



THE RISE OF FREELANCING AND ITS IMPACT ON TRADITIONAL HUMAN RESOURCE FUNCTIONS

Vigashini R¹, Mrs. R. Anitha M.C.A., M. Phil., (Ph. D)²

¹B.COM With Information Technology, Final Year

²Assistant Professor Dr. N.G.P Arts and Science College, Coimbatore

ABSTRACT

The rapid development of digital technology and online work platforms has significantly increased the popularity of freelancing in the modern labor market. Many organizations now prefer hiring freelancers for specific tasks or short-term projects instead of recruiting permanent employees. This shift has created new opportunities for businesses to access skilled professionals from different locations while reducing operational costs. Freelancing also provides workers with greater flexibility, independence, and the ability to manage their own work schedules. The growth of freelancing has also brought major changes to traditional Human Resource (HR) functions. Activities such as recruitment, training, performance management, and employee engagement are evolving as organizations manage both permanent employees and freelance workers. HR departments are increasingly using digital platforms and new management strategies to coordinate remote and project-based workers. While freelancing offers benefits like flexibility and cost efficiency, it also creates challenges related to communication, performance evaluation, and organizational culture. Therefore, HR professionals must adapt their practices to effectively manage a blended workforce in the modern workplace.

INTRODUCTION

In today's modern business environment, the nature of work is rapidly evolving, with freelancing emerging as a significant trend. Freelancing is a work arrangement where individuals offer services independently on a contract or project basis rather than as permanent employees. Due to technological advancements, high-speed internet, and digital platforms, freelancing has expanded across industries such as IT, design, marketing, content writing, consulting, and HR services. Organizations now hire talent based on specific project requirements without long-term commitments, while professionals prefer freelancing for its flexibility, independence, remote work opportunities, and improved work-life balance. This rapid growth of freelancing is reshaping traditional HR functions, including recruitment, training, performance appraisal, compensation management, and employee engagement.

However, with the increasing use of freelancers, these functions are changing. Recruitment processes are becoming more digital and skill-focused. Training practices are shifting because freelancers may not require long-term development programs. Performance management is now often based on output and deadlines rather than fixed working hours. Compensation systems are also changing from monthly salaries to project-based or hourly payments. Therefore, understanding the rise of freelancing and its impact on traditional HR functions is essential for modern organizations. It helps businesses redesign their HR policies, improve workforce planning, and remain competitive in today's dynamic work environment.

RESEARCH OBJECTIVES

- To understand the concept and growth of freelancing in the modern workforce.
- To analyse the impact of freelancing on traditional HR functions such as recruitment, training, and performance management.

- To study the challenges faced by HR professionals in managing freelance workers.

SCOPE OF THE STUDY

The rise of freelancing has significantly expanded the scope of workforce flexibility and talent acquisition across industries. With digital platforms, remote work technologies, and the gig economy growing rapidly, organizations now have access to a global talent pool without long-term employment commitments. This shift enables companies to reduce fixed labour costs, scale operations quickly, and hire specialized skills for short-term projects. Its impact on traditional HR functions is substantial, requiring a shift from permanent workforce management to hybrid talent management models. HR departments must adapt recruitment strategies to include contract hiring, freelance onboarding, and digital collaboration systems.

STATEMENT OF PROBLEM

The rapid rise of freelancing and gig-based employment is transforming traditional workforce structures across industries. While organizations benefit from flexibility, cost savings, and access to specialized skills, traditional HR functions are primarily designed to manage permanent employees and may not effectively address the needs of a hybrid workforce. This creates challenges in recruitment, performance management, compensation, legal compliance, and employee engagement. Therefore, there is a need to examine how the growth of freelancing impacts traditional HR functions and how HR practices can adapt to manage both permanent employees and freelancers effectively.

REVIEW OF LITERATURE

1. **Asfahani, Alsobahi & Dahlan (2023)** explored HR practices in the gig economy and their impact on job satisfaction. The study found that engagement and retention strategies must be redesigned for freelancers.



It emphasizes the importance of supportive HR policies.

2. **Salmah, Astuti & Harsono (2024)** investigated employee engagement in gig and flexible work settings. The study compared engagement strategies between traditional and freelance workers. It suggests that HR must use innovative engagement approaches.

3. **Dr. Sakshi Mohan (2025)** studied the influence of the gig economy on HR practices in India. The research discussed recruitment, training, compensation, and performance management. It concluded that Indian organizations are gradually shifting toward flexible HR models.

DATA ANALYSIS & INTERPRETATION

AGE OF THE RESPONDENTS

| S.NO | AGE OF THE RESPONDENTS | NO. OF RESPONDENTS | PERCENTAGE |
|------|------------------------|--------------------|------------|
| 1 | Below 25 | 37 | 33.6 |
| 2 | 25 - 35 | 62 | 56.4 |
| 3 | 36 - 45 | 10 | 9.1 |
| 4 | Above 45 | 1 | 0.9 |
| | Total | 110 | 100.0 |

INFERENCE

Most respondents (56.4%) are in the 25–35 age group, which means many participants are young adults. Only 9.1% are

between 36–45 years old, so fewer older people took part in the study.

WORKLOAD OF THE RESPONDENTS

| S.NO | WORKLOAD OF THE RESPONDENTS | NO. OF RESPONDENTS | PERCENTAGE |
|------|-----------------------------|--------------------|------------|
| 1 | Decrease | 27 | 24.5 |
| 2 | No change | 43 | 39.1 |
| 3 | Slightly Increase | 37 | 33.6 |
| 4 | Highly Increase | 3 | 2.7 |
| | Total | 110 | 100.0 |

INFERENCE

Most respondents (63.6%) believe it will decrease, showing a strong negative expectation. Only 2.7% think it will highly increase, while 33.6% expect a slight increase.

SUGGESTION

- Develop standardized procedures for hiring, payment, evaluation, and contract management to ensure consistency and reduce risks.
- Adopt online recruitment tools and maintain a freelancer database for faster and efficient hiring.
- Balance permanent employees and freelancers, and evaluate performance based on project outcomes and results.

CONCLUSION

The study shows a very weak negative correlation (−0.047) between age and perspectives on freelancing in HR, with a p-value of 0.624, indicating no significant relationship. This means attitudes toward freelancing are similar across all age groups. Overall findings reveal that freelancing has greatly transformed traditional HR functions. Organizations are shifting from long-term employment to flexible, project-based workforce models driven by technology and globalization. As a result, HR practices now focus more on skill-based hiring and outcome-oriented performance evaluation rather than traditional methods.

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