A Study on The Freelancing Remote Job Websites

Dr. N. Fathima Thabassum   *fathima_thabasum@yahoo.co.in*
Assistant Professor/Department of Commerce
Shri Krishnaswamy College for Women
Chennai, 600 040, Tamil Nadu, India

Abstract

Since mid-nineties began a new dawn in employment avenues by the arrival of low cost Internet broadband technologies and enterprise capabilities of highly powerful yet cheaper computers, this gave birth to a new virtual job model   called as "Remote work", "Hiring on Demand" or "Crowd sourcing". A number of companies have mushroomed under the umbrella of Remote Work model. They pay handsome wages to the Job Seekers both matured as well as novice at ease. The jobs are advertised and bidding is done by the job seekers to procure the work (project), job seekers bid based on their talent. Job provider has the prerogative to select the appropriate job seeker by interviewing the bidders and getting the right worker for the right price. This paper discusses about the companies who bring job seeker and job provider together through the medium of internet and binding them in a virtual office. The online remote job sites look after their work reporting, billing computation and compensation of the wages.

Keywords: Remote Work, Hiring On Demand, Crowd Sourcing, Job Seeker, Job Provider.

1. INTRODUCTION

Online freelance marketplaces are websites that match buyers of electronically deliverable services. Technological innovations such as electronic deliverability of jobs and fast Internet connections have increased the supply of remote jobs that can be performed by freelancers. In addition to that, online freelance marketplaces offer a low cost way for geographically distant players to materialise their business ideas. There is an abundance of skilled workers in emerging economies (Indian subcontinent, Eastern Europe) that have low costs of living, and a healthy demand for skilled workers in developed countries (where local labour is expensive). Many businesses are opting for these websites for getting their job done by the remote workers. These websites give Freelancers (Job Seekers) a cutting edge platform on which to highlight the skills and experiences in attracting or retaining the businesses.

2. HOW IT WORKS

In Job Outsourcing websites, there is no direct relationship of employer – employee. Remote Work is a new-age concept of Work. It is found generally that this business model is more effective in revenue generation for "Nano" companies and individuals. The worker is termed as Job Seeker also known as Remote Coder or Freelancer and the employer is known as Job Provider. Freelancers are self-employed; they do not have a permanent work contract with an employer [1]. Usually they receive no fixed salary, but are paid on a fee basis for the work they undertake [2]. Many freelancers work on short-term assignments for multiple firms [3] . Often they have specific qualifications and are hired for particular knowledge-intensive tasks. This differentiates freelancers from consultants, who have an advisory role within the company and usually take no part in the organisation's processes themselves. The Outsourcing websites acts as a facilitator for those who are seeking jobs and for those who are looking out for hiring people to complete their jobs. The Job Outsourcing sites earn their revenue from both side of the stream. They charge a marginal fee from Job Providers and Job Seekers. The fee usually ranges about

10%[4] of the unit of work to be completed also known as Projects, these are usually minor and midsized projects , having a revenue ranging from as low as $10 to $5000.

These jobsites are beneficial for those who care to earn an extra income and also for homemakers, rural areas, physically challenged and unemployed, Remote Job Sites help to find their panacea for unemployment. The realization of payment for the Job Providers and Job Seekers is through direct deposits or withdrawal through online. The payment is made through the facilitator with the help of participating banks and other mode of payment methods like PayPal. The best thing about these websites are job provider and job seeker can be anywhere in the world and they are independent of the geographical location. Job seeker benefits from these jobs by searching on the internet and earning their livelihood from any place of stay without relocating or commuting daily to work place. The advantage for the job provider is they do not have to allocate any infra structure like building, furniture, office stationary etc., for performing the work. The choice for the job provider to have the work done at any point of time in the 24 hour period and 365 days of the year because of time zone advantages and most importantly of adversities of weather. The Outsourcing website acts as an arbitrator during billing by giving due share to the job seekers as well as protecting job providers investments, there is a mechanism for protecting monetary benefits of both side by having an escrow account. Escrow money is transferred only on fulfilling the condition that the job seekers have completed the assigned jobs. The job provider has the control on the website to acknowledge the job completion and request the release of funds from escrow account to the job provider. Any disputes are resolved between the job provider, job seeker and the disputed issue between the provider and the seeker are scrutinized and arbitration is done by the job facilitator. Jobs are posted by job provider and the outsourcing company websites by completing certain formalities and forms and agreeing to the terms and conditions of the facilitator.

