

CONTENTS







INTRODUCTION NAVIGATING UNCERTAINTY OR RIDING THE WAVES?

Welcome to the Hays Denmark Freelance Market Report 2023. With this report, we aim to uncover how the specialist freelance market is evolving – and what tomorrow's trends will be in an ever-changing world of work.

By understanding the intricate interplay between market dynamics and the freelance ecosystem, we hope to provide valuable and critical insights to assist organisations and freelancers alike in adapting to the evolving landscape.

The last couple of years, we have witnessed unprecedented turbulence in various aspects of the global landscape, profoundly impacting the world of work as we know it. In the midst of this uncertainty, many businesses have tapped into opportunities for record growth and profit. However, more than ever before, they are facing the imperative of adaptability to remain competitive. They must respond quickly to dynamic market trends and changing customer demands.

On top of this, we are experiencing a persistent and substantial skill shortage, necessitating the engagement of specialised professionals to drive projects and foster growth.

Simultaneously, workers have become increasingly assertive in expressing their needs and preferences in the wake of transformative events such as the COVID-19 pandemic. This paradigm shift has revolutionised the workplace and redefined the expectations for our professional environments. As a result, freelancing has emerged as an appealing solution for many businesses and workers alike, enabling flexibility and adaptability in an ever-evolving world of work – in fact, 67% point to flexible hours as one of the biggest benefits to freelancing.

In light of these observations, we aim to delve into the current state of the freelance market and explore how the prevailing volatility affects its dynamics. We have examined the impact on both the demand and supply sides. We have talked to decision-makers and hiring managers in the organisations that hire freelancers, and we have talked to the freelancers who work hard to make a difference for their clients.

70% say that their organisation use freelancers to alleviate a **skills gap** in projects

We have identified trends, shared best practices, and made recommendations for successful engagement with freelance consultants. Ultimately, our hope is that this knowledge can empower businesses to harness the full potential of using freelancers as a strategic resource in driving growth and adaptability.

We look forward to sharing and discussing the findings of our survey, interviews, and analysis on the following pages. By leveraging the power of freelance talent, we can collectively shape a future where organisations thrive and professionals flourish amidst an ever-changing world of work.

Lastly, I'd like to thank all of the respondents who took the time to complete our survey, as well as the leaders and hiring managers who participated in interviews. Without your help, we would not be able to provide these insights.

Vibe Puggaard

Managing Director, Hays Denmark

ABOUT THE REPORT

The study explores how freelancers and organisations are responding to recent global events, as well as their expectations for how the market demand and hourly rates will evolve in the coming time. The aim is to assess the impact of market volatility on the demand for freelance professionals, evaluate and propose solutions for the challenges businesses experience in engaging freelancers, and to understand the evolving needs and preferences of both freelancers and companies.

Methodology

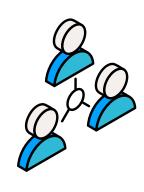
The market trend data is based on survey responses from more than 250 freelancers from the Danish market, qualitative interviews with leaders and hiring managers from large Danish companies, and data from our internal databases. The data was collected in March-May 2023. Any interview respondents are anonymised.

Themes of the report

- Demand for freelancers
- Hourly rates
- Skill shortage
- ▶ Freelancers as a strategic resource
- Recommendations







