



# Contracting Freelancers:

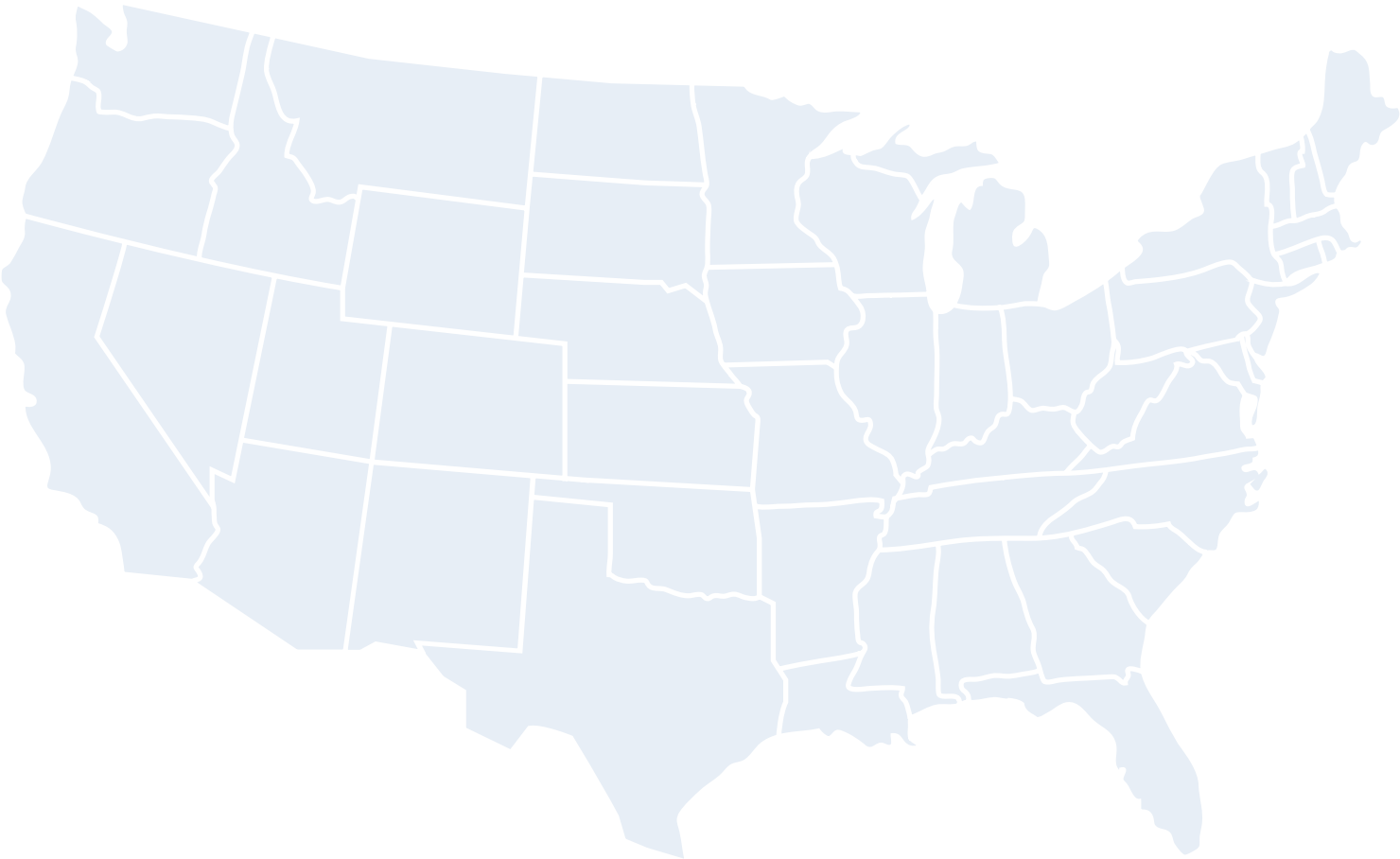
Navigating Trends and Savings  
in HR for 2024

# Contents

- 1. Methodology.....2
- 2. Key findings.....3
- 3. Freelancer operations: Drivers.....4  
and challenges
- 4. Business preference:.....5  
Local or international?
- 5. Savings: Local vs international.....6  
freelancers
- 6. Average hourly rates across regions.....8
- 7. Compliance and classification.....9
- 8. Future and areas for improvement.....10
- 9. About Solar Staff.....11

# Introduction

The employment landscape is undergoing a seismic shift, with an increasing number of small and medium-sized enterprises in the United States turning to freelancers to meet their evolving business needs. This survey, conducted among HR professionals, sheds light on the dynamics of this shift and offers invaluable insights into how companies are navigating the complexities of integrating freelance talent into their workforce strategies.



