

Factors, Impacts, Problems and Solutions of Freelance Earning in the context of Bangladesh

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Abstract

Internet is considered as the blessing to the human being during modern time because we are highly dependent on Internet. Business activities are greatly influenced by Internet. The uses of Internet and the activities through Internet are growing very fast than last few decades. Bangladesh, one of the least developed countries, has high labor force in compare to same area sized countries. This country has unemployment problem and almost half of the graduates are in unemployment crisis at present. Suitable employment opportunities for those unemployed graduates are not sufficient in the market. The unemployed graduates can search for the appropriate jobs in the freelance market and earn substantial amount of money to increase their living standards. These unemployed graduates have the potentialities to make careers in freelancing market though there are some impediments to become a freelancer in Bangladesh, Some freelancers are showing them the possibility of booming freelance economy in Bangladesh. This paper will show the real picture of freelance market in Bangladesh, the issues related in freelance earning, the ways of solving this unemployment problem and the economic impact of freelancing for graduates and non-graduates in Bangladesh.

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Keywords: Freelance, Graduates, Unemployment, and Internet.

1 Introduction

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Bangladesh is one of the overly populated countries in the world. The number of entrepreneurs are not so high to create job opportunities for the large population in Bangladesh. A group of persons from this population are working as freelancers nationally and internationally. A freelancer is a person who works at his/her convenient time and convenient place for his/her chosen work. Freelancers are not limited to 9am to 5pm office hour, a specific organization, stable working load and fixed income. In short, we can say freelancers are not bound to work for any organization and to work for fixed time and region. The Internet services and the popularity of freelancing in Bangladesh have improved significantly in the last decade. 31.9% of the population in Bangladesh use Internet as of November, 2015, according to Internet World Stats (IWS)[2]. The Internet usage rate is increasing gradually which will lead us to solve unemployment problem through freelance works. In this paper, we will examine the impact of freelancing, the problems faced by potential freelancers and the ways to decrease problems of potential freelancers.

2 Objectives

This paper has some specific objectives that will be uncovered one by one. The objectives are given below:

- To assess current freelancing condition in Bangladesh.
- To find out factors influencing freelance income.
- To find out the major problems faced by freelancers.
- To find out the freelancers impact on economy.
- To suggest ways to minimize unemployment problem through freelancing

3 Methodology

This paper has completed on the basis of both primary data and secondary data. Internal secondary data and external secondary data along with primary data are collected to make the quantitative research. Sources of external secondary data are different published reports, books and journals and the sources of internal secondary data are internal websites, internal employee records and internal profits of the different concerned organizations. Responses of surveys have taken from 206 freelancers in Bangladesh. In this study ANOVA, multiple regression

analysis, simple statistical tables and graphs are used.

4 Literature Review

“Freelancing” is a buzzword from the last decade. Ross & Burke (2014) said “There is no legal definition of what a freelancer is; indeed it is often a self-descriptive term. Some may talk of themselves as being contractors, others as self-employed, and others as freelancers”[1]. Most of the employees want freedom in work and time. So freelancing is most appropriate for them.

Gandia (2012) surveyed 1,491 freelancers in more than 50 different fields and professions. His goal was to know about the identities of freelancers, the works of freelancers, the service receivers or the clients of freelancers, the prices of services of freelancers, the process of hiring freelancers, the attitudes of freelancers toward their works and their clients and the challenges faced by freelancers[3]. Sukman (2015) collected data from surveys of over 23,000 freelancers worldwide to determine the average hourly rates in different categories of works charged by freelancers by considering some factors [4]. So information about freelancers are quite clear from their surveys.

Most people think that high knowledge in information systems and computer science is mandatory for freelancers. Panko (2008) recommended to stop thinking about the undergraduate degree to be a main degree in computer science and information systems by analyzing the data of U.S. and Western Europe [11]. He proposed one or two years master degree is sufficient to be a freelancer. Sukman (2015) surveyed 23000 freelancers and she found 55% of respondents are university graduates and remaining 45% respondents were completed high school. This indicates that high school degree is enough for freelancing world.