Jobs are of two types: Firstly, on time basis – Where the job seeker is paid on hourly basis, second method is on project basis – fixed amount for the work estimated. The Facilitator usually provides some software tools to monitor for the job being performed on real time basis. This ensures and guarantees the quality performed by the job seeker the job provider has to get instantaneous updates. The Job Seeker also gets an assured amount for his work without any hassle. Usually job seeker and Job Provider are provided the feedback surveys at the conclusion of the work, to exchange and determine each other performance trust, confidence. These star ratings are visible to other registered members of the job site. This facilitates / alerts other job Providers / Job Seekers to gauge the respective partners. It has been found that 2 out of 10 software professionals in India are opting for this kind of remote work to augment their incomes besides their regular source of income through full time jobs.

2.1   Online Market Place-Some Realities

➢   Most of the workers are always online and in touch with their respective clients. Though, they miss the office atmosphere, they are always in touch with their job providers by internet messaging utilities like Skype^{TM}, google talk or by phone. There are also various job opportunities to be explored.

➢   There are third-party sites and tools assist remote contract workers and/or connect them to other remote contract workers. oDesk community for an example of remote contractors staying connected, sharing tips and best practices.

➢   Job Seekers never have to worry about their income as there are no shortage of Jobs, on successful completion of Jobs, the feedback rating helps to get jobs. The relationship is always struck between the Job Provider and Job Seeker, Job Provider always comes back to the known Job Seeker rather than unknown stranger and agree with future billing in a favourable way.

> ➤ The facilitator websites like eLance.com, oDesk.com etc., have the mechanism of guaranteed payment without any uncertainties for the work done. There is an escrow fund to protect the interests of Job Seeker and Job Provider.

> ➤ There is no dearth of jobs in these web portals, the jobs are not of Software development alone, any job that requires a computer and/or internet connection. Jobs such as Data entry , pay roll processing , business consulting, tele marketing, voice talents jobs are available, which require nil or very low technical skills.

> ➤ Even if in the initial stage there is low wages being paid, soon the job seeker in due course of time will build up reputation by positive feedbacks. The hourly rate for the job seeker will increase with his maturity, performance and experience. This will give an altitude for the right price for Job Seeker. In these companies the worker rate can exceed to average rate of $30/hour to $50/hour.

> ➤ Companies like oDesk.com conduct exams in different skills like PHP, ASP.net. various CMS like Joomla, Wordpress. In order to gauge the talent of the Job Seeker. The examination badges are visible along with the job seeker's profile which enables the contractor(Job Provider) to know the technical ability of the Job Seeker.

2.2   Services Offered by Online Marketplaces

The different categories of services offered by online remote job sites where the job seeker can find his work matching his skill and abilities are listed below.

Web Design / Internet marketing	Programming / Software / Database Development
Graphic Design / Presentations / Multimedia	Writing / Editing / Translation
Illustration / Cartooning / Painting / Sculpting	Sales / Telemarketing
Marketing / Advertising / Sales / PR	Management consulting
Engineering / CAD / Architecture	Photography / Videography
Networking / Hardware	Finance and Accounting
Enterprise resource planning (ERP)/ Customer	Broadcasting
Web Design / Internet marketing	Legal Services
Graphic Design / Presentations / Multimedia	Programming / Software / Database Development
Illustration / Cartooning / Painting / Sculpting	Writing / Editing / Translation
Marketing / Advertising / Sales / PR	Sales / Telemarketing
Engineering / CAD / Architecture	Management consulting
Networking / Hardware	Photography / Videography
Enterprise resource planning (ERP)/ Customer	Finance and Accounting
Web Design / Internet marketing	Broadcasting
Graphic Design / Presentations / Multimedia	Legal Services

TABLE 1: Work Categories in Freelance market place. [5].