# Methodology

Our study focused on a diverse group of HR professionals that included HR generalists, HRDs, and HRBPs from small and medium-sized enterprises across the United States. We developed a bespoke survey form and reached out to both the existing client base of Solar Staff and the extensive respondent database provided by SurveyMonkey.

To guarantee that the insights we collected were pertinent and from the right audience, we included a high-level screening question: "Do you work with international or local freelancers?" As a result, we got meaningful responses from a solid cohort of 400 HR professionals.

# Key findings

Annual savings on HR expenses thanks to hiring freelancers in cost-efficient regions

47%

For companies working with international and local freelancers

37%

For companies working only with international freelancers

Barriers to using local freelancers

- 1 . Strict local regulations
- 2 . Sourcing challenges
- 3 . Higher costs

Barriers to using international freelancers

- 1 . "Local can get it done"
- 2 . Legal difficulties
- 3 . Fear of no follow-through

## International or local freelancers

57%

Of companies work with local and international freelancers

19%

Of companies work only with local freelancers

14%

Of companies work only with international freelancers

## Main reasons for working with freelancers

68%

Ability to hire a person with unique expertise

61%

Lower hiring and labor costs

47%

Better results

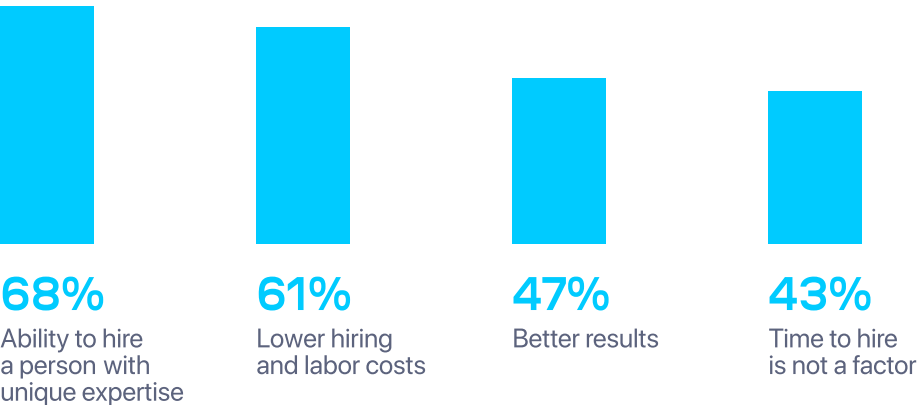
43%

Time to hire is not a factor

# Freelancer operations: Drivers and challenges

The most popular reasons for working with freelancers reflect companies’ strategic approach to workforce management. Unique expertise being the key factor means that freelancers are no longer treated as a mere replacement, but rather as independent professionals with unique skills.

## Main reasons for working with freelancers



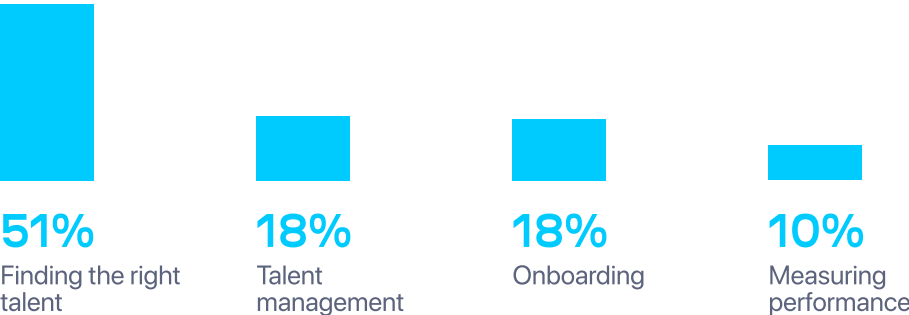
Despite the increasing number of freelancers in the world, it is only getting harder to find the right people. The battle for talent is moving away from the corporate office and is becoming project-based.

In response to the changing hiring environment, companies are starting to opt for direct sourcing. According to the March 2023 Workforce Solutions Buyer Survey by Staffing Industry Analysts, 42% of the surveyed companies are planning to implement direct sourcing of non-employees or create an internal talent pool, thus sidestepping staffing agencies.