Using data on 78 sectors in the United Kingdom, Amiti and Wei (2004) observed no indication to support the idea that the sectors with higher rate of growth in service freelancing will lead to a slower rate of job growth [8]. Kuek et al. (2015) focused on freelancing potential as a new way for socioeconomic development for the development of country governments and the development of practitioners, mainly in the employment of youth, the exports of services, and contribution in the digital economy [7]. Dynamic relationship between self-employment and unemployment rate was explored by Thurik et al. (2008) [9].

Stupnikova, Vanyashina and Serkova (2015) explained the conditions and opportunities of freelancing in Russia in their paper [10]. Saleh (2014) showed that the growths in the labor market are important to get anticipated changes in progress potentials and reduce poverty in a ‘labor-surplus’ economy like Bangladesh [6]. This paper has shown the potentials of a great freelance economy in Bangladesh with prospective solutions.

5 Recent unemployment problem

Bangladesh is a country of more than 160 million people and is one of the densely populated countries in the world. According to Bangladesh Bureau of Statistics (BBS), Bangladesh has over 2.5 million unemployed persons in 2013 which covers 4.3% of total population. Population with tertiary education have 6.7% unemployed rate and higher secondary have 7.9% unemployed rate which are quite higher than other levels of educations. Our main concerning point is high unemployment rate in tertiary level of education.

Table 1: Unemployed population and rate aged 15 and above by education level in 2013

Education Qualification	Unemployed Population (in thousands)	Unemployed Rate (%)
None	410	3.2
Primary	459	2.7
Secondary	819	4.4
Higher Secondary	637	7.9
Tertiary	255	6.7
Others	7	2.5
Total	2587	4.3

Source: BBS, Labor Force Survey, 2013

6 Scenario of freelancing based on survey

Majority of the current freelancers didn't take any formal training when they started their freelancing journey. 74% freelancers have no formal training and self-learning from YouTube and Google. Remaining 26% freelancers have taken training from BITM, Creative IT, DENBD, Daffodil University and

Udemy(Online paid tutorial). The following table is showing the responses of formal training.

Table 2: Formal training of freelancers

Row Labels	No. of responses
BITM	19
Creative IT	11
Daffodil University	4
DENBD	7
No	152
Udemy (Online paid tutorial)	13
Grand Total	206

Most of the freelancers work on web, mobile & software development and design & creative because of higher payment. Reasonable number of freelancers work on IT & network, writing, sales & marketing, admin support areas. Very few freelancers work on customer service and admin support. We can get the idea of working area from Figure-1.

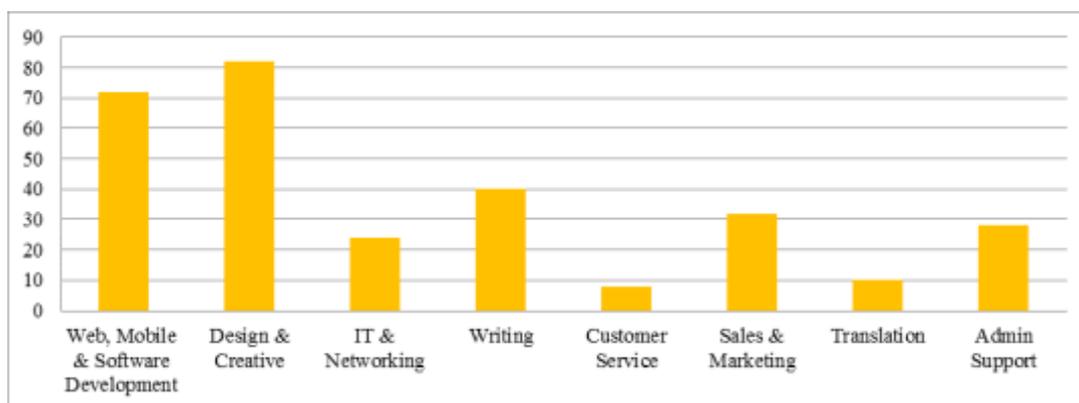


Figure 1: Different types of works completed by freelancers

In our survey, 32 respondents are from science background, 13.2 years of education on average, 3.47 years of experience in freelancing sector, 24.7 hours spent per week on average, BDT 58,000 is the average monthly income of all freelancers who have given data. Table-3 is showing us the average and variances of five issues in freelancing.

