



The Consideration of Employment Relationship and HRM Innovation Influenced by Independent Professionals

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Introduction

Traditionally, when the supply of internal candidates is inadequate, the organization would consider to recruit more workforce from external labour market. Just like the conclusion drawn by Bidwell, M. (2014), the jobs are more likely to be staffed internally when the performance variability and supply of internal candidates is large, whereas firm-specific skills shows no obvious effect. Similarly, a survey of 700 participants from five European countries designed by Panayotopoulou, L (2010) supports that HRM approach supporting internalization behave better in the organizational performance compared with externalization in Europe.

However, the conclusion may change due to the different contexts such as culture, institutional factors and business structures etc. Especially, in the new era, with the appearance of gig work and fast increase of independent professionals, recruitment from internal and external labour market may not be the only option for the firms; and the individuals also enjoy more flexibility with the choice of employment relationship.

However, with the emergency of non-standard employment, the hybrid and blended workforce largely increase the complexity of HRM, calling on building new working relationships and innovation of HRM approaches.

Portfolio 1: Precarious Employment in the Gig Economy

The Overview of Gig Workers in UK, United States and EU-15

An agreed-upon definition of the gig economy is lacking among the scholars. CIPD defines the gig workers as the people who trade their time and skills via Internet and online platforms, providing service to a third party. The typical examples include Uber drivers, couriers, as well as people who use online platforms to offer services such as secretarial work, translation, proof reading, gardening, house cleaning etc. According to a report from CIPD in 2017, the gig economy boost in recent years. Taking the situation in UK as the example, there are roughly 4 out of 100 UK working adults (approximately 1.3 million) who aged from 18 to 70 are engaged in the gig economy. The reasons why people work in the gig economy vary. Most gig economy workers regard it as the supplement to their regular income. 32% of the studied participants is for increasing the income, 25% is for the short-term saving goal, and only 14% of respondents taking the gig work because they have no choice. The report also shows that only 25% of the respondents treat it as their main job. However, some atypical work and marginal job cannot be calculated and reflected as numbers thus current data cannot provide a whole picture.

The McKinsey Global Institute (MGI) defines independent work with three features: high level of autonomy; paid by tasks; and a short-term relationship between employer and employee. Based on their report in 2016, without any surprise, similar situation as UK also emerges in the United States and the EU-15. There are main three types of employment status: self-employed, worker and employee, and there are around 20–30% working adults (approximately 162 million) who are taking gig working in the United States and the EU-15. In the category and sector of independent workers, 30% are “free agents” who treat independent work as their main job and hold an active and positive attitudes; approximately 40 % are “casual earners” who see independent work for income supplement; 14% are “reluctant” who have no choice and cannot find a traditional job; 16% “financially strapped” who take the gig work out of financial debts.

From these statistics, we can find that a large quantity of people taking gig works treat it as a positive option which means that the inefficient labor markets nowadays create inactive workers who think their jobs are overqualified or underutilized. According to the data in the report of MGI in 2015, there is 30% to 45% of the working-age individual is unemployed

worldwide. For this puzzle, the online platforms seems an appropriate solution to this issue. In the gig economy, the platforms make the matching between individuals and firms more precise than before. It could boost workforce participation, declining unemployment, and increasing productivity.

Online Platforms

It is estimated by MGI that online talent platforms can increase a company's output by maximum 9% and decline talent and human resources expenditure by maximum 7%. Just as Regev. T. noted in 2014, talent utilization, to be more specifically, the match between individual's talent and production processes contributes to the productivity which is highly related to the benefits of business and employees themselves. It means that economies need to allocate different talents to amplify their productivity, and workers also seek for correct sectors and positions. Without any doubt, the transform of precise matching in a broad spectrum through the online platforms has great influence to the productivity and efficiency in the organizations. It benefits both the productivity and sustainability of the business within the organizations as well as well-being and development of the individuals.

HRM activities in the gig economy take control under the endeavor of platforms, gig workers and requesters, and these three components align together to create co-create value; thus they are simultaneously initiators, implementers, and recipients in the HRM activities. The intermediary platform firms work as bridge between the two remote end-users of gig workers and requesters to match the supply and demand, applying algorithms and job design to manage the performance of the gig workers. Meijerink, J. (2019) summarised that when the platform firms implement HRM activities, they manage to avoid building employment relationships with gig workers. The platform firm is in a more powerful position to determine prices, set gig worker compensation, and thus influence how much rent it can capture itself (Chen et al., 2015; Lee et al., 2015). The paradox may derive from these characteristics of platform-enabled gig work.