## Has competition for skilled freelancers intensified in the last two years?



## Main pain points when working with freelancers



# Business preference: Local or international?

## Top 3 cons of local freelancers

### 1 . Strict local regulations

This includes complex labor laws, tax regulations, and compliance requirements that can vary significantly from one jurisdiction to another.

### 2 . Sourcing challenges

Limited local talent pool, especially when it comes to niche areas, can make it time-consuming and difficult to source the right freelancer.

### 3 . Higher costs

High demand for skilled professionals can drive up rates, which, combined with the added costs of local compliance, can make local hiring a rather expensive affair.

## Top 3 cons of international freelancers

### 1 . Local can get it done

Some companies believe that local talent can better understand and meet their specific needs. This might include cultural nuances, local market knowledge, or simply being in the same time zone for easier communication.

### 2 . Legal difficulties

Working with international freelancers introduces a layer of legal complexity, because a company has to comply with the legal requirements of the freelancer's country, international labor laws, and relevant tax obligations.

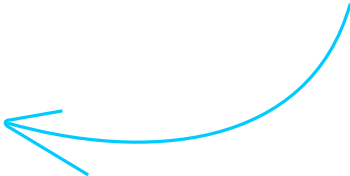
### 3 . Fear of no follow-through

Communication hurdles associated with language barriers, cultural differences, and different time zones may contribute to fears that the result won't meet expectations.

## Do you work with international or local freelancers?

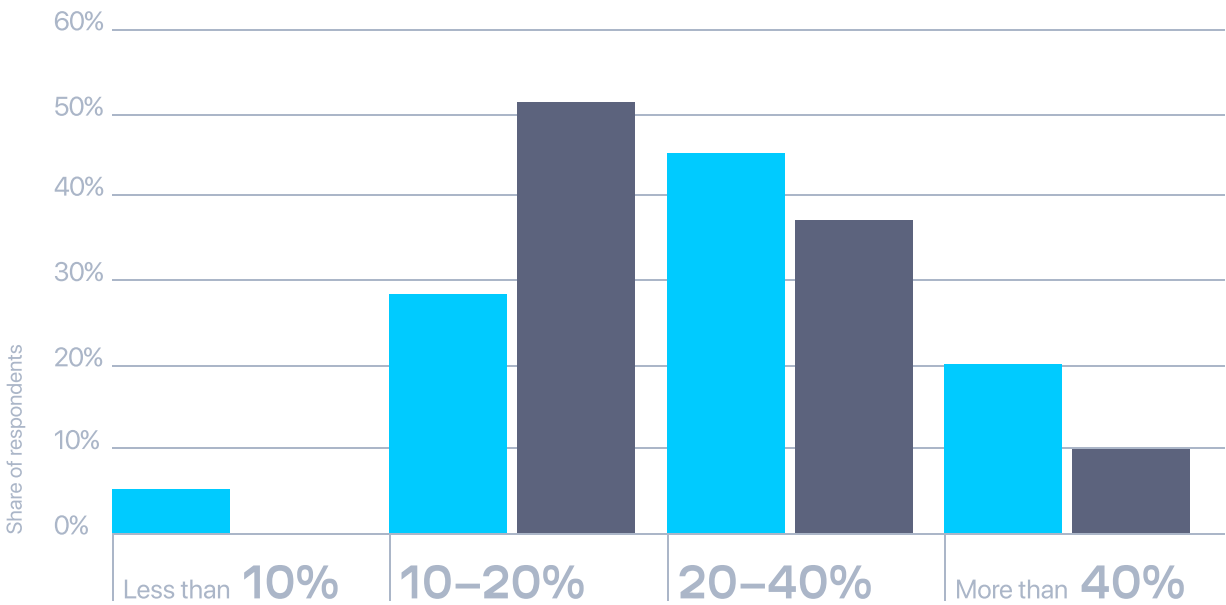


This is ceasing to be an issue as marketplaces like Upwork and specialized freelancer management solutions like Solar Staff simplify the screening process, effectively eliminating the risk of non-delivery