Table 3: Anova: Single Factor

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Freelance Experience	206	716	3.475728	3.026237
Time spent	206	5090	24.70874	215.5245
Freelance Earning	206	11930000	57912.62	2.82E+09
Education Level (years)	206	2718	13.19417	4.430405
Science Background	206	32	0.15534	0.131849

Intermediate level students have high rate of entrance in freelance market and their average earning is between BDT 20000 and BDT 50000. Maximum earners in freelancing started their freelancing work when they completed their BBA/BA degree. We can get a brief idea about the levels education of the freelancers at the starting time of their freelance market with current income from Table-4.

Table 4: Freelance entrance by education level with current earning

Row Labels	<i>BDT 50,000 –80,000</i>	<i>BDT 80,000 –150,000</i>	<i>BDT20,000 –50,000</i>	<i>Less than BDT20,000</i>	<i>More than BDT 150,000</i>	Grand Total
Completed BBA / BA	0.00%	5.83%	1.94%	0.00%	5.83%	13.59%
Completed BSc / BS	0.00%	4.85%	0.00%	0.00%	0.00%	4.85%
Completed Masters (any discipline)	0.00%	0.00%	0.00%	1.94%	2.91%	4.85%
HSC / A-Level / Equivalent	5.83%	0.00%	24.27%	4.85%	0.00%	34.95%
SSC / O-Level / Equivalent	1.94%	0.00%	1.94%	9.71%	1.94%	15.53%
Studying BBA / BA	0.00%	4.85%	6.80%	3.88%	0.00%	15.53%
Studying BSc / BS	0.00%	0.00%	3.88%	6.80%	0.00%	10.68%
Grand Total	7.77%	15.53%	38.83%	27.18%	10.68%	100.00%

Freelancers spent more time to get more money by freelancing. The freelancers who spent more than 40 hours per week can earn more than BDT 150,000 per month. If a freelancer spend 20 to 30 hours per week, he/she can earn between

BDT 20,000 and BDT 50,000. We can get a scenario of income by spending time by the freelancers from the next table.

Table 5: Freelance income by time spent

Row Labels	<i>BDT</i> <i>50,000 –80,000</i>	<i>BDT</i> <i>80,000 –</i> <i>150,000</i>	<i>BDT20,000 –</i> <i>50,000</i>	<i>Less than</i> <i>BDT20,000</i>	<i>More than</i> <i>BDT</i> <i>150,000</i>	<i>Grand</i> <i>Total</i>
10 to 20 hours per week	1.94%	0.00%	7.77%	13.59%	0.00%	23.30%
20 to 30 hours per week	0.00%	2.91%	16.50%	0.00%	0.00%	19.42%
30 to 40 hours per week	3.88%	0.00%	5.83%	0.00%	2.91%	12.62%
Less than 10 hours per week	1.94%	0.00%	4.85%	13.59%	0.00%	20.39%
More than 40 hours per week	0.00%	12.62%	3.88%	0.00%	7.77%	24.27%
Grand Total	7.77%	15.53%	38.83%	27.18%	10.68%	100.00%

7 Factors affecting income of freelancers

We have selected 5 variables where four of them are independent variables and freelance earning is the dependent variable. At first we have tried to find out correlations between 5 variables. From our analysis, we can see that there is no relationship between science background and freelance earning and there is a positive relationship between time spent in freelancing work and income of freelancer. Correlations are given in a table to show relationships between five factors or variables.

Table 6: Correlations between 5 factors

	<i>Freelance</i> <i>Experience</i>	<i>Time</i> <i>spent</i>	<i>Freelance</i> <i>Earning</i>	<i>Education</i> <i>Level</i>	<i>Science</i> <i>Background</i>
<i>Freelance</i> <i>Experience</i>	1.000				
<i>Time</i> <i>spent</i>	0.594	1.000			
<i>Freelance</i> <i>Earning</i>	0.595	0.726	1.000		
<i>Education</i> <i>Level</i>	0.337	0.406	0.522	1.000	
<i>Science</i> <i>Background</i>	-0.125	-0.229	-0.072	0.292	1.000

We have conducted regression analysis where dependent variable is freelance income and independent variables are education level, science background, time spent, freelance experience. In Table-7, detail results of multiple regression analysis are given. In that Table-7, multiple R is 0.79 and adjusted R square is 0.61.

