

Work from Home and Freelance: How the Younger Workforce is Reshaping Job Markets.



Introduction

Freelancing, defined as undertaking specific projects for various organisations rather than being tied to a single employer, has significantly evolved over time (Forbes). With the rise of remote work arrangements, particularly the newly-termed **Work from Home (WFH) model**, requiring employees to perform their work duties from their residences (Indeed), freelancing has become an integral part of the modern work style.



Background

The concept of freelance as we know it today can be traced as far back as to the 19th century and medieval times when mercenaries offered their services to the wealthy. During the turn of industrialism, specialised labour became invaluable, just as we know it today. In particular focus, journalism and consulting were leading fields where professionals provided their services without being permanently employed by any single workplace. In today's world, we can see how **this employment style continues to be applicable, although now across the board.**

According to IPSE (Association of Independent Professionals and the Self-Employed), the self-employed workforce is estimated to **generate £278 billion pounds annually** for the UK economy, which is not an insignificant sum. By 2022, economic research revealed that the freelance sector made up a **2.2 million working population (PAYROW)** - representing 15.67% of the total of those currently employed which, in 2022, was estimated to be 75.8% (Trading Economics, National Statistics). Industry statistics rank the UK second among the top ten countries for freelancing, which witnessed an **impressive 59% market year-on-year growth (PAYROW)**. Additionally, an average freelance salary in London for 2024 is estimated to be nearly 38,000GBP, placing it above the average annual wage in the country (GlassDoor).

The internet revolution commencing in the latter part of the last century enabled freelancing to flourish further, **signalling the start of new employment opportunities** where alternatives to traditional contracts gained wider acceptance and attraction. The expansion of email throughout the 80s and 90s - with Yahoo and Hotmail notably being founded in the 90s - laid the foundation for a profound communication revolution (Guardian). Owing to this, work communication was freed from the constraints of in-person offices, allowing messages to be sent at any time, irrespective of the user's location. **Moreover, lowering additional in-person communication efforts to maintain workflow.**

Instant messaging took this a step further by enabling real-time conversation, mimicking face-to-face interaction and refreshing professional communications through a distanced format. Nonetheless, while traditional social media platforms such as Facebook and MySpace gained immense popularity by connecting millions of users, they were not focused on professional advancement. **The next generation of social media users, however, turned a new corner by embracing LinkedIn, a platform specifically designed for professional networking.**



LinkedIn, which launched in 2004, transformed the approach to career progression, professional development and interactions. Suddenly, one social media platform provided opportunities to network, share insights, enquire about positions, connect with fellow industry partners, and foster professional relationships outside of the traditional office. Thus, **work-focused social media lead to barriers of entry to freelancing being removed, no matter what profession.**

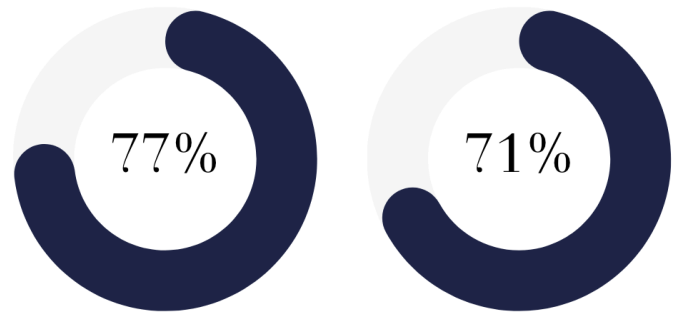
The 2008 financial crisis and its subsequent aftermath became a catalyst for the uptake and popularity of freelance work. This period of heightened financial instability and uncertainty, led many to explore freelancing as a means of supplementing their income or even as a full-time career. Companies were forced to cut costs (largely by reducing employment), and jobs inevitably became scarce, and fortunately, **old-school taboos regarding “company-hopping” flew swiftly out of the window.**

In recent years, a novel trend has risen prominently within the freelance landscape, colloquially termed as 'work from home'. When the COVID-19 pandemic took a global hold in 2020, forcing workers into home-confinement, many employers assumed that **working from home was a temporary adjustment. Oh, just how wrong they were...**The favourability of the level of flexibility offered by WFH made individuals consider freelance opportunities as a career alternative. Additionally, an overwhelming majority of employees found that WFH was comfortable and they saw no need to commute into offices. In short, many simply saw no justification for in-person work - meetings could be held online (via Zoom or Microsoft Teams), collaborative spaces also became digital with applications such as Google Workspace and Notion, employees saved time and money on commuting, and found more free time to take on new projects from other firms or to resume their hobbies.

Current Outlook

In the wake of numerous evolutions, global challenges, and shifts in trends, we are witnessing a permanent shift in employment style preferences, particularly among those who grew up with interconnected networking technologies - namely, Generation Z and Millennials. These individuals, representing the **demographic of early adopters** of these technologies, continue to **reinvent traditional employment requirements and to set strict boundaries**.

For instance, in the UK 77% of Gen Zs and 71% of Millennials stated that they would consider looking for a different job if their current employer reinstated full-time in-person schedules (Deloitte). Proving, ultimately, that part-time and WFH is here to stay especially in European job markets. Germany, a nation with one of the most powerful global economies, continues to show growth in both fully remote and part time work, as well as an increase in Gen Zs and Millennials working additional remote or flexible jobs to supplement their primary income - 50% and 29% respectively (Deloitte).