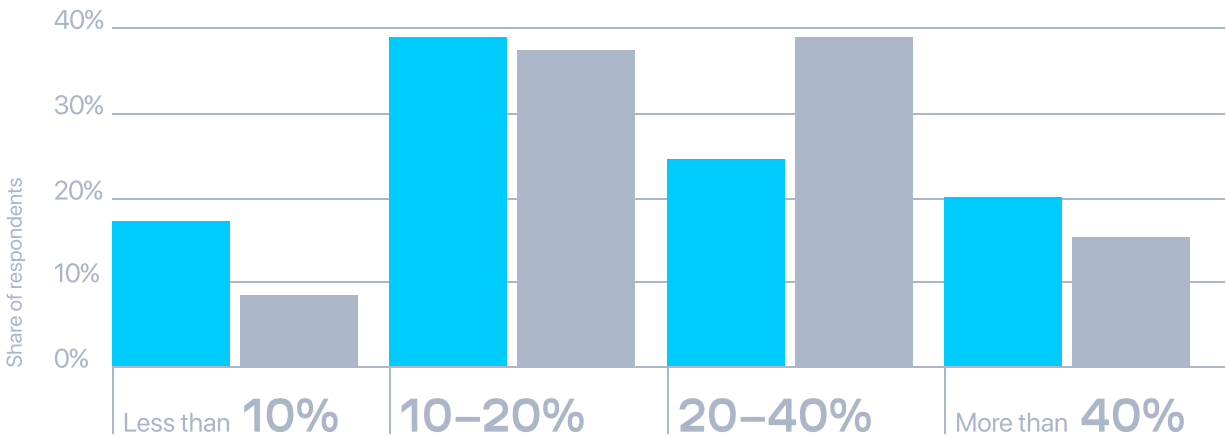


# Savings: Local vs international freelancers

How much do you save with international  
freelancers compared to local employees?  
(in terms of taxes and benefits)



How much do you save with local  
freelancers compared to local employees?  
(in terms of taxes and benefits)



# Savings: Local vs international freelancers

There are clear financial incentives to leveraging the global freelance workforce.

**Most of the surveyed HR professionals – 61% – cite freelancers as a key factor in minimizing hiring and labor costs.** For a substantial portion of these companies, those savings amount to 20–40% compared to the costs of onboarding local employees.

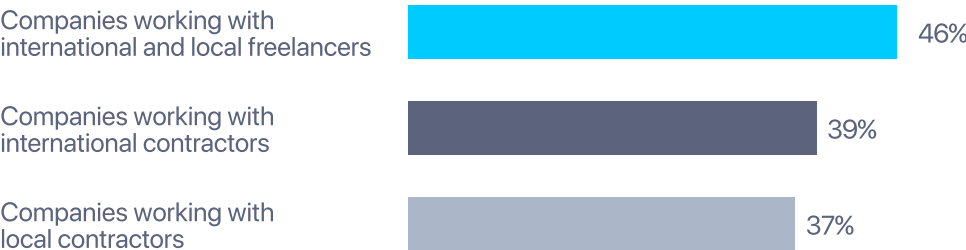
Notably, companies that combine local and international freelancers may see cost savings of 40% or more.

## How much has your company saved on annual HR expenses by hiring freelancers from cost-efficient regions?



Companies leveraging both international and local freelancers are often dynamically growing businesses that keenly understand global labor market trends.

## How much has your freelance workforce grown in the past year?



These companies are able to strike a strategic balance between engaging freelancers and hiring employees. They have also cultivated talent pools that allow them to address any emerging staffing needs in a pointed and cost-efficient fashion.