In a word, HRM in the gig economy does not aim at maintaining a relationship between an employee and that may explain the paradox of HRM activities in the gig economy.

The Rise of Independent Professionals

Gig workers are also referred to as freelancers by Jansen (2017) and independent contractors by Kuhn and Maleki (2017). Apparently, it is not belong to a standard employment relationship between an employer and employee within an organization (Stanford, 2017). In the group of gig workers, the term of independent professionals need to be paid enormous attention due to its unique strategic status to the labour talent and organizations. In recent two decades, the number of independent professionals increase rapidly especially in the labour markets of public sector and big organizations.

High-skilled contractors are usually called independent professional and of course their skills and contributions are of great significance for the organizations' talent pool. The self-employed independent professionals tend to work for themselves on a self-employed basis and enjoy high autonomy and freedom. Actually, they can choose to work for the same client with a series of sequential contracts, or they can also choose to work for several clients contemporaneously; They can choose to own a small businesses like a limited company or they can choose to be regulated; They can choose to work alongside the client or utilize their own or shared facilities away from the client.

However the issue of employment status has to be acknowledged that independent professionals are not truly self-employed but should be correctly categorized as employees (Casale, 2012; European Foundation, 2015; OTS, 2014). Due to their experiences and expectations towards the work differentiate with the internal workforce, organisational management policy and practice also need to shift accordingly to adapt to the changing employment relationship which is challenging to the HRM (Leighton, P. and McKeown, T., 2015).

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Portfolio 2: TM puzzle brought by Independent Professionals

The Definition of Talent Management

It is tricky to give a precise definition to the term of talent management. Jackson & Schuler (1990) claimed that talent management is to guarantee the right person is in the right place at right time point. Pascal (2004) developed the term into that it is the capacity to manage the supply, demand and flow of human resource in a broad perspective. These definitions revolve only around the effectiveness of the management. Nevertheless, Ashton & Morton (2005) noted that talent management should be given considerable strategic significance.

According to previous scholars and studies, there are three typical strains. The first perspective is that talent management is to implement traditional HR functions such as recruitment, career development and so on, but focus on sub-disciplines or specialist areas (Byham, 2001; Chowanec & Newstrom, 1991; Heinen & O'Neill, 2004; Hilton, 2000; Mercer, 2005; Olsen, 2000). The second strain describes the talent management as the human resource planning of the internal workforce which is broader than the typical HR functions (Kesler, 2002; Pascal, 2004; "The changing face of talent management", 2003). The third strain treats the talent as the resource which breaks the boundary of organizations and positions. Within the strain, one view advocated that workforce could be assessed by their performance and organizations should manage to achieve and keep these high performing talent (Axelrod, Handfield-Jones, & Michaels, 2002; Michaels, Handfield-Jones, & Axelrod, 2001). The other view is that talent is undifferentiated and one of HR's functions is to stimulate the employees' performance. (Buckingham & Vosburgh, 2001; Walker & Larocco, 2002)

The Necessity of HRM of Independent Professionals

The gig economy and independent workers attached new content to the definition of talent management. We are acknowledged that the nature of employment changes, the contracting and growth of independent professionals reveals the big differentiation compared with previous situation. The total talent management perspective should target at all workforces, including standard and nonstandard workers (Cascio & Boudreau, 2017). However, the external workforce, even when they belong to the high-value talent, they are still purposefully excluded from the remit of the TM function.

The independent professionals are able to contribute unique skills and add value to the organizations, thus they need to be considerably considered within the framework of talent management. Flinchbaugh, C. et al.(2020) also supported that independent contractors could influence the organizational effectiveness from three aspects of individual attitudes and behaviors, operational outcomes and firm financial outcomes. The benefits of external perspectives and specialized skills brought by the external contractors have been discussed a lot by prior researchers. Furthermore, different groups of workers need to collaborate and co-create value for the organization which means that the effective management of highly skilled independent workers is not only related to themselves, it also influence the management of the internal contract workers. The necessity of HRM of independent workers need to be fully understood and realized.

The Challenge of HRM of Independent Professionals

Income insecurity and feeling of isolation is the big concerns to the independent professionals, thus the individual traits such as volition, emotional stability, internal locus of control, and self-efficacy matter. Similarly, it is testified by McKeown, T. (2017) that the organizational performance influenced by work engagement and commitment of the independent professionals are highly related to personal traits like volition and self-efficacy, as well the organizational resource including psychological contract breach and organizational support. When the organizations decide to take the independent contractor as a pool of talent such as recruiting, training or rewarding the independent professionals, the four dimensions of formalization, differentiation, individualization and guidance should be well considered to produce true value of independent professionals and generate a partner and collaborated relationship instead of purely command and compliance. For the independent professionals, what is the good management approach?