Freelancers obtain access to a larger clientele, and clients on the other hand, are introduced to a highly skilled and efficient talent pool who are eager to satisfy their needs, although on their terms. We term this - “working for yourself”. Older generations worked towards the company goals and success, in order to ensure their end-year bonuses, whereas younger generations place more importance on the quality of the company’s ESG, ethos and environment (John Hopkins University). Additionally younger generations are weary of being exploited and prefer to set boundaries which benefit primarily them, before the company they work for. Moreover, the surge in popularity of online job marketplaces such as Fiverr, Upwork, and Indeed, shows that many today prefer the choice of working whenever, wherever, and controlling their own wages.



Finally, freelancing allows the younger employee pool to enjoy their independence, redefining the term ‘work environment.’ For them, work signifies more than just a source of income; it is about dedication and mission. Engaging in projects that align with their personal values and interests makes their work ambition-driven, adding depth to their professional and personal identities.

Areas for Consideration

While many *choose* to work remotely, and/or part time, many also *need* to. **It is becoming increasingly clear that one full-time job wage frequently fails to cover all the expenditures** that Millennials and Gen Z might have - inflationary pressure continues to be felt across Europe, with rent, utility, food, and commodity prices continuing to rise. As a result, the younger workforce must delve into **multiple revenue streams through part-time and freelance projects.**

The cost of living crisis continues to be a major issue in the UK, with 42% of Gen Z reporting that they rely on side gigs to ensure all their costs are covered. By contrast, only 26% of Millennials report the same. It is widely agreed that, over the past year, the importance of telecommuting as a means to cut expenses has come to light (Deloitte). Nonetheless, establishing a balance between home and work life seems extremely valuable, as **45% of Gen Zs state they would prefer to work two to three days of the week from home** (Fruitful Insights). Hence, freelance popularity is a double-edged sword - **while many seek the benefits it offers, many are equally unable to feel their full impact since this employment type is an addition atop their primary employment.** Conversely, reducing work-life balance and free time.

As lucrative as freelance/self-employment poses itself to be, it is always paramount to reflect on the challenges that may arise from it. While the autonomy in selecting freelance projects is valuable, it is crucial to brace oneself for **periods of unpredictability where work may not be assured.** Skilful financial planning becomes essential during such phases, ensuring stability amidst fluctuating income streams.

Furthermore, individuals who are self-employed and effectively act as their own 'bosses' carry each responsibility that, within a conventional workspace, would be assigned to a specific department. For example, when confronted with payroll complications, they have **no one else to rely on but themselves to devise a solution,** whereas in a departmental setting, there are hired and experienced personnel ready to handle such issues. Additionally, when operating independently and remotely, it is crucial for freelancers to be aware of the potential for feelings of isolation, given **the significant reduction in social interactions.**



Wider Effects On Global Markets

An intriguing case study worth delving into is the trajectory of WeWork, once heralded as a hybrid work pioneer, to showcase the effects of changing employment preferences on global markets.

At its inception, the company seemed poised to redefine traditional work paradigms, and became extremely popular as it caught the informal work tailwinds of the 2008 recession. Their unique selling point was that they provided stylish workspaces which geared towards work- life balance, that felt neither like home nor a corporate office, thus increasing comfort and ease for employees, meanwhile providing short-term leases for employers.

WeWork initially captivated enterprises and individuals with its innovative blend of cutting-edge office designs, communal and IT amenities, alongside fostering a unique sense of community among tenants by offerings collaborative events and, nearly every WeWork having a bar. However, amidst WeWork's rapid expansion, and despite all the risk management taken, **even a disruptive start-up is not immune to customer preference shifts.**

While the 'downfall' of WeWork presents an interesting case study for start-ups growing too quickly, we look at WeWork's recent struggle from a different perspective. Although **WeWork's hybrid work model initially appealed to many, propelling the company into the spotlight**, nobody could have foreseen COVID-19. Post-quarantine, the same individuals and start-ups that were regulars at WeWork spaces started questioning the purpose of paying for a subscription and commuting costs, when they could simply continue working from home. When WeWork subscribers first used the offering, they would do so consistently and frequently, **as replacement to an office.** Today, however, WeWork's target clientele - Millennial and Gen Z, prefers out of office work, and may only attend an office space 2-3 times per working week. Of course, revenue is bound to suffer when usability drops by 40-60% and **clients are not willing to pay full price for leases when their employees do not make full use of them.**



Nonetheless, it may not be all doom and gloom for flexible co-working spaces - "a survey by the commercial real estate services firm CBRE found that about 86 percent of tenants said they see flexible office space as a key part of their future real estate strategies." (NBC News).

At the end of the day, WeWork's spaces are still offices, and **whether the younger workforce positively differentiates between heading into a regular corporate office 2-3 times per week and into a WeWork location, is yet to be researched.**

Regardless, flexible co-working spaces **continue to offer advantages to employers with lower lease commitment, and lower rental fees.** Overall, WeWork's journey serves as a stark reminder that, regardless of how innovative or novel a business idea may seem, market trends are in constant flux and oftentimes force companies to re-evaluate their business models to survive.

Conclusions

The rise of freelancing and remote work has reshaped the professional landscape, being driven by the autonomy-seeking tendencies of both Gen Z and Millennials. By harnessing the vast reach of online platforms, instilling stricter work-life balance boundaries in the quest for meaningful employment, the younger workforce has managed to permanently call into question the necessity of traditional modes of work.

As we gaze into the future of remote and hybrid employment, there is a tangible sense of optimism, powered by technological progression and the ever-widening scope of digital connectivity. Overall, the remote and hybrid approach to employment by employers has shown to foster a more inclusive, fluid, and, ultimately, gratifying work environment for everyone.



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