

# The UK *Workforce* Index



**fiverr.**

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# Foreword



Thank you for downloading Fiverr's first UK Workforce Index. In the last three years, we have witnessed the biggest revolution in the world of work, the ways businesses and talent work together. And this revolution is even more dramatic in the UK, where global macroeconomic changes have combined with the UK leaving the European Union to create a challenging yet dynamic workforce landscape. That is why I am proud to present this in-depth study into the UK workforce.

Despite some difficulties, the UK economy remains an attractive hub of creativity and innovation for new businesses and those already established. Our study found that businesses in the UK continue to be responsive to change, upending traditional models and evolving the structure of their workforce. The vast majority (96%) of UK businesses now rely on freelance talent to embrace new trends and create resilience. And with fewer people arriving from outside the UK due to tighter borders and younger generations dictating new rules in the world of work, the UK workforce will continue to evolve.

Another key finding is that freelancers now comprise more than one in five (21%) of the average UK company's workforce, while full-time employees now account for only 58%. This indicates that companies seek to be agile and adaptive through a fluid, dynamic workforce, redefining productivity, especially during economic downturns.

I invite you to immerse yourself in our report, which encapsulates valuable knowledge and actionable intelligence for bigger businesses as well as SMBs, but also for those with great ideas. There's never been a better time in history to start a business and emerge as one of the UK's next great entrepreneurs. We hope you find this report useful in understanding the modern, vibrant workplace and the role of freelancers more completely.

– *Micha Kaufman*, Founder & CEO, Fiverr

# Executive Summary

**01** Freelancers form a significant proportion of the UK's workforce. At the average company, 21% of the workforce are freelance. Almost every company (96%) engages freelance help in some capacity.

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**02** The most common reason to engage freelancers is to supply missing skills in the permanent workforce (52%). But nearly four in ten businesses (38%) said that they worked with freelancers to support staff workloads, 36% said it was to increase productivity and 30% said they engaged freelancers to avoid making permanent hires.

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**03** The majority of freelance jobs come from small businesses: 67% of freelancers say they typically work with companies that have 1-10 employees. The average project lasts 16 days, although with considerable variation: there is a large proportion of projects (28%) that only take 1-2 days, and equally, a significant number (22%) that extend for longer than six months.

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**04** A freelance career is motivated by many factors. For 53%, it was to create a better work/life balance. 52% wanted to become their own boss. Freelancing better suited their lifestyle for 51% and the desire to have more control over their schedule was a primary motivation for 49%.

**05** The main challenges are around conditions: 39% said that clients sometimes had a lack of respect for their time; 36% were sometimes set unrealistic deadlines and received unrealistic demands; 36% were paid late; and 27% had encountered unclear or incomplete briefs.

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**06** A large majority (77%) of freelancers feel their work has been impacted by the cost of living crisis. The most common symptom has been less available work. A third (33%) of freelancers say there's less demand for their skills.

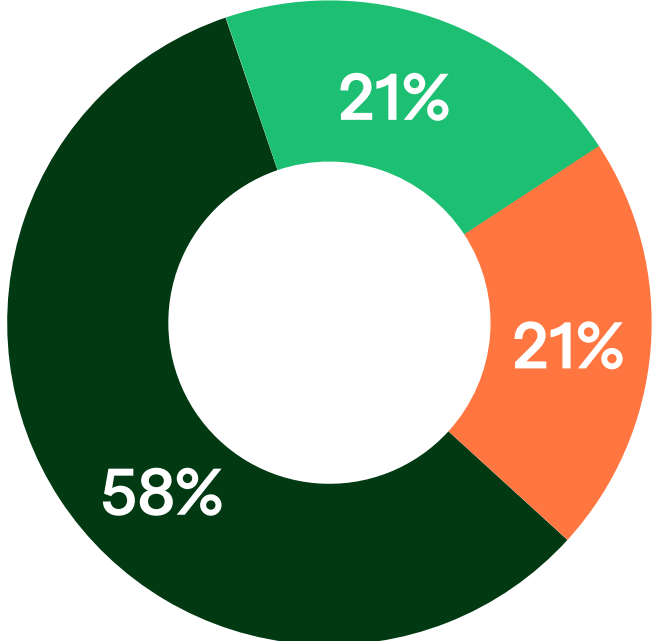
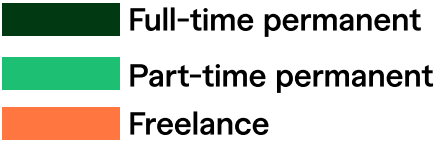