2.3   Top Freelancing Job Sites – An Overview

There are various websites available in freelance marketplace which offers jobs. The most popular freelance marketplaces are Elance, Guru, vWorker, oDesk, and Freelancer, and the most popular categories of jobs are web development, programming, writing, translation, design, and multimedia [6] First commercial freelance site, Guru, was launched in 1998, followed closely by Elance in 1999 and vWorker (formerly RentACoder) in 2001. More recent entrants include oDesk

and Freelancer in 2004,People Per Hour in 2007, and LimeExchange in 2008 [7].The following are the websites that are popular around the globe and India in particular.

Elance.com is a global online employment platform. Inspired by a 1998 *Harvard Business Review* article titled "The Dawn of the E-Lance Economy",the founders of Elance saw a need for technology capable of supporting virtual work and the first version of the site was launched in 1999. Two years later Elance also introduced a vendor management system for contractors and third-party services used by large enterprises. In 2006 Elance sold its enterprise software division and began the development of its current web-based platform for online, contingent work[8].

As of February 2012, Elance is used by approximately 140,000 businesses and 1.4 million registered contractors, who have collectively earned more than $500 million to date [9].

Guru.com is a freelance marketplace. It allows companies to find freelance workers for commissioned work. Founded in 1998 in Pittsburgh as uru Inc by brothers Jon and James Slavet as an online clearing house for high tech workers seeking short-term contracts.. The company was acquired in December 2002 by Unicru, a human resources software company based in Portland, Oregon. Guru's technology and staff remained with Unicru, focused on software to help large employers assess and hire job applicants[10]. Freelancers are still registered and getting facilitated. It's really a good site for writing jobs.

According to the latest statics in Jan2013 from Guru .com, Over 1 million users worldwide have used Guru.com to complete over 3 million tasks, share over 7 million messages and files, and create over 150 million dollars in value [11].

Freelancer.com is a global outsourcing marketplace, founded in 2009 by Matt Barrie. Its headquarters is in Sydney, Australia. Freelancer.com has acquired several outsourcing marketplaces including GetAFreelancer.com and EUFreelance.com, LimeExchange, Scriptlance.com, Freelancer.de, Freelancer.co.uk, Webmaster-talk.com, and vWorker. Freelancer.com is the world's largest outsourcing and crowd-sourcing marketplace for small business[12]. This site is popular for remote job seekers hailing from South Asia.

There are 6,932,691 professionals, $1,043,490,561 projects posted and 4,173,741 projects as per the latest press report of Jan,2013, Freelancer.com [13]

oDesk.com is a company with a global job marketplace and a series of tools targeted at businesses that intend to hire and manage remote workers. Based in Redwood City, CA, oDesk was founded in 2003 by Greek entrepreneurs Odysseas Tsatalos and Stratis Karamanlakis [4]. The company's site is entirely in English, and all transactions are made in U.S. dollars.The site does not post statistics regarding locations of buyer companies. oDesk offers Management and contractors of trust and you can get 20 bid balance per month.

There were around 2.5 million registered contractors and more than 7,90,000 jobs posted in the first half 2012 according to odesk.com [14].

2.4   Comparison of Freelancing websites
The following table gives a brief comparison of the bases of the freelancing websites which will help the job seeker to select the website for procuring the job.

Sl. No	Feature	Elance .com	Guru .com	Freelancer .com	Odesk .com
I. Free payment guarantee on every project					
1.	Free payment-guarantee on allfixed-price?	Nil	Yes	Nil	Nil
2	Free payment-guarantee on all hourly?	Yes	Nil	Nil	Yes
3.	Free payment guarantee on all crowd-sourcing?	Nil	Nil	Yes	Nil
II. Payment Model: fixed-price					
1	Offers Basic Fixed Price?	Yes	Yes	Yes	Yes
2	Free payment-guarantee on all fixed-price?		Yes	Nil	Nil
3	Protects your money with escrowing?	Yes	Yes	Yes	Nil
4	Arbitration				
5	Offers (at least) basic arbitration?	Yes	Yes	Yes	Nil
6	Offers it on all Projects?	Yes	Yes	Nil	Nil
7	Avoids "Pay Extra or Lose Your Guarantee" rules?	Nil	Yes	5% of milestone ($5 minimum)	Nil
III. Fees					
1	Project Fees	8.75% (6.75% if over $10,000)	10% (5% if you pay for upgraded members hip)	13% Total (Employer 3%, Worker 10%). Worker pays only 3% with upgraded membership.	10%
2	Subscription fees	Optional $9.95/month - $39.95/month	Optional $9.95/mo nth – 45.44/mo nth	Optional $4.95/month - $49.95/month.	Nil
3	Additional Fees:	Nil	Nil	10% GST tax fee for Australians	Nil
IV, Payment Model: hourly					
1	Offers basic hourly ?	Yes	Yes	Yes	Yes
2	Free Payment – Guarantee on all Hourly?	Yes	Nil	Nil	Yes
3	Protects your money with escrowing	Yes	Yes	Yes	Yes
4	Has a real-time timecard system?	Yes	Nil	Nil	Yes
5	Can prove presence via webcam ?	Nil	Nil	Nil	Yes
6	Can prove work via automatic desktop images?	Yes	Nil	Nil	Yes
7	Guarantees Payment for ALL types of work (including reading	Yes	Nil	Nil	Nil