Table 7: Summary Output

<i>Regression Statistics</i>	
Multiple R	0.786973
R Square	0.619327
Adjusted R Square	0.611751
Standard Error	33064.43
Observations	206

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4	3.57508E+11	9E+10	81.7529743	4.43E-41
Residual	201	2.19745E+11	1E+09		
Total	205	5.77252E+11			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	-92196.5	15549.9367	-5.929	1.3094E-08	-122858	-61534.54
Education Level	6289.806	1344.888409	4.6768	5.34E-06	3637.906	8941.7063
Science Background	-558.138	7257.920334	-0.077	0.93877916	-14869.6	13753.294
Time spent	1791	214.7466496	8.3401	1.1696E-14	1367.555	2214.4451
Freelance Experience	6603.982	1665.90399	3.9642	0.00010232	3319.091	9888.872

From the above table, we can observe that P-value of *science background* is more than 0.05 which is not significant to affect the dependent variable. As a result, corrected regression model after excluding *science background* variable is given in the next partial table.

Table 8: Anova

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>	
Regression	3	3.57501E+11	1.19E+11	109.54	3.89547E-42	
Residual	202	2.19751E+11	1.09E+09			
Total	205	5.77252E+11				

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	-91842.94	14818.24798	-6.19796	3.16E-09	-121061.231	-62624.659
Education Level	6244.8	1207.891806	5.17	5.61E-07	3863.107117	8626.49461
Time spent	1796.4	202.6353356	8.864971	4.03E-16	1396.804678	2195.90822
Freelance Experience	6610.1	1659.910509	3.982196	9.52E-05	3337.114738	9883.06274

From our analysis, we can develop a regression line which is given below.

$$\text{Freelance Earning} = -91842.94 + 6244.8 \mathbf{Ed} + 1796.4 \mathbf{Ti} + 6610.1 \mathbf{Fe}$$

Where \mathbf{Ed} = Education Level
 \mathbf{Ti} = Time spent
 \mathbf{Fe} = Freelance Experience

8 Economic impact of freelancing

Most of the developed countries are highlighting on freelancing income to contribute in GDP. For example, 34% of U.S. workforce (53 million) are working as freelancers who are adding \$715 billion annually to the economy in the year of 2014 [1].

There are 8.19 lakh SSC passed residents, 6.37 lakh HSC passed residents, 2.55 lakh tertiary level residents who are unemployed (BBS, Labor Force Survey, 2013). This 1.71 million unemployed people can be used as efficient human resources for the economy of Bangladesh. According to Bangladesh Bureau of Statistics (BBS), the Gross Domestic Product (GDP) in Bangladesh was worth 191.87 billion US dollars in 2014-15. If a freelancer can earn BDT 58,000 per month or BDT 6,96,000 per year, then this 1.71 million workforce can earn at least BDT 1190.86 billion or \$ 15.07 billion in a year. There are many jobs posted in online websites every year. The next table is showing the number of freelancers,

jobs, clients in top freelancing sites.

Table-9: Number of users and jobs in some popular freelancing sites

Freelancing site	Clients	Freelancers	Jobs
Upwork	3.7M	9.3M	2.7M (Annually)
Freelancer	18.9M		8.8M(Annually)
Toptal	The most exciting start-ups and companies in Silicon Valley, New York City, London, Germany, Japan, Switzerland, and more.	Top 3% (selected 30 out of 1000 candidates in every month)	
Guru	275,000 registered users		
99designs	364,571	1.22M	
rent-acoder		231,636	18,747(Currently)

Source: internal websites visited on 23rd April, 2016

9 Problems faced by potential and existing freelancers

There are some problems faced by the freelancers who have just started their journey in freelancing market. Main problems are lack of working skills, lack of communication skills, absence of better payment method, difficult to get work and Internet speed for the new freelancers. 34% beginners in freelance market face problem of skill in any particular area and 26% beginners face the problem of English language which is mandatory to communicate with clients. There is no better way of withdrawing money to Bangladesh where Bangladeshi freelancers have to pay extra charge for transferring money. The following figure is showing the main problems of new freelancers.