# The shifts in UK business

Although many may not realize it, freelancers form a very significant proportion of the UK workforce and are vital to the operations of most businesses. According to our poll results, at the average UK business, more than one in five of the workforce (21%) are freelance, adding to the permanent employees to supply extra labour when workloads are high, or bringing specialist skills for which businesses cannot create a permanent role.

In fact, at the average UK company, only a slim majority, 58%, are full-time permanent employees, 21% are part-time permanent employees and 21% freelance. At small businesses – those with 50 employees or fewer – an even greater proportion of the work is carried out by freelancers (29%). The opposite is true of the largest businesses, those with over 500 employees, where 18% of the workforce is freelance. The nation's workforce is considerably more fluid than was traditionally the case, growing and shrinking according to the work available, as companies adopt more agile models and pulling in a range of specialist skills and extra help, as needed.

## The average UK company's workforce



Nearly all businesses (96%) will engage freelance help in some capacity over the next six months. On average, they'll work with four such individuals, and half of all businesses say they are seeking more freelance help in 2023 than they did historically.

The reasons for the increase in demand for freelancers might be linked to broader economic difficulties: nearly a third (32%) of the businesses polled have made layoffs in 2023, and a similar number (29%) are planning more layoffs later in the year. This might not mean there's a lot less work to be done, though: 45% of business managers say that employees are struggling with their workloads

*The UK workforce landscape has evolved exponentially in recent times. Previously, we needed to hire someone locally either 'full time' or 'part time' but now thanks to platforms like Fiverr, we have access to a whole range of highly skilled, global talent who are choosing to work remotely. This enables us to create incredible eyewear at pace, allowing us to compete with some of the largest fashion houses in the world and level the playing field in the industry"*  
**Ahmed Ejaz, CEO, Cambridge Spectacle Co** - Ahmed Ejaz, CEO, Cambridge Spectacle Co

These trends are even stronger for medium-sized (50-500 employees) and large businesses (501+ employees), where layoffs have been more common than in smaller businesses and where overwork affects the majority of companies. At these businesses, more than half are working with more freelancers than they have in the past.

Freelancers are thus increasingly engaged to support an understaffed workforce. Nearly four in ten (38%) businesses said that they worked with freelancers to support staff workloads. A similar number (36%) said freelancers were used to increase the productivity of the organization. Similarly again, three in ten businesses (30%) said freelance workers helped them avoid spending money on permanent hires. Each of these reasons leads to the proposition that, at a lot of companies, there's more work available than there are people to do it.

Supply is rising to meet the demand. IPSE reports that there are currently 1.9 million freelance workers in the UK, with their numbers continuing to rise gradually in the wake of the COVID 19 pandemic, when their numbers dipped.

