

# SECTOR BRIEF

# Freelancing Industry in Pakistan

By Research and Publications Department, ICMA Pakistan

## Historical Background

The word 'Freelance' originates from two different languages. The first part of the word 'Free' comes from the German language, meaning 'to love' or 'Heart' whereas the other part of the word comes from French, meaning 'to throw or discharge with force'. Both parts of the word combine to mean something about 'freedom'.

In medieval times, the freelancers were the soldiers who offered their services to the kings who paid them. According to Latin history, these soldiers were originally called condottiere, lansquenet, or stipendiaries.

In literature, the oldest reference to the word 'Freelance' dates back to the early 19th century. The word was first used in 1809 by Thomas N. Brown in his book 'The Life and Times of Hugh Miller' and later Sir Walter Scott coined the word 'Freelancer' in his book 'Ivanhoe', written in 1819.

The history of modern freelancing dates back to 1970s in the USA. The credit goes to Jack Nilles and Frank Schiff. The term 'telecommuting' was coined by Jack Nilles and later Frank Schiff coined another term of 'Flexiplace'.

## Definition

The **Cambridge** Dictionary defines freelancing as 'doing particular pieces of work for different organizations, rather than working all the time for a single organization'. The **Oxford** Dictionary defines freelancing as 'self-employed and hired to work for different companies on particular assignments'.

## Freelancing Platforms

It is difficult to say as to which freelance portal was launched first as few large freelancing platforms merged with other sites or were bought out by other sites. Elance is probably one of the oldest freelancing platforms which were founded in 1999, followed by 'oDesk' in 2003 and Behance in 2006. Later, Elance and oDesk merged to form Upwork in 2015. Another platform viz. PeoplePerhour was launched in the UK in 2007. In 2009, Freelancer.com was launched which

purchased other freelancing sites, some of which were founded back in 2001 and 2004. Fiverr was founded in 2010 and then Truelancer.com. was launched in 2014.

## Freelancer community in Pakistan

Pakistan is the fourth fastest-growing freelance market globally. Currently, almost one million freelancers are working in Pakistan, with the majority hailing from the mega-cities of Karachi, Lahore, and Islamabad. The majority of these freelancers are young individuals below 30 years of age.

In the interview with ICMA Pakistan [published in this issue], the CEO of Freelancer.com, Mr. Matt Barrier, told us that a total number of Pakistani users on his platform reached 2.15 million, out of which 2.03 million are freelancers.

## Earnings by Pakistani Freelancers

According to a report released by the Pakistan Software Export Board (PSEB), the Pakistani freelancers earned US\$150 million during FY 2019-20 with exports to 120+ countries. This earning by freelancers is inclusive of the total IT & ITes export remittances @ US\$ 1.23 billion received by Pakistan during FY 2019-20.

According to the Ministry of IT&ITes, in the first seven months of current FY 2020- 21 (July 2020 January 2021), export remittances of Pakistani Freelancers have rapidly increased to US\$219 million and are expected to cross US\$350 million by the end of FY 2020-21.



# SWOT Analysis of Freelancing Industry in Pakistan



## STRENGTHS

- Flexible working hours
- Location flexibility - Work from anywhere
- No binding to work with one employer
- Independence – be your own boss
- Control of workload
- Higher-income potential
- No startup cost or corporate expenses
- Work-Life balance
- Self-management
- Improved Skill-set
- Potential to increase client base

## WEAKNESSES



- Take time to build a client base
- Unstable income
- Job insecurity
- Irregular working hours
- Payment receiving issues
- Lack of recognition
- Technical and creative skill gap
- High-stress level to complete work
- No paid holidays or sick days
- Lack of Employers benefits
- Isolation – not working with a team



## OPPORTUNITIES

- Flexibility to choose clients
- Global exposure
- Networking Opportunities
- Personal Branding
- Versatility of projects
- Specialization in specific work
- Hiring other freelancers to complete work
- Ongoing learning experience
- Virtual interaction with overseas employers

## THREATS



- Marketplace competition
- Non-dependency on single work platform
- Inability to manage long term projects effectively
- Loss of time in searching, shortlisting and bidding projects
- High number of spam projects on internet
- Lack of better payment protection system
- High commission rates of middlemen
- Currency conversion issues
- Tax payment issues
- Late payment issues from employers
- No insurance coverage by employers

