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# Making a Living on Upwork

Liiketalous 2021

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Liiketalous

## TIIVISTELMÄ

Tekijä	Jasmiina Heikkilä
Opinnäytetyön nimi	Toimeentulo Upworkista
Vuosi	2021
Kieli	Englanti
Sivumäärä	32 + 1 liite
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Tämän tutkimuksen tarkoituksena on selvittää, miten freelancer voi Upworkia käyttämällä ansaita Suomessa elämiseen riittävän summan. Upwork on asiantuntijatyötä välittävä verkkoalusta freelancereille ja heidän asiakkailleen. Alustatyö on kasvava ilmiö nykyajan työelämässä.

Tutkimus on kvalitatiivinen. Teoria perustuu internetistä kerättyihin artikkeleihin ja tutkimuksiin, Upworkin verkkosivuihin ja verohallinnon sekä muiden virallisten tahojen verkkosivuihin. Teorian avulla pyritään muodostamaan ymmärrys maksuista, veroista ja käytännöistä, jotka suomalainen Upwork-freelancer kohtaa. Lisäksi teoria hyödyntää kohtuullisen minimin viitebudjettia, jolla määritetään elämiseen riittävien tulojen alaraja. Empiirisen tutkimuksen materiaalit kerättiin kyselyllä, jossa yhdistyivät strukturoidut, puolistrukturoidut ja avoimet kysymykset. Kyselyyn vastasivat suomalaiset Upwork-freelancerit, joiden kumulatiiviset ansiot Upworkista olivat 10 000–100 000 \$.

Saadut tulokset analysoitiin temaattisesti. Johtopäätökset osoittavat, että taloudellinen menestys Upworkissa edellyttää yrittäjämäisiä taitoja sekä alakohtaista ammattitaitoa. Avaintaitoja ovat organisointikyky, viestintätaidot, ajanhallinta, neuvottelutaidot, sinnikkyys sekä asiakassuhteiden rakentaminen ja ylläpito. Upworkissa maineen ja uskottavuuden rakentaminen on oleellista, ja siinä koetellaan sekä freelancerin ammatillista että yrittäjämäistä osaamista.

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Avainsanat: alustatyö, freelancer, toimeentulo, Upwork

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## ABSTRACT

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Title	Making a Living on Upwork
Year	2021
Language	English
Pages	32 + 1 Appendice
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The objective of this research was to find out how a freelancer can earn enough money to make a living in Finland by using Upwork. Upwork is an online platform which mediates work between clients and freelance professionals. Platform work is a rising phenomenon in current working life.

The research is qualitative. Theory is based on studies and articles from internet sources, Upwork website, and the websites of Finnish tax authority and other official sources. Theory aims to form an understanding of the charges, taxes and policies that a Finnish Upwork freelancer faces and cites a reference budget to define a minimum income level. Empirical research materials are collected with a research inquiry combining structured, unstructured and semi-structured questions. The inquiry participants were Finnish Upwork freelancers with 10 000–100 000 \$ cumulative earnings from Upwork.

The gained results were analyzed thematically. The conclusion suggests that financial success in Upwork requires a combination of entrepreneurial skills and job-specific professional skills. Organization and time management, maintaining and building relationships, communication, negotiating contracts and persistence are the key skills needed. Building credibility on the platform is vital; and this puts into test freelancer's professional and entrepreneurial skills.

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Keywords: platform work, freelancer, livelihood, Upwork

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## 1 INTRODUCTION

Digital transformation has increased the number of tasks that used to be called mobile work, occasional work, on-call work and freelancer work (Kovalainen 2017, 8). Upwork is a company that utilizes this trend. It is the world's largest online platform which mediates work between clients and freelance professionals with more than 10 million freelancers and 4 million clients (Green, Walker, Alabulththim, Smith & Phillips 2018, 110; Pajarinen, Rouvinen, Claussen, Hakanen, Kovalainen, Kretschmer, Poutanen, Seifried & Seppänen 2018, 4.)