Based on the model from Lepak and Snell's (1999, 2002), McKeown, T. (2017), they suggest that the ideal HRM approaches towards the independent professionals is located in Quadrant 1 owning high strategic and unique human capital value or Quadrant 3 with commercial contract mode.

Uniqueness of Human Capital	High	Quadrant 4 Alliance Partners Collaborative HR Configuration	Quadrant 1 Knowledge Employees Commitment HR Configuration
	Low	Quadrant 3 Contract Workers Compliance HR Configuration	Quadrant 2 Job-Based Employees Market-based HR Configuration
		Low	High
		Strategic Value of Human Capital	

Source: Adapted from Lepak and Snell (1999, 2002)

In addition, the social factors also need to be addressed in the HRM activities. Just as Flinchbaugh, C. et al.(2020) noted that identity-relevant social influences such as collaboration, organizational support, reciprocal social exchange, and trust are kind of neglected which also contribute to the organizational effectiveness.

Bryant, M. (2016) suggest that the perspective of how independent professionals self-position themselves to the client organization – regarding themselves as expert, outsider or stranger - may shed a light. Their self-position is based on their ability and added value to the organization. In addition, Bougie & Caouette (2003) suggest that the identity construction of self-position of the independent professionals is also influenced by others' actions and behaviour.

According to previous research, McKeown. T. & Pichault. F. (2021) concluded that luckily, the expert position take the dominant place, but the tensions caused by the stranger and outsider identity also need to be paid attention in the HRM. If the independent professionals treat themselves as strangers and outsiders, or being treated as strangers and outsiders by the internal contract workers. For the independent professionals, their added value or contribution is hard to be correctly admitted; they are more likely to be trapped in the social isolation and exclusion, lacking the sense of belongness and social security. The further division, inaccurate stereotypes

and increasing liminality would also cause some issues towards the internal contract workers, such as the increased turnover, lower levels of work quality or lower productivity.

The nonstandard workforce, to be more specifically, the independent workers increase the complexity of the talent management, bringing great challenges for HRM. Different groups of workers need to be managed within one workplace, thus analysis at multiple levels should be considered in process of talent-related decisions, and knowledge about talent architectures and system analysis need to be developed. To address the management puzzle, a study of the new employment relationship form may help.

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Portfolio 3: HRM Innovation Brought by New Employment Relationship

The Occurrence of A new Employment Relationship

Previously, the firm just consider recruiting internally or externally. Externalization of employment can enhance organizational flexibility and autonomy but limit the internal development of core skills and capabilities (Lepak & Snell 1999). Internal employment own the advantage of better stability, coordination and control within the organization but limit the ability of the changing environment (Lepak & Snell, 1999; Boxall & Purcell, 2003). Rousseau & Arthur (1999) also concluded that achieving flexibility through externalization of employment is ideal in the unstable business environments, whereas internalization is favorable in stable environments. Strategically blending the internalization and externalization, and treating them as the supplement to each other is recommended to adapt to the changing employment relationship.

In the new era, the rapid economic development, technological innovation and social transformation in recent decades have facilitated the occurrence and population of the new employment relationship (Roehling, Cavanaugh, Moynihan and Boswell 2000) which replace the past so-called standard employment, generally with the features of full-time, long-term, and security. There are so many different terms to describe the new form of employment relationship such as precarity, precarious employment, precarious work, atypical work, nonstandard job, independent worker, or external contractor.

However, the consensus and common definition towards it is hard to achieve among the scholars. Based on analyzing 1225 entries from prior publications including book, journal articles and conference proceedings from two bibliographic databases - Web of Science Core Collection and MEDLINE) and Scopus, Kreshpaj, B. et al.(2020) located precarious employment in the category of employment relationships. Just as salary, working times, contractual relationship and rights are all included in the framework of employment relationships, their research focuses are about employment insecurity, income inadequacy, and lack of rights and protection. They found that rights are often defined and restricted by laws, regulations and collective agreements, and social support and the welfare state is highly related to the feel of

security. In the following part, the HRM Innovation brought by the new form of employment relationship, precarious employment relationship, would be developed further.