12%





12%

Other



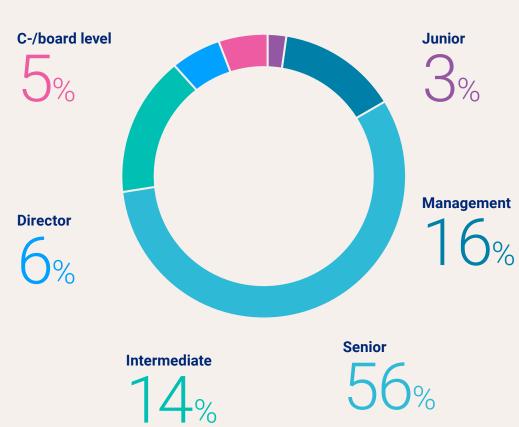
7%

Finance

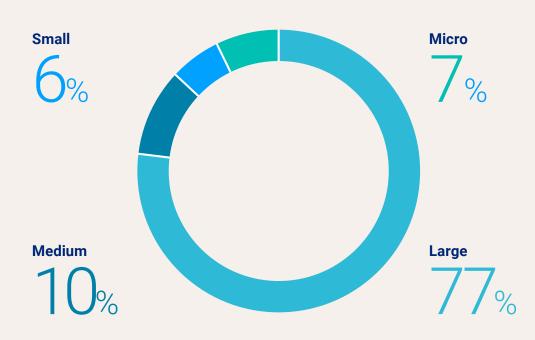


5%

Seniority level of our respondents



Size of current or previous client's organisation



46%

AT A GLANCE | DEMAND

We wanted to understand how the current uncertainty and unrest is affecting organisations' approach to the use of contingent workforce; are projects being closed down, reducing the need for temporary resources? Are companies increasingly relying on freelancers to quickly respond to fluctuating demand? Or are they compelled to utilise project-based hires due to difficulty hiring the right people for permanent positions?

FREELANCERS

What are the primary reason(s) your current or previous client utilises contingent workers?

To access specific skills for projects or tasks

To meet short-term peak workload demands

50%

While sourcing a new permanent employee

21%

To cover periods of leave (e.g. parental or sick leave)

14%

Budgetting issues/hiring freeze for permanent headcount

21%

plan to adjust their hourly rate due to a change in demand

ORGANISATIONS



Why do organisations use freelancers?

In our interviews with organisations, we found that they predominantly use contingent workforce to access specialised skills and expertise which may not be readily available within their own organisation — either because they are unable find the right permanent hire or because they do not see a long-term need for this skill set, e.g. experts in legacy systems or for a project where the freelancers' skills are no longer needed upon project completion.

"Currently we have a mix of 90% internals and 10% externals, to have some kind of flexibility to accommodate the needs of the organisation, but also our customers." - Project Manager, large FMCG company

Among the other significant reasons metioned are:

- 1. **Strategic flexibility**, as freelancers allow organisations to quickly scale their workforce up and down without impacting their headcount.
- **2. Faster hiring**, enabling organisations to hire and onboard freelancers much quicker than permanent hires. Often a freelancer will be sourced within a week, and being senior professionals, they provide a plug-and-play solution.
- **3. To cover periods of leave**, ensuring uninterrupted operations and reducing the amount of resources needed to onboard someone new.
- **4. New knowledge and fresh perspective,** contributing to innovation and upskilling teams. While this may not be a primary reason for utilising external resources, it is broadly considered one of the major benefits of using a freelancer.
- **5. Bridge until a permanent hire is found,** a difficult task in the current skill-shortage.

Has their use of freelancers changed in recent years?

While all the interviewed companies agree that contingent workforce will continue to be part of their strategy, they have different views on its strategic utilisation. Some are actively working to decrease their reliance on contingent workers in favour of permanent employees, whereas others are planning to increase their usage as part of their strategic approach.

"Sometimes it's easier to navigate in this landscape by using externals, as it's more simple to tell an external "Sorry, we don't have a project right now"."

