

Highly Skilled Professionals Want Your Work But Not Your Job

Freelancers are in huge demand today, and they know it. It's time for new rules of engagement.

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Summary. Companies today are facing a big talent-management challenge. They simply do not have the capabilities they need in-house to transform their offerings, processes, and infrastructures—and they're increasingly unable to persuade highly skilled professionals...more

Marta, the CTO at a sporting goods company, scans her operating metrics and flinches at the continued “red” status of her team’s technical capability. The board is concerned that upstart competition is nibbling away at market share, so Marta is under intense pressure to help the company move faster to market by implementing more-sophisticated digital and conversational AI capabilities. But her in-house talent lacks the deep expertise and experience necessary to transform the company’s offerings, processes, and data and security infrastructures, and her recruitment team has been unable to pry away top professionals from tech firms, despite making generous offers.

Taking stock, Marta (a composite character we’ve drawn from numerous interviews) reluctantly acknowledges that she needs to tap the freelancer market. She recognizes that this is not a stopgap

measure and that a major shift in how work gets done is underway. But she has qualms. How can she properly prepare her team for the issues this new blended workforce will unleash?

At almost every company we talk with, managers are facing the same recruiting challenge. They simply do not have the talent they need in-house, and they're unable to persuade highly skilled professionals to come on board full-time. As a result, companies are embracing the freelance model more than ever before. "To stay competitive in our manufacturing, digital, and veterinary services," says Michele Cefola, the global vice president of talent acquisition at Mars, "we must continually attract people with the latest skill sets." This is particularly true for tech and digital experts, her colleague Jeremy Andrulis, the vice president of talent, told us. "And people with the most sought-after skills are more than likely to be freelancers." He went on to explain why this works for Mars: "Freelancers tend to jump from one project to another. That's essentially what we're paying for—their accumulated experiences and the fresh external perspectives they bring."

Peter Fasolo, the chief human resources officer (CHRO) at Johnson & Johnson, also remarked on the change in worker preferences: "Without question, there has been a huge shift. Many of the individuals we're looking to attract—in technology, data sciences, machine learning, blockchain, and the internet of things—have a different mindset now. They want more-flexible working arrangements."

Talented workers have sought flexible work for some time, but it's only recently that the downsides traditionally involved in freelancing have been addressed. Independent work used to be an unreliable source of income that was heavily dependent on personal networks, but today job-matching platforms—such as Upwork and Fiverr—can instantly match highly skilled candidates with employers' needs. Some platforms are hyperspecialized, such as A.team and People Analytics, which serve engineers and data scientists. Technology also now provides administrative and other support to independent workers, whether it's virtual fractional accountants, tax apps, or AI for managing email and calendars.

J&J's purpose, values, and credo critically shape how work is done, so the company gives freelancers the same in-depth introduction that it gives to employees.

Today at least 36% of the U.S. workforce has chosen to work as contract, freelance, temporary, or gig workers, according to an extensive study conducted by McKinsey in 2022. Upwork's December 2023 study of 3,000 professionals put the number at 38%, or 64 million workers. Of these, one-third were earning more than \$150,000 a year, and just over half were providing knowledge services—such as computer programming, marketing, IT, and business consulting. Significantly, 52% of Gen Z workers and 43% of Millennials were freelancers in 2023. And the shift is catching on globally: Gartner predicts that independent workers will make up 35% to 40% of the global workforce by 2025.

Integrating and managing what we call the "blended workforce" will be one of the main managerial challenges in the years ahead. We've recently interviewed executives at leading companies that are experimenting with how best to bring freelancers into their organizations. In this article, we'll lay out some of the most helpful lessons they've learned and what all this bodes for the future of the enterprise.