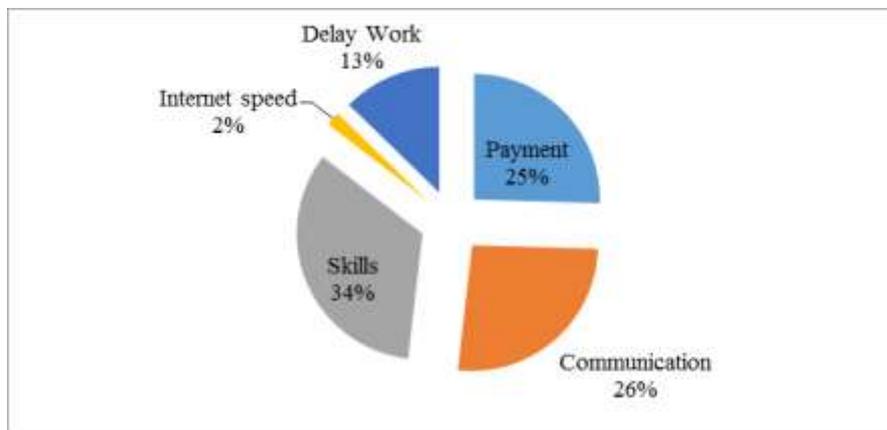


Figure 2: Problems faced by new freelancers

On the other hand, experienced freelancers face some common problems such as payment method, inadequate skills, communication skills and so on. 63% experienced freelancers face problem of withdrawing money to Bangladesh where proper international money transfer systems are not available in Bangladesh. The following figure is showing the main problems of new freelancers.

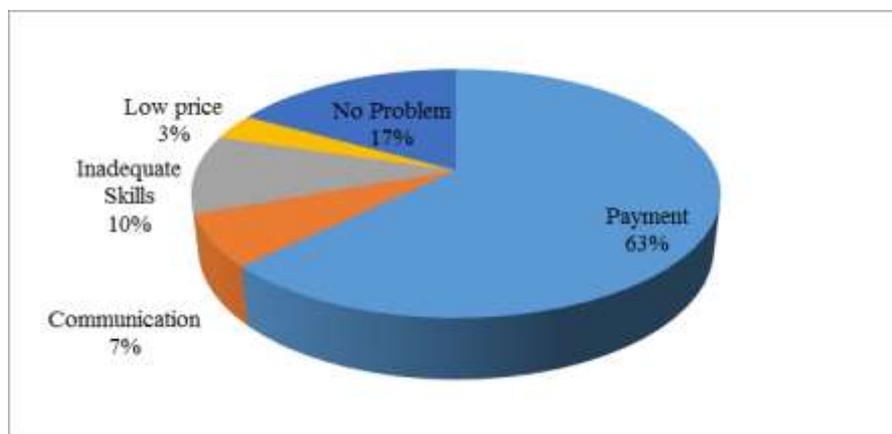


Figure-3: Problems faced by experienced freelancers

10 Conclusion

Freelance income can significantly contribute in our GDP which will help to boost our economy. Freelancing will not only boost our economy but also increase the jobs for the unemployed people in the country.

In this paper, we have shown that the condition of freelancing is not up to mark in

compare to our total population. There is ample of opportunity to use freelancing to convert our unemployed society to self-employed society. In freelance market, highest degree of education or science background is not necessary for freelance earning. Major problems faced by freelancers are inadequate technical skills, lack of language skills, poor payment method and so on. Freelance earning can increase the standard of lifestyle of the society which will lead to economic development of people of Bangladesh.

11 Recommendations

A section/chapter in a book should be introduced in SSC level or HSC level to familiarize and emphasize on freelancing.

Online payment transfer arrangement to be introduced for freelancers.

Government should arrange frequent seminars and workshops on freelancing to increase awareness among students through public and private organizations

The quality of training courses provided by different institutes/training centers should be monitored by Government to make sure that trainees will get proper skills to compete in freelancing market.

Government should emphasize on communicative English / speaking and writing skills at school level.

Government should popularize freelancing by subsidizing IT equipment's and reduce Internet cost at a competitive rate to our neighboring countries.

To have effective freelancing environment appropriate infrastructure should be enhanced.

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