- Head of Projects, large technology and service supplier company

AT A **GLANCE** | DEMAND

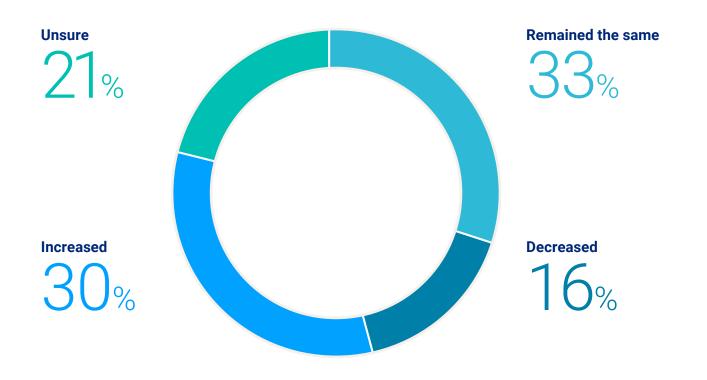
As always, in times of turbulence, some industries will thrive while others will struggle. During the pandemic, we particularly witnessed how various disciplines within Information Technology took off; we experienced a spike in demand for everything from Software Developers to Data Analysts. And while we still see a high demand for IT specialists, the field has also become more fragmented. Now, we're experiencing an increased demand within other areas.

Top 4

fields where our respondents experience an increased demand for freelancers

Finance	Life Sciences	Procurement	Sales
75%	67%	66%	50%

Has the demand for freelancers changed within your field in the last year?



The most commonly cited reason for using fewer freelancers is typically cost – and interestingly enough, also one of the primary reasons for using more. While the hourly rate for a freelancer is likely to be higher than that of a permanent employee, many organisations opt for contractors during uncertain times such as these; they do not want to get left behind by stalling projects and product launches, while maintaining control over fluctuating headcounts.

The skill shortage is another significant factor influencing the organisations' use of contingent labour; some are experiencing so much difficulty finding the right employees, leading them to rely on an increased number of freelancers. Conversely, other organisations mention that the recent tech industry layoffs have made it easier for them to hire, and as a result, they can reduce their dependence on external resources.

Where do organisations see a particular need for freelancers?

In the Danish job market, there is a clear and widespread need for specialists in almost all fields. One of the most pronounced freelance areas continue to be Information Technology, as IT professionals are required in virtually every industry – and of course IT is often project-based, and the need for professionals is consequently temporary. However, where we previously experienced a wide-ranging demand for all types of IT specialists, **companies in Denmark are today particularly looking for skilled, senior Project Managers.** During our conversations with hiring managers, many explained that they prefer to find the hard skills (e.g. Developers) abroad, as they perceive a better value for money; **the foreign freelancers are capable, and come at a significantly lower cost.** They will then source a talented Project Manager locally to coordinate and mitigate any potential challenges arising from cultural differences, geographical distance or language barriers – ensuring effective collaboration.

"When it comes to development tasks, the value for money is not that great in Denmark. However, I look for project management and senior stakeholder skills here" - CIO, large technology and service supplier company

The interviewed companies also explained that they are utilising external resources within almost all areas of their organisation. However, the reasons for hiring a freelancer for a particular role differ. For instance, it may be a strategic choice to hire an IT freelancer to work on a legacy system, as their services are only needed for a brief period of time. Conversely, the need for a Senior Payroll specialist may arise from covering a gap – such as difficulty hiring for a permanent position or covering for an employee on sick or parental leave.

Do they have difficulty finding the right freelancers?

Based on the interviews and our own experience, organisations may face difficulty finding the right freelancers within certain tech fields – e.g. SAP consultants or experts within legacy systems. However, some of the scarcity is rooted in borders and hourly rates; it's often difficult to find Danish specialists for the price which organisations value a certain skill set. This necessitates looking outside the country for suitable resources; and **the challenge is instead finding freelancers with the right soft skills and values that align with the organisation's.**