The Challenges of a Blended Workforce

Let's return to Marta as she wrestles with her concerns about hiring freelancers for her digital and AI projects. She and her team have worked hard to create a culture of inclusion, collaboration, ownership, and continuous learning. Will skilled freelancers live by these values and help maintain

this culture? A colleague recently told her that a freelancer at his company took screenshots of an internal CEO video and posted them online. “It felt like an onlooker eavesdropping on our family dinner conversation and posting our squabbles,” the colleague said. And what of skills transfer? How will Marta avoid developing a problematic dependence on outside talent over time—and how can she make sure her own employees’ skills don’t atrophy?

Marta is also concerned about her ability to manage freelancers without the formal authority over employees that is traditionally invested in company managers. She recognizes that managing freelance workers will require a different set of skills; they’re specialists, after all, and she’ll need to evaluate them strictly on project deliverables, rather than on their contribution to overall performance. She also knows that she can’t rely on the (often unspoken) leverage of pay increases or enhanced career opportunities to motivate them and manage their performance.



Xan Padrón’s series *Time Lapse* combines individual photographs to create a larger portrait of all the movement and changes that happen in even the smallest corners of a city.

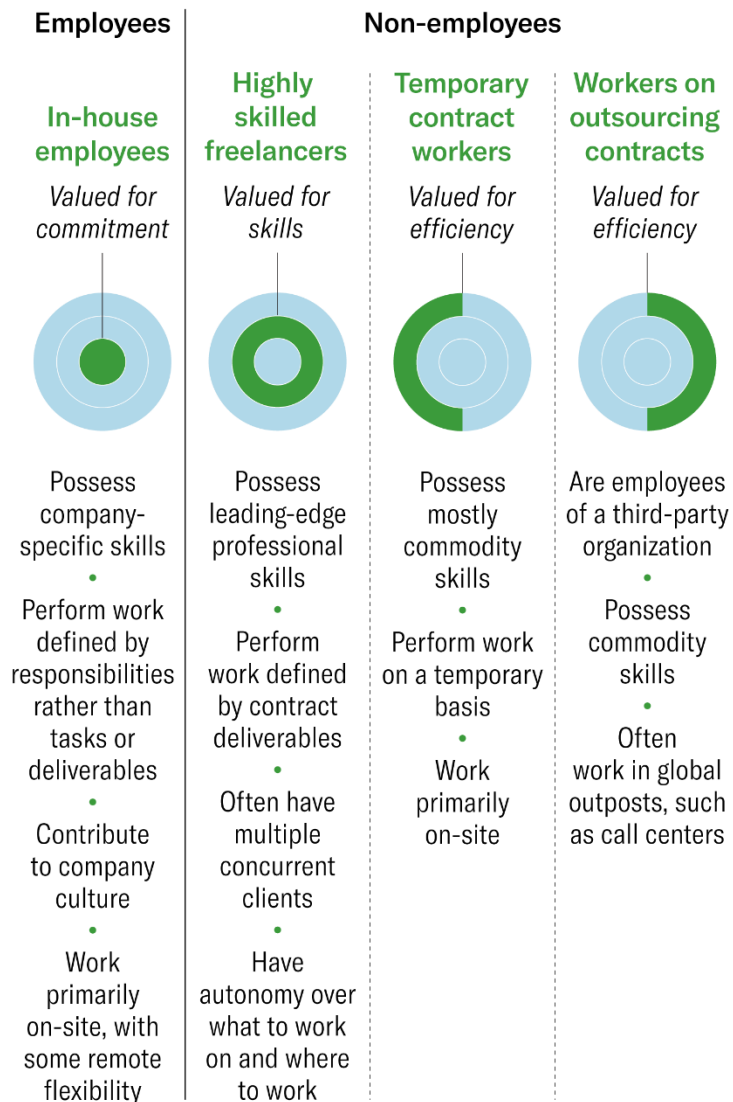
Finally, Marta wonders if her full-time team members will stay committed once they see the autonomy granted to freelancers, who can more easily decline extra work or inconvenient demands. How will they react, say, to a freelancer calling in to join a team stand-up that they’ve been told they must attend in person? How will they feel when freelancers are given a pass on pitching in when crises arise? How will Marta keep everyone in various work arrangements appropriately engaged?

