

Are Freelancers Your Best Performers? Applying Organizational Network Analysis to the Gig Economy

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Whether you call it “gig,” “fluid” “liquid,” “agile,” or something else, an increasing proportion of work is done through engagements other than regular full-time employment. Estimates of the number of workers who fully support themselves with work outside of employment [vary](#), the amount of work being done outside of employment (including contracting, freelancing, and moonlighting by regular employees) [is increasing](#).

A 2017 study commissioned by Upwork surveyed more than 1,000 workforce hiring decision makers who address the challenges of hard-to-find skills and open positions by using remote work and teams that combine employees and freelancers. Some key findings include:

- 48% of departments used one more of freelancers, temporary or agency workers.
- 35% of departments had freelancers “conducting a significant portion of their work from a remote location.”
- Over half said they use freelancers to “scale up quickly for a project,” or “leverage skills we don’t currently have.”

That same study found that top concerns with freelancers were that it was “hard to develop relationships with the existing team” (41%) and “difficult to hold them accountable” (38%).

This may not be surprising because teamwork was not very significant in choosing team members. While 49% of leaders ranked the most important aspect of a new hire’s success as “ability to perform the skills necessary for the job,” only 2% ranked “interaction with other team members” as most important. Though freelancers are concerned about relationships, leaders were generally satisfied with the quality of their relationships with freelancers (76%) and permanent hires (81%).

Non-Employee Worker Engagement: A Hidden Opportunity

Leaders may be setting low expectations and a low priority on social interactions and teamwork for freelancers. That’s dangerous, because social relationships are a key factor in successful teams, as we described in [our previous article](#). In that article, we also introduced a tool called “organizational network analysis” (ONA) that can map the social networks, often hidden beneath formal hierarchies.

But, virtually all the research and application of ONA is to employees *within* an organization.

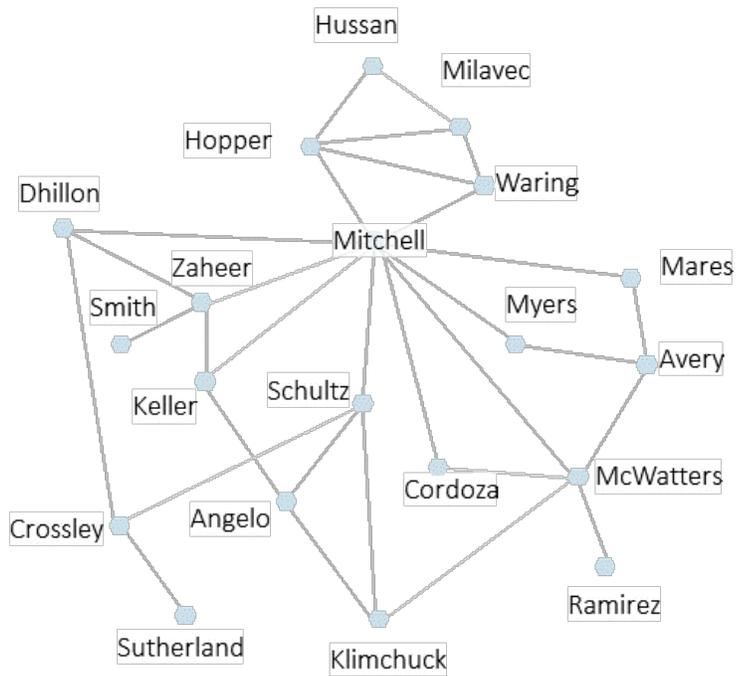
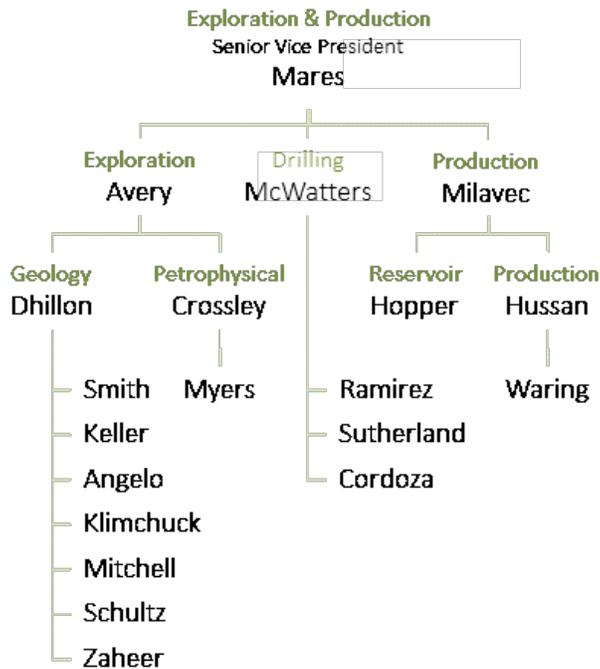
Organizations must learn to “[lead the work](#),” not just their employees, and ONA can be a vital tool to address a key component of team success: getting non-employee workers better connected with their employee team members.

[Research shows](#) non-employees are sometimes even more engaged than employees when they have:

- *Volition* in their choice of contract work
- *Emotional support* from co-workers
- *A psychological contract* with the organizations they work with,
- *A sense of continuity*

Are you creating these conditions with your non-employee workers? Laws and regulations present leaders with a challenge to balance engaging non-employee workers against risking the appearance of co-employment, but evidence suggests there is value in knowing more about how your non-employee workforce connects to your organization, and to other workers.