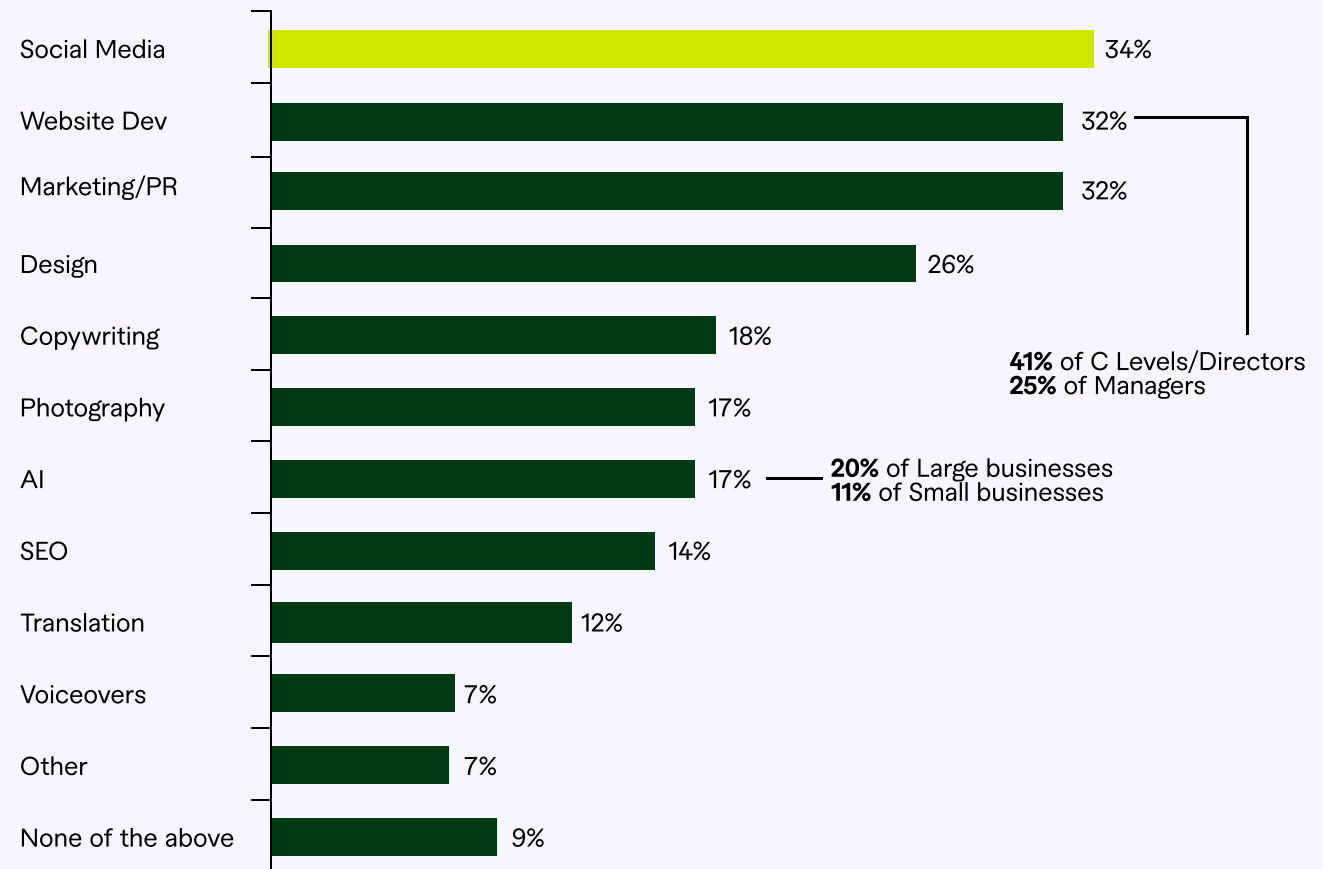
## The hiring market

Permanent hires are still being made alongside the layoffs and freelance assistance, of course. In fact, 88% of businesses plan to hire new employees in the next six months, with the average UK company—across all sizes—planning 11 new appointments in the remainder of 2023.

However, finding the right people for the available salaries has been difficult for the majority (60%) of employers (only 15% said they'd found it easy to find new hires). For larger companies, high competition for skilled candidates and high salary expectations from those prospective employees are the main barriers to making hires. Smaller companies find budgetary constraints and inadequately skilled applicants the most significant obstacles. These obstacles in hiring will, of course, increase opportunities for freelancers to cover unserved workloads.

While businesses regularly seek freelance support as additional labour for its regular activities, as we have seen, the most popular reason given by businesses (52%) was to obtain access to skill sets that aren't available from the permanent staff. These are commonly digital, marketing and creative skills: the most popular ask among our respondents is for social media skills, required by 34% of businesses. The second and third most popular roles were for web development and marketing/PR assistance, each required by 32% of respondents.

## What skills would you hire a freelancer for?



Having considered the demand from businesses for freelance workers, the next section will consider their lives and motivations. What makes people want to work freelance?