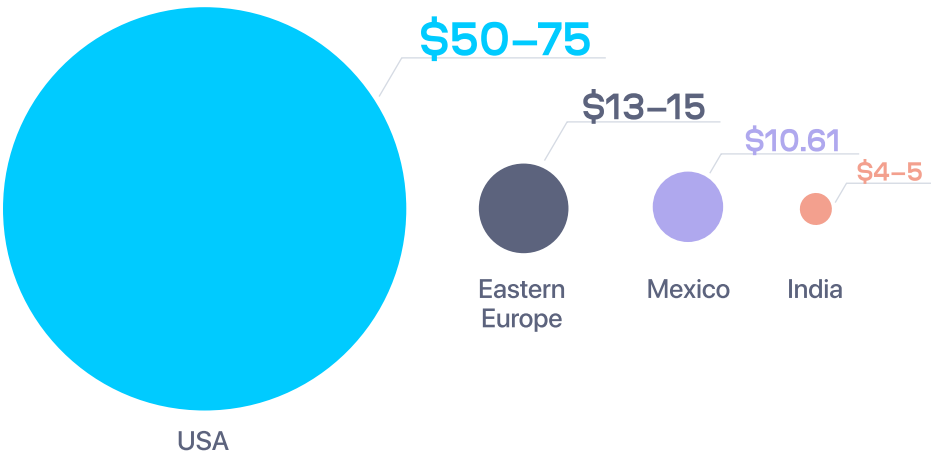


Paul Shynkarenko  
CEO of Solar Staff

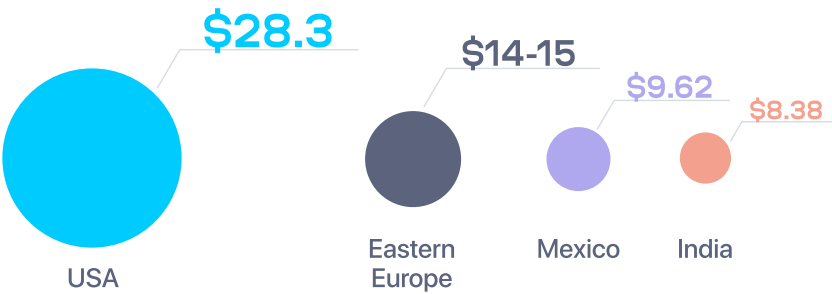


# Average hourly rates across regions

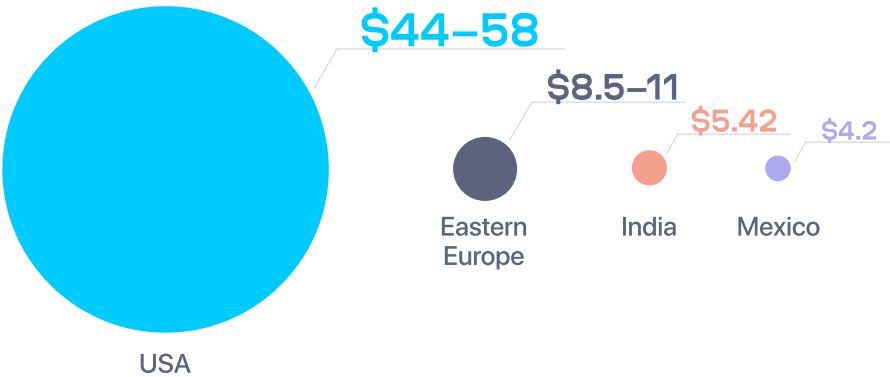
## Backend developer



## Data analyst



## UX designer



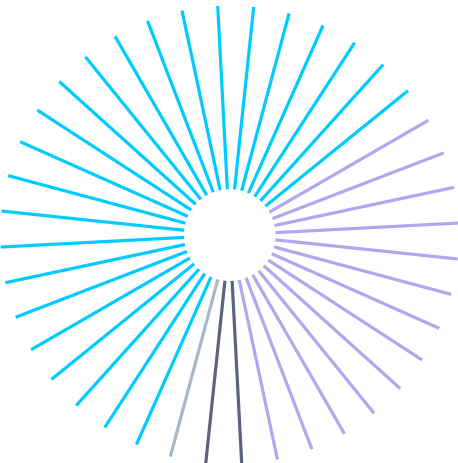
Sources:  
TechFetch, ZipRecruiter, Salary Explorer,  
Salary.com, Glassdoor, Solar Staff

# Compliance and classification

Worker misclassification remains an issue, especially when it comes to local freelancers. Despite companies striving to ensure proper labor compliance, either by themselves or using global HR and FMS solutions, many of them have faced fines that resulted in financial losses.

The majority of respondents believe that the situation is going to worsen. As regulation expands with things like the Federal Independent Contractor Rule and the Freelance Isn't Free Act, ensuring compliant contracting of freelancers becomes harder.