Emerging Management Practices

Many of the leaders we talked with initially tried to manage freelancers the same way they've long managed other temporary workers: by relying on a contract agency for staffing and then maintaining a transactional relationship with the workers that focused on specific deliverables, with minimal investment by the company in developing an emotional connection with them. But they soon learned that force-fitting the model they use for temporary staff needs doesn't work well for freelancers. That's not surprising. The role of traditional contractors is staff augmentation: They add capacity on a temporary basis and perform outsourced, noncore work as employees of a third party. But when the purpose is not augmentation but innovation, firms need a different approach—one that fully integrates expert freelancers into a highly cohesive team. To that end, forward-looking companies are starting to develop new practices.

The Emerging Blended Workforce

Increasingly, the new workforce will consist of an inner circle of employees and outer circles composed of a range of independent workers. Each group has different attributes and contributes to the organization in different ways.



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They help freelancers understand and embrace company culture.

Options abound for how to do this. Johnson & Johnson, for example, recognizes that its purpose, values, and credo critically shape how employees interact and how work is done, so the company gives freelancers the same in-depth introduction that it gives to employees. The software giant Salesforce onboards employees and freelancers together using its Culture in a Box process, which asks workers to commit to one another and to their deliverables as a team. Freelancers receive in-

depth training on company values and work processes, including the disciplined use of project tools to manage workflows and facilitate communication.

At the M&C Saatchi Group, where one business has been experimenting with staffing all nonmanagement positions with freelancers, the introduction to company culture starts even earlier—at the interview stage. Mark Dickinson-Keen, the company’s chief people officer, told us, “The majority of the interview time is spent sharing how our freelance model works, helping them understand what they can expect from the business, and checking that they are truly ready to work in this way. It is very much a two-way process.”

They follow rigorous practices to retain institutional knowledge.

A common concern with hiring freelancers is that when they leave, they’ll take the valuable skills and knowledge they’ve accumulated with them. Companies are handling this in several ways: by engaging in disciplined project-hygiene practices, using shared project-management tools (such as Asana, Moovila, or Smartsheet), and assigning full-time employees to take responsibility for end-to-end critical project deliverables. In some highly digitized workplaces, such as at J&J, the internal knowledge-management systems are facilitated by AI, enabling skills transfer and corporate knowledge management without the need for extra process steps or human effort. “We try to ensure that all the data sits in what we call the ‘operating room,’” says Fasolo. “It’s a digital workspace where we can track critical project data in one place. It’s visible to everyone—employees and freelancers—and managers can observe the flow of work and intervene to adjust workloads, reprioritize tasks, and solve bottlenecks in real time.”

Where skills transfer is of lesser concern, companies can adopt a complementary workforce strategy: In-house employees develop generalist skills and are augmented on an as-needed basis by highly specialized freelancers. At Mars, freelancers return periodically to conduct tune-ups on the products and services they helped develop.

They adopt a “sponsor” mindset to guide freelancers’ performance.

Managers know that it’s critical to provide their employees with feedback and help them progress in their careers while motivating them to contribute to company performance. When it comes to freelancers, though, managers should take a different tack, focusing on shaping challenging work assignments and creating an environment that allows freelancers to meet their professional goals during their stints with the company. Roshni Haywood, the global head of HR at HSBC Digital Business Services, told us, “A key motivator for skilled freelancers to join us is the opportunity to work on a major digital transformation at a legacy bank.”

A Fragile Equilibrium

As highly skilled freelancers are increasingly integrated into the core of the workforce, managers will need to understand how their capabilities, needs, and ambitions complement—and diverge from—those of in-house employees.