# The freelance *life*

People become freelancers for many reasons, although the most popular responses given by respondents have a certain commonality. The top answer for our survey respondents, chosen by 53%, was to create a better work/life balance. The second most popular reason was to become their own boss (52%). The belief that freelancing better suited their lifestyle and the desire to have more control over their schedule were given as reasons for starting a freelance career by 51% and 49% respectively.

Crucially, becoming freelance is almost always a considered, pro-active choice—not an accident, because people are between other jobs, or because there are no other options. Only 12% of respondents said they first became freelance because they were laid off from their previous job, for example.

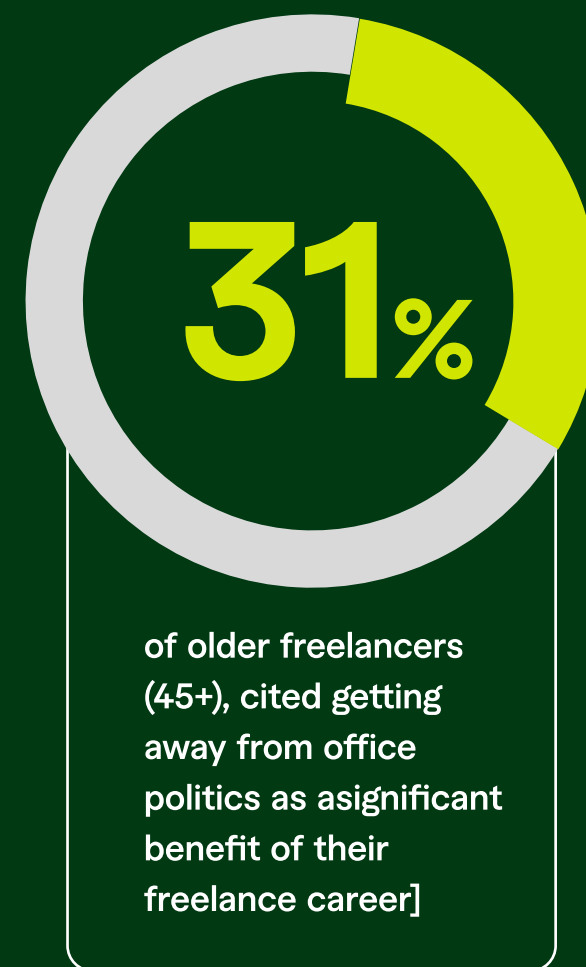
*“Freelancing has empowered me with the freedom and flexibility that a traditional 9-5 role simply cannot offer. It enables me to choose projects that truly resonate with me and collaborate with a global clientele. Plus, the autonomy to define my work schedule and the opportunity to continuously learn and grow makes freelancing an increasingly appealing career choice.”*

- Georgia Austin, Freelance Copywriter

And freelancers typically stay on their chosen path, as opposed to switching between permanent and freelance roles: 89% of the people in our sample have been freelance for more than 12 months, and half (49%) for more than 6 years. Most (75%) have previously worked in a full time role before moving to freelance (only 10% have always been freelance).

Clearly, a traditional 9-5 role for a single employer simply does not suit a significant proportion of the workforce, and they choose other options.

The reasons for which people start a freelance career are happily reflected in the main benefits they cite once they have established themselves. The most important benefit, according to 75% of respondents, is flexible working hours. This attraction significantly exceeds the second most popular reason, choice of location, which was given by 54%, and the third, not being answerable to a boss, which was cited by 42%. Flexible working hours allow people to generate an income alongside other responsibilities, hobbies and other factors that may prevent or dissuade people from a 9-5 role and thus creates the possibility for the improved work/life balance most freelancers seek.



# Freedom comes *at a cost*

While a freelance career can definitely create flexibility, freedom and control, there are trade-offs for most when it comes to financial security.

The median monthly earnings for UK freelance workers is £1,066 (the median is the middle figure in a set, and is more representative here than the average, which can be distorted by a very few extreme figures). This is considerably lower than the median monthly pay for full-time workers in the UK, £2,230. Many freelancers work part-time hours—balancing work with family commitments, for example—partially explaining this large difference.