	and purely mental)?				
8	Project Fees	0.75% (6.75% if over $10,000)	10% (5% if you pay for upgraded membership)	13% total (Employer 3%, worker 10%). Worker pays only 3% with upgraded membership.	10%
9	Subscription fees:	Optional $9.95/month - $39.95/month	Optional $9.95/month - $45.44/month	/month - $49.95/month.	Nil
10	Employer Verficiation Fees:	$5	Nil	$10	Nil
V. On-the-job trial: crowd-sourcing and trial sourcing					
1	Free payment guarantee on all crowd-sourcing?	Nil	Nil	Yes	Nil
V. Customer Service					
1	Offers you live support via email or chat?	Yes	Yes	Yes	Yes
2	Offers you Seven- day-a-Week Live Phone Support?	Yes	Nil	Nil	Nil
3	Company Success and Stability	Nil	Nil	Nil	Nil
4	Is currently profitable (net sales)?	Not available	Yes	Not available	Yes
5	Is ROI positive (profits exceed initial investment + costs)?	Nil	Yes	Nil	Yes
6	Is a member of the Inc. 5000 (fastest growing companies in the U.S.)?	Nil	2007, 2008	Nil	2009
VI. Affiliate Program					
1	Gives you cash back via an affiliate program?	Yes	Nil	Yes	Yes
2	Pays you a residual (more than once for the same referral)?	Nil	Nil	Yes	Nil
3	Total $ for referring an avg. active employer (over 7 years	$51.00	N.A.	$27.00	$50
VII. others					
1.certifications					
	Allows you to prove your advanced skills via certifications?	Yes	Yes	Nil	Yes
	offers unlimited free certifications?	Yes	Nil	Nil	Yes
2. Rating					
1	Offers a double-blind rating system?	Nil	Nil	Yes	Yes
2	Shows all negative ratings/comments given to workers?	Yes	Nil	Yes	Nil
3.Employer Qualification					
1	Shows all employers' non-action ratio?	Yes	Nil	Nil	Nil
2	Confirms Employer's Phone numbers?	Yes	Nil	Yes	Nil

3	Confirms Employer's Phone numbers PayPal Accounts?	Yes	Nil	Nil	Nil
4	Confirms employers' credit cards	Yes	Nil	Nil	Yes

TABLE 2: Freelancing Websites – A Brief Comparison [15].

Table 3 shows the categories of jobs available in freelancing job sites .

S. NO.	JOB CATEGORY	ELANCE .COM	GURU .COM	FREELANCER .COM	ODESK .COM
1.	Website Development & Programming	47%	35%	55%	44%
2.	Sales & Marketing	7%	10%	14%	16%
3.	Legal (IT)	1%	1%	2%	-
4.	Finance & Management	1%	2%	-	3%
5.	Engineering & Manufacturing	1%	2%	-	-
6.	Design & Multimedia	21%	17%	10%	12%
7.	Admin & Support	7%	-	1%	9%
8.	Writing and translation	15%	12%	8%	14%
9.	Hardware, Mobile, Networking & Others	-	3%	10%	2%

TABLE 3: Category wise Freelancing Jobs as on 2010 [6].