	What workers value most	What companies need from them
HIGHLY SKILLED FREELANCERS	<ul style="list-style-type: none"> • New experiences • Autonomy • Flexibility • Learning • Variety 	<ul style="list-style-type: none"> • Specific project deliverables • Cutting-edge expertise • Diverse cross-industry experience • Adherence to company values
EMPLOYEES	<ul style="list-style-type: none"> • Steady and satisfying work • Belonging and inclusion • Professional relationships • Benefits • Upward mobility 	<ul style="list-style-type: none"> • Ability to adapt to diverse and changing business demands • Availability in times of crisis • Dedication to sustaining company culture • Commitment to continuous upskilling

At J&J, the role of “sponsor” is formally defined, with a specific job description and a training program. The role differs from the supervisory relationship that a manager has with in-house employees: It is designed to forge a bond between the freelancer and the company and is aligned with the local legal and regulatory frameworks for independent work. Sponsors acknowledge freelancers’ desire to work autonomously and to gain a range of experiences. “Sponsors ensure that the freelancers are not only executing their tasks,” Fasolo told us, “but are also advancing their broader professional development. We ask our freelancers to share their aspirations, and we support them in their journey. We believe that if we are their partner in the advancement of their professional development, everybody wins.”

They leverage digital workflows and build trust to manage changes in project needs.

One dilemma with bringing in freelancers is that although their work is determined by a fixed contract, a company’s project needs will inevitably change. Saatchi resolves this issue with digital workflows. Dickinson-Keen describes it this way: “First, we redesigned the operational processes of how work gets done; then we rebuilt the workflow system to have more of a real-time pulse on what everyone’s doing. It sounds controlling, but it’s smart workflow management.” This enables Saatchi to have more visibility into how the workload and hours are distributed. “To digitize workflow, we have to quantify tasks and streamline operational workflows,” he adds. “It requires strong management of time and output daily.”

When freelancers are working on multiple projects at different companies simultaneously, as they often are, it can be tricky for managers to gauge their availability and bandwidth. Delegation and traditional control mechanisms are off-limits for freelancers, so managers must invest in mutual trust building. Employers need to trust that their freelancers will tell them if they are occupied with another significant project, and workers should be able to trust that they’ll be informed in advance if projects are accelerated or put on hold. As Dickinson-Keen told us, “It’s not about controlling the

worker's time or choices but understanding and managing expectations. It's about keeping commitments and ensuring both parties are aware of the work availability."

The focus on well-being is part of a shift away from industrial-era policies and toward more flexibility in time and place of work and better employee benefits.

As more work devolves from fixed jobs into a series of projects, managers are applying this approach even when working with full-time employees. For example, the introduction of internal talent marketplaces for project gigs enables full-time employees to fluidly move into roles that tap their skills and experience while still formally reporting to their people managers. As we wrote in "[Managers Can't Do It All](#)" (HBR, March–April 2022), at some companies, especially those using agile methods, managers no longer "own" the in-house talent but instead are project managers—scoping and budgeting a project, determining skills requirements, and contracting with workers for their time and energy.

What Does This Mean for In-House Employees?

The influx of skilled freelancers into the workplace is a phenomenon in gestation, but at the moment, we've arrived at an equilibrium. Both freelancers and employees have a deal that matches their preferences. Employees get the stability of a job, relationships at work, a sense of belonging, the promise of upward mobility, and benefits. For their part, skilled freelancers can earn six-figure incomes while working when they wish, without the hassles of a commute, dealing with a difficult boss, navigating bureaucracy, or taking on less-than-fulfilling work.

But this equilibrium is increasingly fragile, with much riding on the continued engagement and performance of in-house employees. Those workers bear the brunt of jumping in when the unexpected happens. More than ever, employers count on them to keep the business running smoothly and do the right thing to achieve the outcomes the company needs. In-house employees are prized as much for their willingness to show up and pitch in as they are for their skills. (Indeed, already 71% of employees say that their job description no longer matches the work they're actually doing, and 24% say their organizations have begun to drop job titles.)