Some—presumably those putting in the fewest hours and who are supplementing another source of income—are earning much less, with 28% earning less than £501 per month.

At the other end of the scale, 26% of freelancers earn more than £2,000 a month, and a fortunate minority of 6% earn more than £5,000 each month. This wide variation reflects the fact that, while they all bear the same label, some freelancers may only be putting in a few hours each month, while others might effectively be working full-time hours or longer, but for no fixed, single employer. It also reflects the variable premium on different skill sets: an experienced bookkeeper or software developer will, of course, command considerably higher rates than some other trades. But it also reflects some unfairness, as we shall see.

The vast majority of businesses in the UK have fifty employees or fewer according to government figures (5.47 million out of 5.5 million businesses in total).

## How much do you earn per month?



Correspondingly, most freelance projects are performed for smaller businesses, with the very smallest companies (those with 1-10 employees) the most typical size freelancers work with: 67% said they most often worked with these micro businesses. These small businesses have the least flexibility when it comes to making new permanent hires, of course, and don't have enough work for a permanent role covering every skill they sometimes require, so their need for at least some freelance help is higher than for larger organizations.

The average freelance project lasts for 16 days, although there is enormous variation. Around three in ten freelancers (28%) say typical projects are just for 1-2 days. At the opposite end of the scale, 22% say they typically work with a company for more than six months at a time. These longer term projects also tend to be more lucrative: 30% of those earning more than £2,000 a month normally engage with businesses on projects lasting more than six months.

Smaller companies are more likely to retain freelancers for shorter periods of time: the average project here lasts for 11 days. At larger businesses, the average project duration is more than double, 24 days. As might be expected, most freelancers (62%) get repeat work from their established roster of clients. This is especially true of the best-paid freelancers and older age groups, where this figure rises to 64% and 66% respectively.

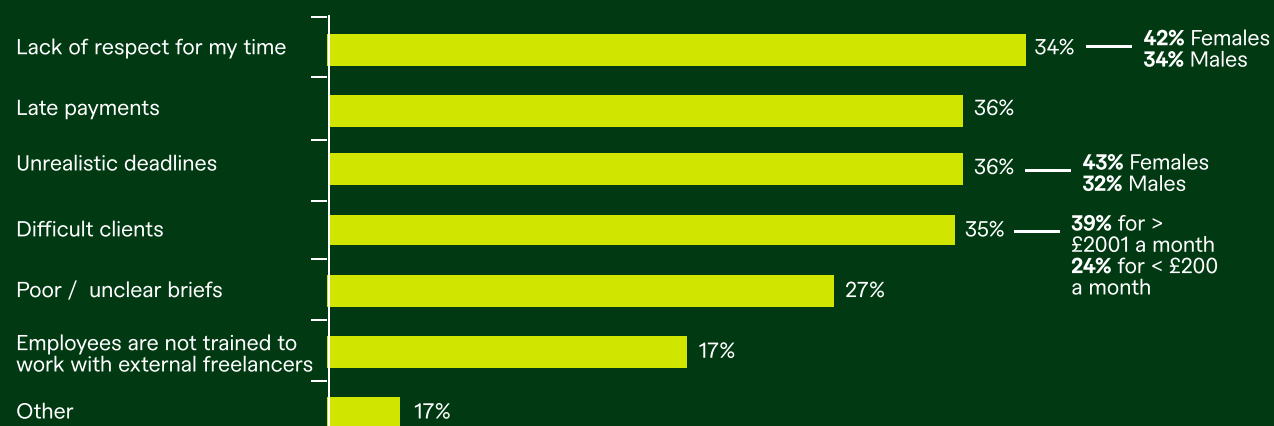
# The rising *challenge*

Getting started as a freelancer can be precarious. The majority (65%) said worries about financial instability were a barrier to beginning their new career and most were also worried about how they'd find their initial clients (51%). A sizable minority (37%) said that a lack of knowledge around how to even become freelance presented a barrier.