The Table 3 clearly shows that although maximum number of jobs is available in software field, but there is also other type of jobs which does not need any prior software qualification.

3. CRITICAL ANALYSIS

As already mentioned, the online job portals is divided into Job providers and job seekers. The Job providers are concentrated in North America and the Job seekers are scattered across Douth Asian Sub Continent. There are around 340,526 freelancers in South Asia on odesk.com, which includes major chunk from India, Pakistan and Bangladesh.. There are 440,217 freelancers on guru.com from South Asia . There are 43,716 freelancers from India as on April 7, 2013 on freelancers.com and 134,601 jobs from India from the online remote job portal elance.com. It is found that job seekers in these sites do jobs individually and also form a team as loosely coupled teams. The statistics reveal that Indian IT freelancers are more preferable for crowd sourcing as the job seekers from South Asia, India are English speaking and have technical skills at the same time. Looking from the perspective of job provider it is found that aspiring entrepreneurs become job providers as micro entrepreneurs of retail sector, selling goods like t-shirts, leather merchandise online they tend to outsource website development on the remote job portals, the tend to have their entrepreneurial business work in the US daylight hours and outsource the work to geographically / time-zone shifted location like South Asia. This helps them in execution of their daily routines round the clock. South Asian job seekers tend to have more affinity among the US job providers aka micro entrepreneurs.

Even though the rate per hour is less than the stipulated labour laws(source from the website of job provider even getting jobs like $2 per hour), it is logical that the job contract is mutually beneficial on both the job seeker and job provider as there exists a adhoc currency differences vis a vis US dollar and Indian Rupee. As the remote job seekers get their dollar converted to local currency it translates to a matter-of-fact salary if worked as full time job in a local company.

For individual Job Seeker, such on line job portals are popular as there is marginal or nil entry fees involved. Job Seekers find it comfortable to pay the commission charges to the portals after the job is done rather than paying the entry fee upfront. There is lot more population working remotely job seekers opt for remote jobs because of the widening network of broadband technologies. More and more Job providers avoid hassles of a regular company like labor laws and legal compliances in remote jobs are more relaxed and not widely understood in the legal fraternity.

4. IMPLICATIONS OF CURRENT STUDY

Because of online job portals, people now have more scope of getting employment and thus earning an income for their livelihood. This implication of online jobs will have an impact on lowering unemployment ratios among urban youth. Now online jobs can be pursued as serious career and commuting is not mandatory. In fact, there are lot more savings by not using transportation for going to their place of work. Rather work comes to the job seekers drawing room .Surely, the job can save time, money and energy by not commuting to work. This benefits in overall wellbeing of the person who are pursuing this as serious career option.

5. AREAS FOR FURTHER STUDY

The following are the areas where the need for further research is to be explored.

1. How effective for Job Seekers to supplement their household income and replace the regular job?

2. How effective is to consider Remote job work as a serious profession?

3. What is the impact of freelancing job on psychological and social life among the Remote Job Seekers?

4. How competitive is the economy of the Online job portals vis a vis big corporations?

6. CONCLUSION

Although the traditional job market continues to struggle worldwide, the future is optimistic for online work. Most of the Indian freelancers have to depend on non-Indian freelancing websites like Elance.com, Freelancer.com and oDesk.com to earn money though freelancing. It is not that these freelancing websites are in vain but one cannot associate oneself with non-indigenous job market portals wholly.

According to Business News Daily dated 30 Oct. 2012, it is found that the average freelancer can expect to earn 43% more in 2013 than they did in previous year. This rise in earnings is translating into more jobs for all as 42% of independent professionals plan to hire other freelancers to build their businesses in 2013.

"This report truly reflects Mary Meeker's thesis that through software and the Internet we're experiencing the *reimagination of everything,*" reflects Matt Barrie, Chief Executive of Freelancer.com. "Every industry we can think of is quite abruptly turning into a software business, and every job function is increasingly being performed using software tools in the cloud..."

The online remote job sites boost the software industry revenues in an unprecedented way. This also empowers the budding entrepreneurs to form "Nano" companies and quick healing for unemployment ratio reduction of skilled software man power in the current Indian scenario.

Dr. N. Fathima Thabassum

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