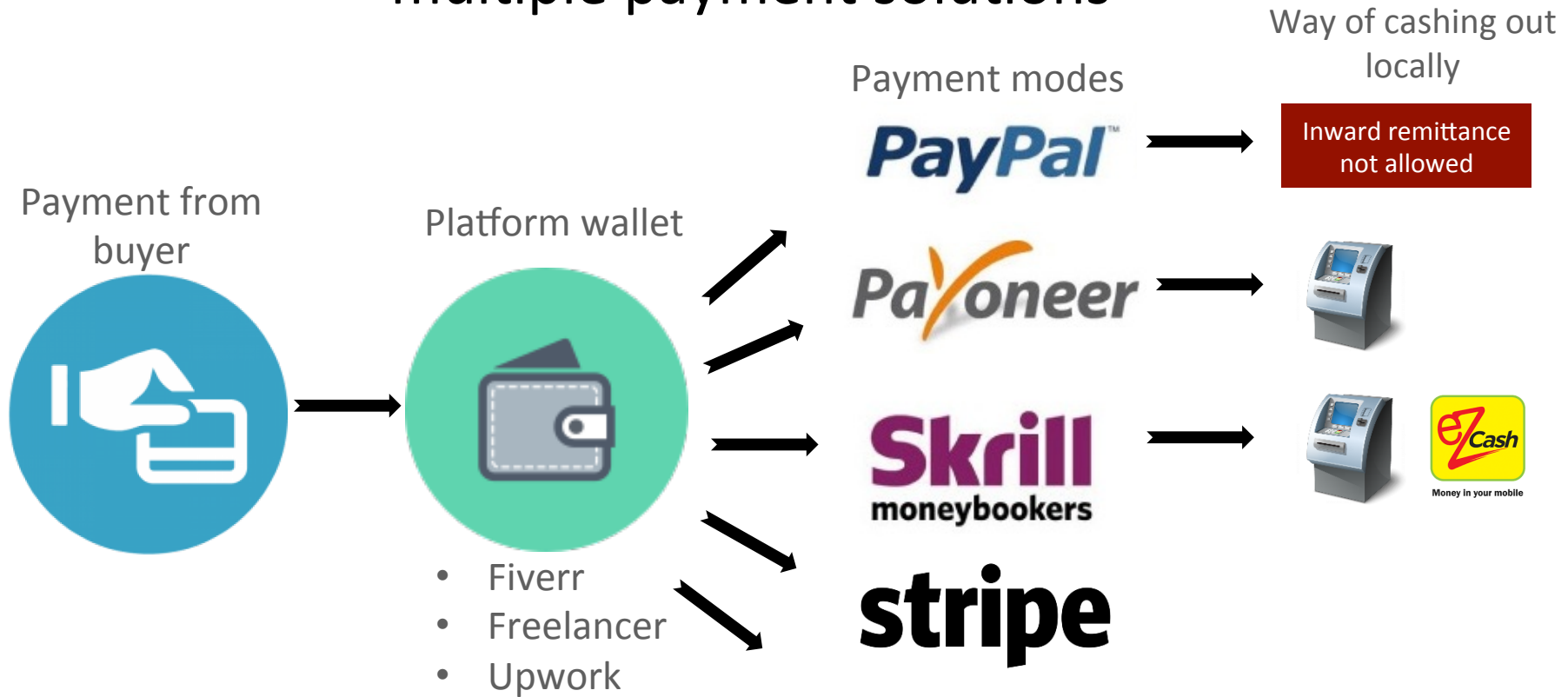
**Buyer has more bargaining power and platforms are biased toward the buyer**

**Low uploading speed of broadband**

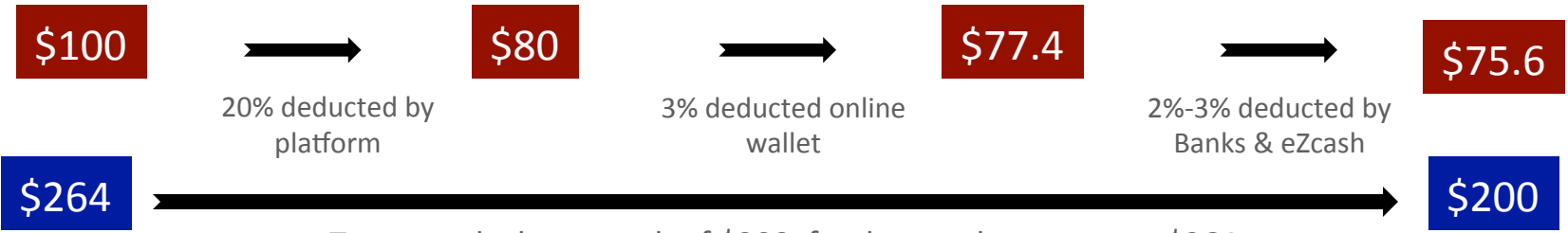
**Managing perception of family and society → working from home**

# **Online payment modes and inward remittance**

# Paypal still a problem, but freelancers work with multiple payment solutions



Margin deducted at every stages



To earn take home cash of \$200, freelancers have to earn \$264



# **Solutions for freelancers**

# What online freelancers need

Better inward-  
payment  
mechanisms

Insurance  
solutions to  
reduce earning  
volatility

Ways to  
demonstrate  
creditworthiness

Improve social  
perception and  
image

# Summary

- Online freelancing is a new ICT-based employment opportunity, gaining popularity among Sri Lankan youth
  - Estimated 17,000-22,000 online freelancers in Sri Lanka in 2016, growing rapidly
  - Youth earning attractive incomes through freelancing
  - Freelancing is a gateway to service sector jobs and entrepreneurship
- Freelancers are service exporters who bring significant income to the country
- Better inward-payment mechanisms, insurance, proof of creditworthiness and improved perceptions within society can help