Even once established, financial matters remain a considerable worry for many freelancers. While a slim majority (53%) agreed that they are fairly paid for their work, only 10% 'strongly' agreed with this statement. The most experienced freelancers—those who've been working this way for more than 20 years—were more likely to say they are fairly paid, though the percentage of those agreeing only rises to 63%. Overall, freelancers feel a large proportion (44%) of the jobs they had accepted should have been better paid: among those with the lowest monthly income, this rises to 53%.



## The hiring market



Money is, unfortunately, only part of the challenge. Many freelancers are treated unfairly by their clients, with multiple issues around lack of respect. More than a third (39%) said that clients had a lack of respect for their time or that they set unrealistic deadlines and made unrealistic demands (36%). Late payments are also very common, with 36% of freelancer softening waiting longer than expected to receive their money. More than a quarter (27%) frequently encounter unclear or incomplete briefs, creating more friction and wasting time.

This common sense of being mismanaged or being treated as disposable extends to the ways in which freelancers are treated by the companies they work with. Only half of businesses provide a dedicated point of contact for freelancers within the organization. Only half invite freelancers to team meetings. Less than half (44%) give freelancers the option to work in their office; 62% don't add them to messaging apps like Slack or Teams; and 61% won't invite freelancers to social activities.

## The challenges facing freelancers

*“Clarity and mutual respect are the pillars of a successful freelance-client relationship. Clear briefs, efficient communication, and a single point of contact are paramount to ensuring smooth project execution. More importantly, mutual respect, acknowledging timeframes, and understanding each other’s expertise cultivates a strong working relationship that leads to outstanding outcomes. It’s normally good news if I get a long-term project. They’re often better paid and obviously, it’s steady work”*

- Georgia Austin Jane, Freelance Copywriter

Support from the government and other authorities to improve the conditions of freelancer and make their lives easier has been lacking, according to respondents. Only 12% of freelancers feel satisfied with the current level of government support and only 11% feel a freelance or self-employed career is encouraged by education and society in general.

Where the government has made interventions, such as 2019’s off-payroll working rules, IR35, it has not been entirely successful, mainly because of inadequate communication, according to respondents. Three quarters (76%) of business managers say that they are aware of what IR35 is; but conversely, 56% agree they either don’t understand it, or don’t know about it. This lack of knowledge and understanding is more prevalent in smaller businesses: only 61% are aware of what their responsibilities are. Of those that are aware, the majority feel they lack clarity and that IR35 has not been well-explained.