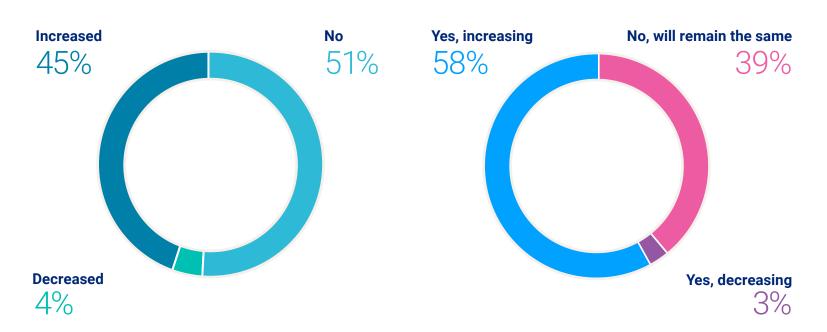
AT A **GLANCE** | HOURLY RATES

In the past year, the media landscape has largely been influenced by inflation – and unsurprisingly, employees want to stabilise their spending power while organisations aim to ensure or increase their profitability. But since freelancers operate as independent businesses, they can increase their prices, as long as there is demand. But have organisations experienced a change in hourly rates – and do freelancers intend to adjust their hourly rates? And on what basis?

FREELANCERS

Have you adjusted your hourly rate within the past year?

Do you plan to adjust your hourly rate within the next 12 months?



Top 5 reasons behind the adjustment

Inflation	
	63%
Increased level of experience	
52%	
Market trend	_
35%	
Increased demand	
28%	
Newly learned skill	
21%	

ORGANISATIONS



How is inflation impacting organisations' spend on freelancers?

Most organisations agree that using external resources is expensive – however, they also recognise its necessity in order to quickly adapt to fluctuating demand, access the right skills and exercise caution in uncertain times, while still aiming for growth. So, in a time when inflation is leading to soaring prices across various products and services, the question arises: What are organisations willing to spend to secure these benefits?

Most of the organisations we interviewed expressed their expectation that rates will increase in the coming years, due to both inflation and the scarcity of talent. Some have taken proactive measures by already implementing a flat percentage increase across all their rate cards, while others are approaching it on a case-by-case basis.

Interestingly, although 45% of freelancers reported already raising their hourly rates – and 63% of those who increased their hourly rate in the past year intend to do so again in the upcoming year –, the organisations we spoke to did not report seeing any significant changes just yet.

"We try to keep our rates steady over a year, but we're having the discussion all the time, especially in uncertain times. We have definitely seen an increase – especially this year –, and in our budget we did actually put 10% on top due to expected price increases. Even though we haven't seen quite a 10% increase yet."

- Project Manager, large FMCG company

A common approach among all the interviewed companies, is that they work with a total cost per project. While they provide rate cards to agencies through procurement, they are open to increasing the budget for external resources and reassessing the hourly rate for a specific candidate if it can be justified (and afforded). For instance, for niche skill sets, senior profiles or freelancers with proven results in previous projects within the organisation.

Some hiring managers also mentioned that they expect their service providers and recruitment agencies to challenge their perception of what the hourly rate should be for a specific skill set or freelancer.

"We do expect our partners to come to us and say if we need to raise the prices."

- Head of Projects, large technology and service supplier company

HOURLY RATES | BY AREA OF EXPERTISE

Determining hourly rates can be a challenging task for both organisations and freelancers. Several factors need to be considered when settling on the appropriate price, such as seniority, niche skills, urgency, freelancing experience, and the nature of the project itself. However, we can provide an overview of the typical hourly rate brackets reported by most freelancers in their respective fields, as well as their expectation regarding adjusting their rates in the coming year. It's important to note that these rates are subjective and may vary based on individual circumstances, experiences and market conditions. The following information serves as a general indication:



Administration

<500DKK

60% haven't adjusted their rate within the past year

60% do not plan to adjust their hourly rate within the next year

Information Technology

801-900DKK

49% increased their rate within the past year

59% plan to **increase** their hourly rate within the next year

Engineering

701-800DKK

60% haven't adjusted their rate within the past year

46% do not plan to adjust their hourly rate within the next year

Life Sciences

>1000DKK

67% increased their rate within the past year

50% plan to **increase** their hourly rate within the next year

Finance

901-1000DKK

56% increased their rate within the past year

67% plan to **increase** their hourly rate within the next year

Sales & Marketing

601-700DKK

60% increased their rate within the past year

60% do not plan to adjust their hourly rate within the next year

Human Resources

501-700DKK

64% haven't adjusted their rate within the past year

59% plan to **increase** their hourly rate within the next year

Procurement

801-900DKK

64% increased their rate within the past year

100% plan to **increase** their hourly rate within the next year

While the above rates provide a reference point, it's crucial for organisations, freelancers and recruiters to engage in open and transparent discussions to determine fair and mutually beneficial rates based on the specific requirements and expertise involved. However, hourly rates will not necessarily be the deciding factor for freelancers when considering a project – in fact, according to our findings, **71% prioritise 'Interesting projects' when choosing projects**, compared to **only 42% prioritising a high hourly rate**. Other similarly rated factors are "Interesting organisation" (40%) and "Possibility of working remote" (43%). Very few freelancers said they choose projects out of necessity (6%), suggesting that they are rarely willing to compromise their perceived worth for the sake of securing a client. Despite this, 64% of non-freelancers point to inconsistent income as the main barrier preventing them from pursuing a freelance career.



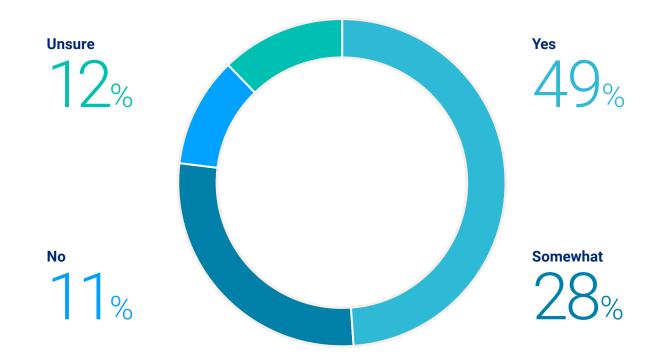


AT A GLANCE | SKILL SHORTAGE

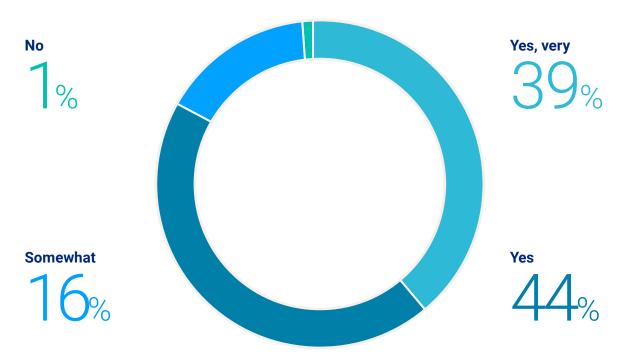
For years, Denmark has experienced a prominent skill shortage of specialists. Freelancers are often hailed as part of the solution, but how do they keep up? Are they staying up-to-date with the latest knowledge? Are they meeting their clients' expectations?

FREELANCERS

Do you believe that there's a skill shortage within your field of expertise?



Do you feel sufficiently equipped to keep up with the development of required skills within your field?



ORGANISATIONS



Are organisations using freelancers to alleviate a skill shortage or difficulty hiring?

Almost everyone we interviewed agreed that there is a skill shortage in Denmark. However, they are also facing very different obstacles when it comes to their workforce; some are hindered by their physical location, while others use technology that is not commonly used in Denmark. Some have internal policies that do not meet candidate expectations, and some find their brand to be a barrier for candidate attraction.

"90% of the times we use freelancers because we can't find the right permanent hires. Ideally we want to use internal resources, but we use externals to fill gaps – and to find the right skills." - Senior Project Manager, large manufacturing company

Conversely, some hiring managers are not experiencing any noticeable issues finding freelancers within their field; mentioning factors such as having a strong employer brand, increased candidate pool due to tech layoffs, and remote work policies. **However, what these companies have in common, is a willingess to look beyond borders** – and the recognition that they often must do so, in order to find the right resources.

None of the organisations felt that it has become more difficult to find the right talents due to the current situation. They still struggle to find freelancers in Denmark, where they sometimes feel that the value for money is not sufficient to justify using local resources over foreign ones, which may be significantly cheaper.