## Do you have processes in place to distinguish freelancers and employees?



**63.5%**

Yes, in-house

**31%**

Yes, we use specialized providers

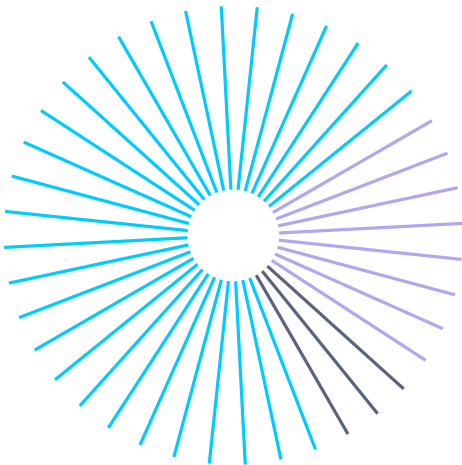
**4%**

No

**1.5%**

No, and I don't know the difference

## Are changes in laws and regulations going to affect freelancer operations?



**75%**

Yes, I see this happening in the coming year

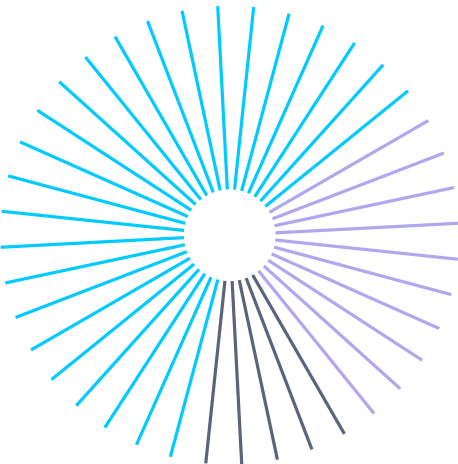
**17.5%**

Yes, but in the long run

**7.5%**

No

## Have you run into any misclassification problems while working with international freelancers?



**66%**

Yes, and it has affected my business

**22%**

Yes, but it hasn't affected my business

**12%**

No

# Future and areas for improvement

According to the survey, there has been a marked shift towards the desire to create comfortable working conditions for freelancers. This, alongside a growing concern for the psychological well-being of temporary workers, shows that freelancers are being recognized as an integral component of the workforce.

At the same time, benefits such as mental health counseling and help with workspace set-up are the traditional hallmarks of full-time employment. The risk of misclassification looms large as companies strive to enhance the freelancer experience without inadvertently crossing into the employer-employee relationship.

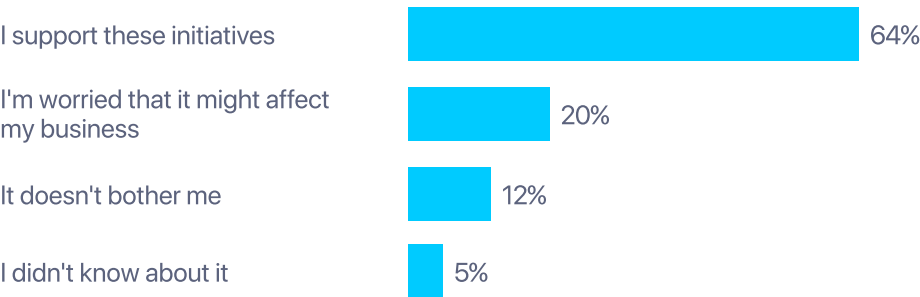
The market needs a clearer legal framework and guidelines to help companies navigate this shift, especially as competition for top freelance talent intensifies.

In this context, the role of freelancer unions is becoming more prominent. These organizations have witnessed a significant surge in their influence globally, gaining momentum across the EU, US, and even Japan. Freelancer unions could play a critical role in addressing the pressing question: "How far can companies go to make their freelancers feel at home?"

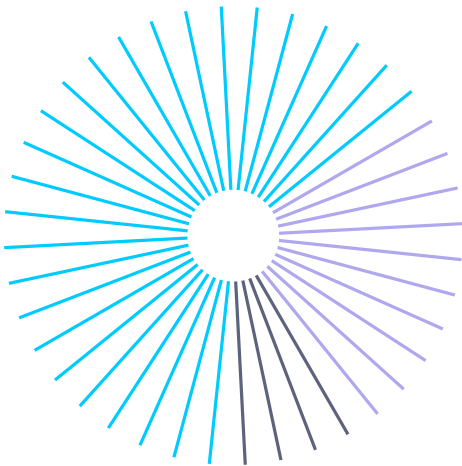
## What do you think companies should do to make life better for freelancers?



## What do you think about the emergence of freelancer unions?



## Would you be willing to offer additional benefits to secure the best talent?



# About Solar Staff

Solar Staff is an international HR-tech company with offices in New York, Limassol, Amsterdam, and London. We enable 2,500 businesses to interact with 750,000 freelancers worldwide.

Our services include talent onboarding, task management, security checks, payments to 190+ countries and territories, copyright transfers, and tax payments for freelancers in different jurisdictions.

Solar Staff's mission is to create a bridge between companies from advanced economies and freelancers from developing regions, transforming international freelance into a local, barrier-free job.



[solarstaff.com](https://solarstaff.com)



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