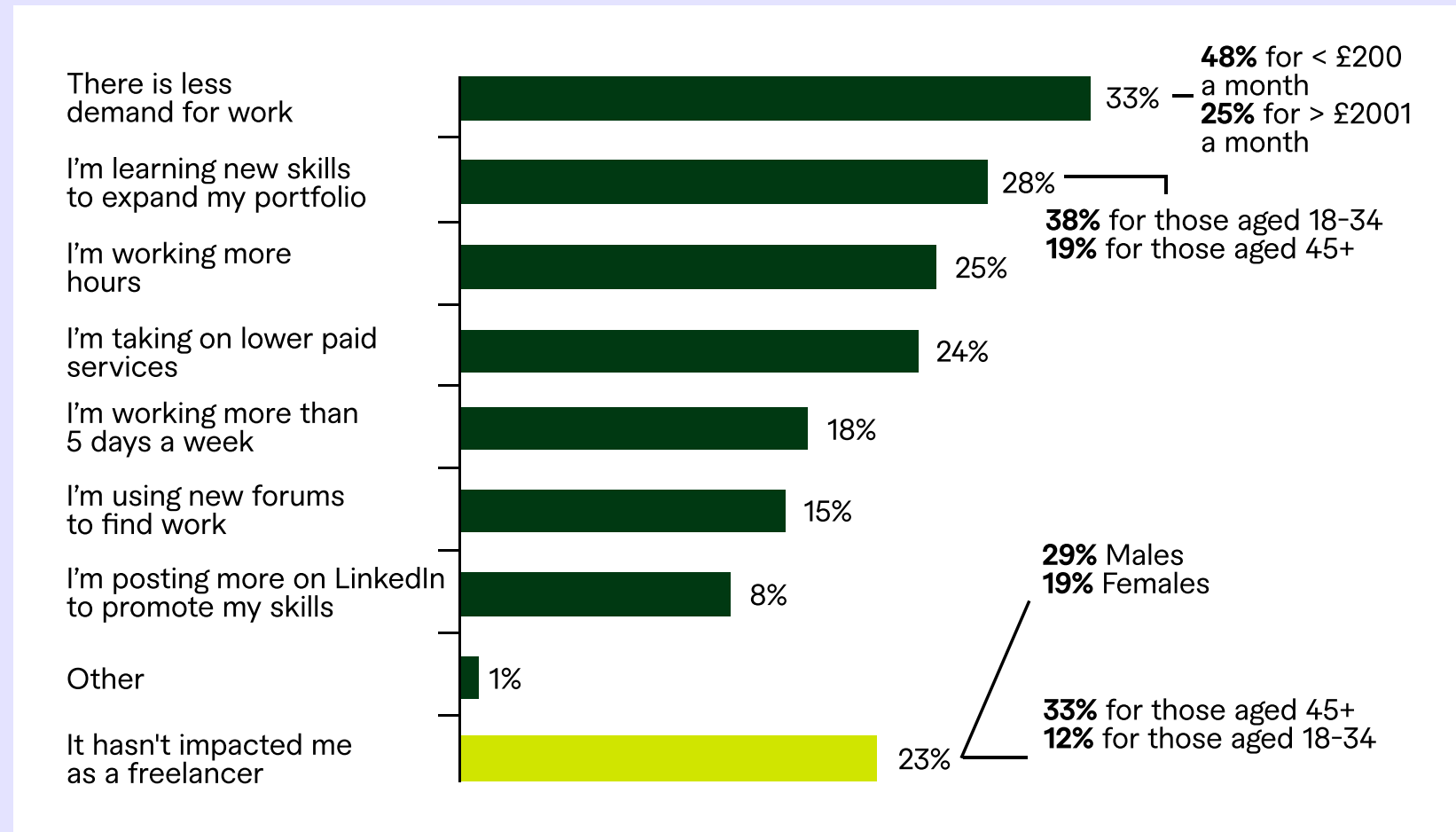
# 2023: the cost of *living crisis*

The multiple challenges facing freelancers on a regular basis have, of course, been exacerbated by the UK's cost of living crisis. Significant price rises for essentials like food and energy, along with rising mortgage rates and rents, means people need to earn more to maintain their existing standard of living.

This crisis affects poorer households disproportionately because they spend a higher proportion of their income on necessities like food, rent and energy. So, for example, the Resolution Foundation reported in November 2022 that the effective inflation rate was 12.5% for the poorest tenth of households, compared to 9.6% for the richest tenth. For companies, rising costs are likely to eat into budgets allocated to any expenditure that might be perceived as discretionary.

A large majority (77%) of freelancers feel their lives have been adversely impacted by the cost of living crisis. The most common symptom has been less available work. A third (33%) of freelancers say there's less demand for their skills now. The impact is even worse at the lower end of the scale, with almost half (48%) of the lowest paid freelancers (those earning less than £200 per month) saying there is less demand for their work. Many freelancers (24%) say they are taking on lower-paid projects to compensate, and 25% say they are working more hours, with 18% working more than five days a week in response to the crisis.

## How was the cost of living affected your work?



A significant number of freelance workers (28%) are also learning new skills to expand their portfolio and widen the pool of projects available to them. Many are expanding their efforts to find work through new forums (15%) and their LinkedIn posts (8%).

# The Rise of AI

If 2023 is mainly remembered for high prices and hard work, it might also be recalled as a watershed year for the progression of artificial intelligence (AI). Following the public release of ChatGPT in November 2022, a flood of new generative AI products have been released, showing the potential for machines to take on a new range of writing, illustration, design and software development tasks. While current implementations don't yet reach the standards of professional writers, illustrators and developers, their rapid progress suggests they'll soon be 'good enough' to replicate at least some of the work currently performed by paid humans.