"It's difficult to find SAP consultants in Denmark. We have to do a lot of nearshoring in e.g. Poland, even when we would prefer using Danish resources."

- Head of Transformation, large manufacturing company

Do organisations feel that freelancers have the expected or necessary skill-set?

In general, the leaders we interviewed rarely experience freelancers who do not meet expectations. As expected, Danish freelancers are often highly specialised and considered plug-and-play solutions. However, as touched upon previously, there are certain tasks that can be challenging to justify hiring a Danish freelancer for. For example, developers in other European countries are significantly cheaper, which often outweighs the disadvantages of using resources which are not located in Denmark.

LEVERAGING FREELANCERS:

A STRATEGIC DECISION

In the face of an uncertain future, characterised by rapid technological advancements, changing market dynamics and increasing competition that constantly disrupt operations and present new concerns, organisations need to adopt workforce strategies which offer flexibility and adaptability.

It is wise for organisations to examine the composition of their workforce and determine their hiring strategy moving forward. Many tried to address the surge in activity during the pandemic through mass hiring. While we're now witnessing some amount of lay-offs and hiring freezes, it should likely be considered a workforce correction. We're returning to pre-pandemic levels of activity, and we need to figure out how to be profitable without uncontrollable growth.

Although we absolutely need to be reactive to what is happening around us, it may be achieved through a more comprehensive workforce strategy; allowing

organisations to drive growth and scale projects in both good and bad times.

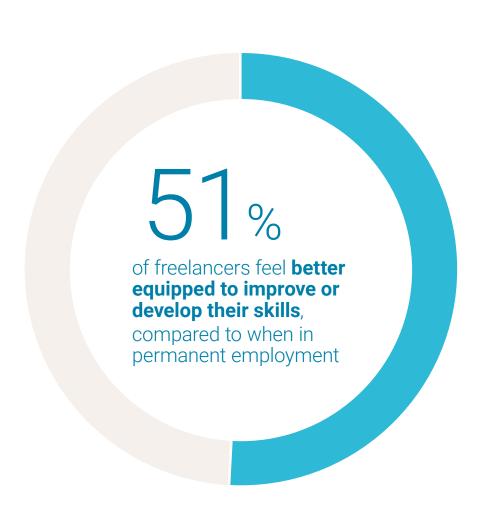
Contingent workers and freelancers have often been the first to be let go in uncertain times, and are often treated as a transactional exchange of skills for salary. Instead, we propose leveraging freelancers, to ensure a flexible and skilled workforce, enhance creativity, maintain project delivery and promptly respond to fluctuating demand

ACCESS TO SPECIALISED SKILLS AND EXPERTISE

We anticipate that the current skill shortage will persist for the foreseeable future. Unemployment is expected to remain at low levels, and particularly highly specialised employees will be sought after.

Freelancers bring a wealth of expertise and niche knowledge that may be challenging to find within a full-time workforce, or which require extensive training to develop in-house. By engaging these professionals, organisations can harness their talents and experience to tackle complex projects and quickly address skill gaps.

While it may be tempting to reduce costs, it's important not to compromise on expertise. Narrowing the focus could negatively impact the morale of your workforce, which has already demonstrated exceptional dedication during the past few turbulent years.



INCREASED FLEXIBILITY AND **SCALABILITY**

Economic uncertainty often demands quick decision-making. Freelancers provide the flexibility to respond to changing market conditions and fluctuating demand; it allows you to scale up or down as necessary bring in fresh prespetives, or maintain project delivery when a permanent employee unexpectedly departs from the team or project.

"For us, it's a clear strategic decision to work with freelancers. We want to ensure a stable and flexible workforce, as well as the ability to quickly scale up or down" - CIO, large technology and service supplier company

Freelancers offer a flexible resource which can be engaged quickly, without administrative delays or comprehensive training – in other terms, they provide nearly instant value.