Recall this example from [Rob Cross’s work](#) (in our previous column) that applied ONA on the exploration and production division of a large petroleum organization:



We showed that ONA can identify mid-level managers that were critical to information flow, such as the very central role that Mitchell played, being the only point of contact between members of the production division and the rest of the network.

Cross and others have found that 3-5% of the people usually account for 20-35% of the value-added collaborations in most organizations. Yet, even in the most sophisticated enterprises and even when applying ONA to their employees, organizations tend to miss about half of these central players.

The diagram above was produced by analyzing only the employees of an oil production company. Might this focus on employees be missing something?

A recent [report from the International Labor Organization](#) estimated that temporary workers make up more than 13 percent of the oil extraction workforce. What if “Mitchell” in the diagram above, was actually a temporary employee or contractor? Sometimes [the best performers are not regular employees](#).

Would you even know who Mitchell was? Most organizations would not because non-employee workers seldom even show up in typical HR systems. Yet, non-employees will probably play an increasing role in your social and information networks.

“Lead The Work” Through The Networks Beyond Your Employees

Today’s HR tools and programs were developed and continue to focus on traditional full-time employees, so the emerging reality of work beyond employment [requires rethinking them](#). It’s the same for ONA, which is also typically applied only to employees in the organization and not to the total community of current and potential workers that must be engaged.

Organizations are experimenting with [new systems](#) that provide greater visibility to your entire workforce, including employees, contractors, temporary workers, freelancers, and even volunteers. Yet, even these systems typically track only headcount, skills and project assignments. That’s like managing regular employees only with traditional organization charts. Just as ONA can offer insights regarding your employees, it can also offer insights about your non-employees.

In our prior column, we described how ONA amplifies traditional people analytics to redefine and enhance rewards, performance, succession, engagement, onboarding, retention, and diversity. We can extend those ideas to the network of workers that lie beyond employment:

- **Rewards for freelancers and contractors are typically set only based on their skill levels and individual project performance and customer ratings.** Yet, their network quality likely affects their performance similarly to regular employees. [Research shows](#) that for employees, it is not the size of the network, but the quality and mutuality of the connections, that leads to performance. If the same is true for the extended workforce, then organizations should measure the network quality and position of freelancers, contractors and others.
- **Just as ONA can reveal employees that are too peripheral (representing untapped skills and resources) and those that are too central (representing potential victims of collaborative overload and burnout), the same could be measured for non-employees.** This could help identify untapped resources that can be harnessed by including them more fully in the employer’s network or candidates that are so overloaded that they are unlikely to perform well—even if their past projects are highly rated.
- **[ONA research shows](#) that newcomers are more successful if they create “pull” that makes them sought-after, rather than trying to create “push” through aggressive personal selling.** Organizations can use this finding to encourage and support non-employee workers in making themselves visible and desirable to key network members among the organization’s employees. Just as ONA suggests that employees who stay beyond 2-3 years must shift their networks to become broader and deeper, perhaps non-employee workers who have had several “tours of duty” with the organization should also be encouraged to connect to projects beyond their initial network.

Early Lessons From Freelancer Platforms

Are there examples of organizations that are applying ONA this way? Our review of published research and case studies didn’t find any, which suggests there is vast untapped potential to learn more. For example, we asked [Stephane Kasriel](#), the CEO of [Upwork](#), for his views on our first blog, and while he didn’t know of specific examples of companies using ONA to link their employee and non-employee workforce, he did offer these observations:

There is a network within Upwork itself. Clients who hire freelancer A often hire freelancer B, sometimes because freelancer A "sells" additional work that can only be done by freelancer B. The idea is that our freelancer network is like a sports league: while all players are strong, putting a random subset of them together for the first time (which is what tends to happen today) doesn't immediately lead to a high performing team. Perhaps we should instead encourage re-using the same subset multiple times on different projects so they get better at working together and ultimately, deliver better work to their clients.

Enterprise clients of Upwork build pools of freelancers. One feature of our Enterprise offering is that it enables our clients to build microscopic versions of the overall marketplace. So instead of choosing freelancers from among our pool of over twelve million, hiring managers choose among a few dozen or a few hundred. That means that these freelancers end up doing repeat engagements with the client. They learn how to make the client happy and thus, get better ratings over time. We would not see that if each hiring manager hired a different freelancer every time.

Context is critical for knowledge workers and it's the same when the worker is a freelancer. Our best clients help freelancers learn about their companies’ needs. In part that means familiarizing and connecting freelancers to the social network by informing them about the relevant stakeholders, their preferences, etc. Most clients are not very good at optimizing the right amount of access and context to their freelancers. So, the freelancers don't get the best results, end up less satisfied with the relationship, and are less likely to work with the client again.

HR’s Leadership Opportunity: Agile Work Networks

The future of work will require leaders to [perpetually optimize new combinations](#) of employees, non-employees and automation. HR leaders, collaborating with leaders in other functions like procurement and IT, have the chance to define those optimization frameworks. We know that employee social networks offer untapped potential. It’s high time HR leaders applied those lessons to their extended workforce.