This is happening at a time when employees are demanding more and tolerating less. A 2023 HP study of 15,600 workers in 12 countries found that expectations have changed dramatically since the pandemic. In particular, organizations will need to address unhealthy relationships at work in order to retain valued employees. For example, 83% of employees said they would take a pay cut to be happier at work. According to a 2023 study by the American Psychological Association, 64% of U.S. employees characterize their workplaces as "toxic," citing behavior such as disrespectful and noninclusive treatment. This is often missed in company engagement surveys that focus on aggregate scores covering a range of topics such as pride in and connection with the company and satisfaction with management and employee programs. In 2022, Microsoft decided to abandon its annual "engagement" survey when managers realized that it consistently generated very positive feedback despite reports that employee well-being was suffering in some areas. They decided to dig deeper into areas where people were clearly struggling. Their more frequent survey measures how much employees are "thriving," which they define as "being energized and empowered to do meaningful work."



Xan Padrón

This focus on well-being is part of a shift away from industrial-era policies and toward more flexibility in time and place of work and better employee benefits. Recent examples of such enhancements include sabbaticals, expanded bereavement and family leave, four-day work weeks, and paid time off for volunteerism.

Employees are also demanding that their companies demonstrate alignment, in word and in deed, with their personal social and environmental concerns. Increasingly, they are making career choices based on those criteria. According to a 2022 IBM survey, more than two-thirds of employees said they would be more likely to apply for and accept a job with an organization that they considered to be environmentally conscious. Nearly half of respondents (48%) also said they'd be willing to accept a lower salary from an organization that they perceived as environmentally sustainable. In ways that could not have been predicted even two decades ago, many companies are now working hard to show how they are serving a higher purpose.

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Looking ahead, we see two key challenges for companies. First, as newer generations increasingly choose freelance work, they may put the full-time employment model at risk. Research shows that the primary downside for freelancers is the lack of employee benefits, but at 38% of the U.S. workforce, freelancers are capable of exercising their considerable voting power to push for

improvements in social benefits, among them universal health care as an alternative to the employer-sponsored model. If companies do not substantially enhance the in-house offer in response to such changes, the full-time employment model may start to crumble.

Second, companies may also be in danger of developing a concentration of risk-averse individuals in their in-house workforces. A lot of the employees who choose full-time employment do so because they like the security of benefits and steady work. That does not bode well for the quality of the in-house leadership pipeline. Perhaps the Saatchi experiment of hiring only freelancers for nonmanagerial roles is a harbinger of the future: With an eye toward attracting people with an entrepreneurial mindset, that business unit offers in-house managers a profit-sharing program.

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Where does all this leave Marta? To start, she makes it a priority to upskill her current managers so that they can better handle a blended workforce. She develops a manager playbook and a training program that ensure that employment laws are observed and that teams comprising both employees and freelancers are engaged and working well. She knows this won't be easy. She acknowledges that many employees are increasingly reluctant to be available on demand, and she still has managers who lead through "command and control," especially when a project is under stress.

Marta decides to enlist her management team to create an initiative to address those issues. Working with HR, the team identifies pain points in the workplace and comes up with ways to keep core employees motivated, especially now that they are working side by side with freelancers who have full autonomy, great flexibility, and higher pay. First steps include improved time-off policies, a clearer flexible-work framework, core collaboration hours, and a more generous recognition program for in-house employees. The team looks at creative compensation arrangements to bolster employees' incentive to deliver needed business outcomes. Marta also establishes a "give back" day each quarter at local high schools to strengthen employees' connection with the company's sports and fitness purpose and to nourish their desire to make a societal impact.

She recognizes that none of her efforts will bear fruit in a toxic work environment. She decides to publish the results of her department's employee-sentiment survey. She adjusts key performance indicators to hold her managers accountable for the climate in their units and looks into AI-powered tools to help managers detect patterns indicative of low psychological safety and to pinpoint and address negative or harmful behaviors.

It will take time for Marta—and all of us—to navigate this new terrain. For now, we've entered a period of profound reassessment in which smart companies must rethink the role and skills of the manager—and how organizations address the demands of the modern workplace.

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