LEVERAGING FREELANCERS:

A STRATEGIC DECISION



Freelancers may appear expensive at first glance. However, when working with a freelancer, you're essentially purchasing the specific expertise you need for a given amount of time. This allows you to rapidly scale your projects, while avoiding the fixed costs associated with full-time employees. There are no lengthy recruitment and onboarding processes, and the commitment is short-term.

It's also important to take loss of productivity into account. Although a freelancer may be more costly in the short run, it is important to recognise the value they bring with their near-instant contribution.

Furthermore, when working with a freelancer, you have the advantage of paying for specific deliverables or the exact amount of time worked. Downtime is minimal, and as you're essentially a paying customer, the freelancer will be focused on delivering the agreed-upon outcome within the specified timeline.

If you choose to work with an agency, you can ensure access to top talent, well-defined contracts, clear communication and effective project management, to maximise the cost effectiveness.

RISK MITIGATION

The value of a permanent employee with product, process and organisational knowledge is unmatched. However, putting all your eggs in one basket is a significant risk. When organisations implement hiring freezes and layoffs, it creates a sense of uncertainty for the remaining workforce. You risk burnout, and it may cause your most experienced and talented employees to seek more stable employment, out of fear of being the next to go.

Additionally, it's expensive to have a fluctuating head-count; severance costs, loss of knowledge, expensive on-boarding processes, and demotivated colleagues. In addition to being seen as an additional resource for a team, utilising contingent workforce allows for cost control by reducing overhead expenses associated with benefits, of-fice space and equipment.

"We see externals as a great resource in case we're looking at a recession. It allows us to still complete projects without committing to more headcount."

- Digital Business Leader, large manufacturing company

INNOVATION AND FRESH PERSPECTIVE

Freelancers bring diverse experiences and viewpoints which are unaffected by their opinion of the project or organisation, injecting fresh ideas and innovation into any team. Their exposure to different industries and organisations enables cross-pollination of ideas, stimulating creativity within teams. Furthermore, as freelancers are often found abroad, they will also bring diverse cultural and educational backgrounds, which can provide unique and fresh perspectives.

"Most important is that they are very experienced within their subject matter, and can bring flexibility, knowledge and fresh energy"

- Project Manager, large FMCG company

By embracing and integrating freelancers into their teams, companies can foster a culture of continuous learning and problem-solving, leading to cutting edge products and solutions.



RECOMMENDATIONS:

HOW TO LEVERAGE AND ENGAGE FREELANCERS



BE READY TO MAKE QUICK DECISIONS

There's a high demand for skilled freelancers, and according to our findings, 63% say that the demand has remained the same or increased within their field in the past year. Given this, it's crucial that your time-to-hire is quick.

While we do not encourage rash decision-making, it is important to act promptly if you're not willing to miss out on the best talent and one of the major advantages of free-lancers: The ability to quickly react to the needs of your organisation.

To make a quick (and excellent) hire, our best advice is to cultivate a good partnership with an agency or recruiter, who consistently delivers high-quality work and understands your organisation, its needs, and its values. By doing so, you can streamline your hiring process, keep the interviews to a minimum, and gain access to the free-lancers who are the best match for your organisation and team.

A CLEAR COLLABORATION AND FEEDBACK LOOP

To foster a shared understanding between your organisation and the freelancer, it's impotant to clearly articulate the objectives and scope of the project, and expected deliverables. This will minimise miscommunication throughout the contract, but also make it easier to identify the right freelancer for the project to begin with.

Provide effective communication channels and expectations for freelancers. Schedule regular check-ins and progress updates, and utilise project management tools to enhance coordination. This approach will not only improve collaboration, but also cultivate a sense of ownership and belonging for the freelancer, and help align their work with organisational goals.