Future Research Gap

The standard employment relationship, to some degree, represent social contract between organizations and workforces, contributing to the security (Fudge, 2017; Kalleberg, 2009; McKeown, 2010). In other words, employment relations could be well reflected in the employment contracts which vary a lot among different firms. Transactional contract is short-term and market based while relational contract is long-term and organization based (Dore, 1973; MacNeil, 1980) which are quite frequently applied in the traditional standard relationship to indicate the agreements, terms and conditions of their employment between employers and employees, which could be presented as written or verbal form.

The labour flexibility derived from gig economy benefit for the talent pool and economic growth, however, it also post potential threat to the health and well-being for the gig workers such as the employment rights including earning, financial security and pension provision and so on. Many gig workers face little choice between protecting their health and the necessity to work. Even for the independent professionals who own high skills, still struggling over the flexibility and insecurity. Within this neoliberal hegemony, the possibility of change may be primarily led by governmental policy and new legislation. The government and relevant institutions obviously are urgent for finding new technology and business models which can satisfy employers' rights and obligations, amplifying flexibility for businesses as well as protection for the gig workers.

The pendulum-like “double movement” model was proposed by Kalleberg, A.L. in 2009, which is primarily used to describe and present the process of precarity since 1800s in United States. Free, flexible markets led to demands for greater security in the 1930s, and when the adequate is achieved, regulated markets and business claim more flexibility. To some extent, flexibility could be related to market-based transactional contracts, while security shows certain correlation to organizational/relational contracts respectively. The assumption and inference is the theoretical framework of the updated model which present the current and potential

development of the contracting status of the independent professionals under the context of gig economy.

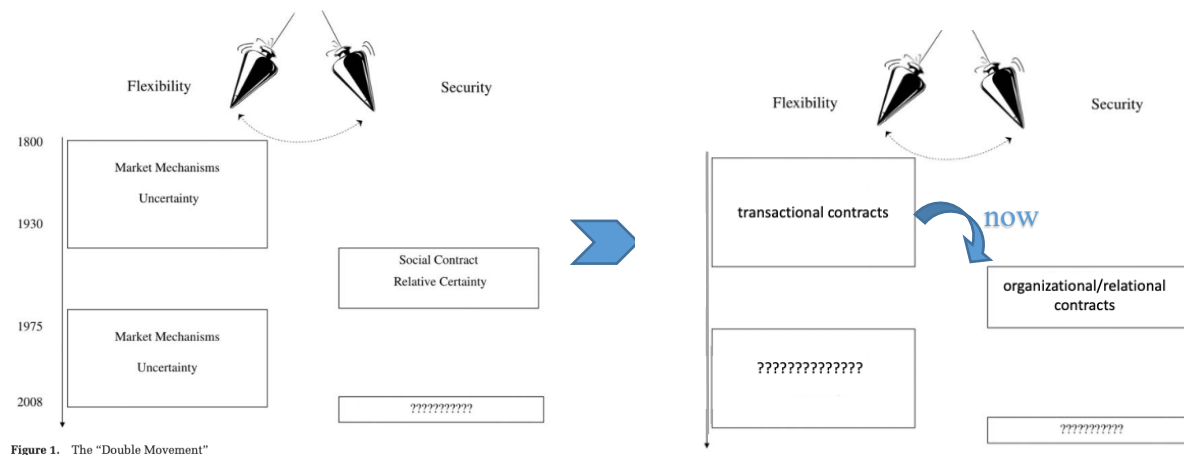


Figure 1. The "Double Movement"

Previously, the increasing proportion of transactional contracts would likely represent greater precarity, reducing their organizational citizenship rights and amplifying the market power and status-based claims in the labour market, which attached significant autonomy and flexibility to the independent professionals. For now, with more and more problems are found out, to explicit their rights and responsibilities, does it make sense to transfer from transactional contracts to a more relational contracts for these independent professionals? Could the paradox of talent management of independent professionals addressed by issuing specific contracts for them? What is expected for all the relative parties within the contract, namely the organizational clients and independent professional workers?

The research may devised based on the qualitative research method with questionnaires and interviews because the context need to be fully understood. Requirements related to performance and cooperation willingness could be collected from client organizations; and rights like respect, support and payments could be collected from the independent professionals. The exploratory method makes it possible to delve deeper into the issues of talent management and new employment forms shifted by the independent professionals, discovering more ideas and trends of the gig economy, collecting non-numerical data to define the problem and develop suitable solution which benefit both the organization and the independent professionals.

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