Freelancers think that better information and understanding is required for them to be able to plan their reaction to the rise of AI: 70% say not enough education around how AI will impact work. A fairly significant minority are optimistic about the outcomes, with 36% saying that they believed AI could enhance their careers and create new opportunities. Already, 40% are reskilling or planning to reskill to be able to work with AI technologies. There is more optimism and reskilling from men than women (46% vs 37%); and less optimism and likelihood of retraining among older workers than younger ones: 51% of 18-34 year-olds are retraining or planning to do so, as opposed to 32% of those aged 45 or over.

*Whilst the use of AI across many of the services our freelancers offer is still in its infancy, we are extremely excited to see how its application evolves in the coming years. Human talent will always be at the very heart of our business but with AI being one of our most searched for skills, it's clear to see there is appetite into what it can do and how it can help support both our buyers and sellers."*

- Yoav Hornung, Head of Verticals & Innovation, Fiverr



# The new *world of work*

Our report confirms some of the ways that the modern workforce has evolved: the idea of a static, stable, substantially full-time workforce that stays in the same job for most of their working lives is thoroughly archaic. The once-typical full-time, permanent employee is now barely a majority as businesses seek the flexibility and agility created by using more freelancers, as well as access to the broader skill sets required for success in the modern economy. The UK economy, and every business within it, thus benefits immeasurably from the existence of a broad pool of dedicated, expert freelancers, happy to work with their clients.

Now, the modern workplace needs to evolve in suit. Freelancers are a valuable asset which can allow companies to meet unexpected challenges, move further and faster, and mitigate financial risks.

But to reap these benefits, teams need to work as one. Each contributor needs to be treated professionally and respectfully to ensure the continued success of the business and all of its stakeholders.

The changes required are both cultural and technological. Maintaining unnecessary divisions between the way full time and freelance staff are managed and rewarded needs to stop. Businesses depend on freelancers to get the job done and so they need to make partners out of the external help they contract.

On the technological side, digital tools have made it possible, indeed easy, for freelancers to advertise their skills, set their rates and agree clear and complete briefs. Equally, those seeking freelance help can find and view a wide range of talent, see their portfolios and reviews from previous clients, and find the best match for the work required

Such tools establish clear and transparent conditions and responsibilities for both parties, eliminating mis-understandings, curtailing abuses and automating payments, making it possible for both sides to establish a profitable and productive agreement.

Creating conditions closer to partnership will make freelance projects more fulfilling and successful for both businesses and the individuals who undertake them.

# Conclusions

# Demographics *and* *methodology*

The surveys were conducted among 1,002 Freelancers and 502 Business Decision Makers in the UK. They were conducted online by Sapio Research in May 2023 using an email invitation and an online survey.

For freelancers, at an overall level, results are accurate to  $\pm 3.1\%$  at 95% confidence limits assuming a result of 50%. This statistical statement is a measure of how representative our survey sample is of the whole population. It means, for a question that yielded a result of 50%, we are 95% confident that the figures quoted in this report, formed from 1,002 survey responses, could only be around 3% different either way, if we'd asked every freelancer in the country.

The UK freelancers surveyed had been working this way for up to a year (11%); 1-3 years (29%); 4-10 years (35%) and over 10 years (26%). They were 36% male and 63% female.

For business decision makers, at an overall level, results are accurate to  $\pm 4.4\%$  at 95% confidence limits assuming a result of 50%. All of them hold managerial or more senior positions. They work at companies with 1-50 employees (27%); 51-100 employees (16%); 101-1000 employees (35%) or over 1,000 employees (21%)



## About Fiverr

Fiverr's mission is to revolutionize how the world works together. We exist to democratize access to talent and to provide talent with access to opportunities so anyone can grow their business, brand, or dreams.

From small businesses to Fortune 500, over 4 million customers worldwide worked with freelance talent on Fiverr in the past year, ensuring their workforces remain flexible, adaptive, and agile. With Fiverr's Talent Cloud, companies can easily scale their teams from a talent pool of skilled professionals from over 160 countries across more than 600 categories, ranging from programming to 3D design, digital marketing to content creation, from video animation to architecture.

Don't get left behind—come be a part of the future of work by visiting [fiverr.com](https://fiverr.com), read our blog, and follow us on **Twitter**, **Instagram**, and **Facebook**.