RECOMMENDATIONS:

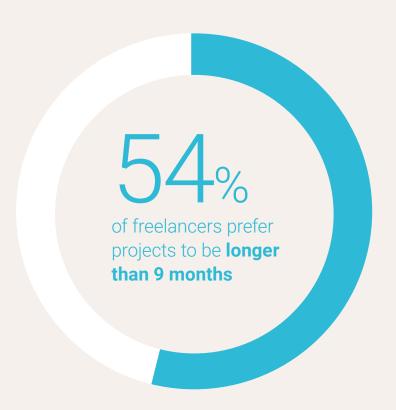
HOW TO LEVERAGE AND ENGAGE FREELANCERS



Organisations have varying approaches to freelancers - some consider it purely a transactional exchange for skills, whereas other recognise the strategic potential of establishing a genuine partnership with a freelancer.

To maximise the value of your contract with a freelancer, we encourage developing a good onboarding process for contingent workers and to integrate the freelancer into your team; especially if their contract is long or you expect you may want to extend the contract.

By involving freelancers in team discussions and encourage them to share ideas and insights, you can cultivate a collaborate environment which will increase the freelancers' understanding of your product and needs, but also allow your internal team members to learn and upskill.



CONSIDER YOUR FREELANCER **VALUE PROPOSITION**

Your organisation likely already has an Employee Value Proposition (EVP), but have you considered what you have to offer a freelancer – apart from an hourly rate?

Top 5 reasons why freelancers choose projects

Interesting project		
	71%	
Possibility of working remote		
43%		
Hourly rate		
42%		
Interesting organisation		
40%		
Opportunity to learn a new skill		
24%		

As we acknowledge that not all projects and jobs can be equally exciting, it should definitely be a consideration when you're looking for contingent workforce: Why should they choose your organisation?

Many freelancers - especially those who are highly experienced or have a niche skill set - enjoy the freedom of choice. They're constantly being contacted by hiring managers and recruiters, and it's important that you manage to communicate what your organisation can bring to the table.

CENTRALISE OWNERSHIP OF **FREELANCERS**

In most organisations, the ownership of the freelancer 'community' is spread across the organisation, leaving everything up to the individual business units and hiring managers.

This lack of centralised ownership can create several challenges, which may impact the organisation's understanding of:

- The extent of freelancer presence within the organisation, including their access to systems, the duration of contracts and their integration and engagement with various teams.
- The value the freelancers provide the organisation, particularly in terms of the access to specialised skill-sets that drive results, cost effectiveness and the ability and flexibility to scale projects.
- The legal considerations associated with the use of freelancers, as not all hiring managers can expect to have the expert knowledge in what differentiates contingent workforce from permanent.

To address these challenges, it's important for organisations to establish centralised ownership and oversight of the freelancer community. This can involve creating clear guidelines and processes for engaging freelancers, documenting their roles and responsibilies, ensuring proper onboarding and integration, and providing education and support to hiring managers.

ABOUT HAYS

HAYS GROUP

At Hays, we invest in lifelong partnerships that empower people and businesses to succeed. With over 50 years' success under our belts and a workforce of 13,000+ people across 32 countries, we've evolved to put our customers at the heart of everything we do.

So much more than a specialist recruitment business, what really sets us apart is our knowledge through scale, deep understanding and our ability to meaningfully innovate for our customers. Whether you're looking for what's next in your career, or have a gap to fill, you can rely on us to deliver today and help you plan for tomorrow.

Our specialist areas

We offer our recruitment expertise across a range of different areas, including:

- Information Technology
- Engineering
- Life Science & Pharma
- Sales & Marketing
- Finance
- Human Resources

HAYS **DENMARK**

Hays is your local expert and partner in the recruitment of specialists and leaders across a range of different sectors and specialist areas. We are more than 40 employees in our office located in the heart of Copenhagen. We help clients across all of Denmark with their recruitment needs and workforce planning. We combine a regional focus, individual expertise and an international network to enable us to collaborate with both local and international companies.

In Denmark, we offer a range of services, including freelance and permanent recruitment, executive search, MSP, and consulting on your organisational development and workforce planning.

Find out more at www.hays.dk

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