A freelancer is a person who has several, possibly even simultaneous employers or clients (Veroinfoa taiteilijoille, freelancereille ja apurahansaajille 2019). Online freelancing is linked to the concept of platform economy. It is a term for economic activity on internet platforms (Kalin, Kari, Kauppinen, Kotakorpi, Määttänen, Ropponen & Valkonen 2019, 24). Some examples of this economic activity are companies like Uber, Wolt and Upwork. Platform work takes place on these platforms as a form of employment utilizing an online platform to match the supply of and demand for paid work. The definition includes the following characteristics: Paid work is organized through a digital platform, three parties are involved (platform, client and worker), the goal is to perform a specific task, work is outsourced or contracted out, jobs are broken down into tasks and services are provided on demand (De Groen, Kilhoffer, Lenaerts & Mandl 2018, 9.)

Gig economy is another concept closely related to platform work; it describes platform work consisting of independent worker performing a task for another individual or business (Kalin et al. 2019, 24). Gig economy has positive outcomes for workers: they are most satisfied with independence and flexibility (Lepänjuuri, Wishart & Cornick 2018). This also occurs in Upworkers in Finland – survey results by Pajarinen et al. (2018, 4). The surveyed freelancers appreciate the independency, flexibility and extra earnings provided by the platform. They also strongly prefer self-employment over salaried employment.

When working on a global digital platform, the client can be from any country. This widens the client base for Finnish freelancers substantially. The downside is that competition among freelancers is international, and some of them may be willing to work for a lower pay (Popiel 2017, 9). However, when native level of Finnish language is required for a task, there is no significant international competition.

The growth of work sharing, patchwork-like work, and mobile work are significant new phenomena with a global nature: technology is advancing everywhere, even though the effects of this technology can be various (Kovalainen 2017, 8). Some of these effects can be problematic for worker rights, since platform companies often claim to be merely technological platforms. This is the case for Upwork as well, as it claims to merely offer the site and site services that enable freelancers and clients to work together (User Agreement 2020). Workers are often classified as independent contractors on online platforms, even though the platform controls the basic conditions of work and has other characteristics of regular employment, such as regulating and controlling the work. Upwork is no exception, since it has significant control over freelancers (Pajarinen et al. 2018, 12.) As independent contractors the workers are excluded from legal and social protections for employees (IG Metall 2016, 2). This has been noted in the Finnish government program, since one of its goals is to clarify the concept of employment contract in Employment Contracts Act to prevent an employment contract relationship being disguised as anything else than an employment contract (Valtioneuvosto 2020). Another challenge is taxing digital platform work. A report conducted by the Finnish Prime Minister's Office noted that transactions often happen between two individuals. Therefore, the tax authority does not automatically receive information from the third-party provider, leading to unpaid taxes. (Kalin et al. 2019, 8.)

The use of digital labor markets is still a marginal phenomenon in Finland, but it is growing at a rate to become economically prominent in the medium term (Pajarinen et al. 2018, 33). McKinsey institute calculated that by 2025 online talent platforms could add 2 % increase to global GDP (McKinsey & Company 2015, 41). This thesis is linked to these current topics and provides a point of view that has not been researched before.

### **1.1 Starting point**

Even though the effects of technology are global, their application and deployment take place in a country, region, line of business or in a company. Instead of a global viewpoint it is logical to observe labor markets regionally and locally (Kovalainen 2017, 9.) This argument strengthened the choice to focus on Finnish freelancers. Wages, cost of living and taxes are higher in Finland than on average in the other EU countries (InfoFinland 2020). To determine the living expenses of a Finnish freelancer, this thesis utilizes a reference budget for a person aged under 45 living alone in the Helsinki metropolitan area. He/she needs approximately 1380 € in a month (Lehtinen & Aalto 2018, 73.) To reach 1380 € as net income, the gross income should be approximately 2111 € in a month. This includes Self-employed Person's Pension Insurance payment (YEL) 24.1 %, and 10.5 % income tax. The respondents of the research inquiry in this thesis were aged between 21–45 years, which matches the findings of Pajarinen et al. (2018, 11) where most Upwork freelancers are found to be under 45 years of age. Upwork's platform uses US dollars as currency. In 20.12.2020 the reference budget amount of 1380 € converts to 1691,74 \$ and 2111 € converts to 2587,87 \$ (Bank of Finland 2020).

Below Table 1 displays the earnings of Upwork freelancers located in Finland. These freelancers are mostly writers, translators and software developers. The earnings are approximate since the site does not display how long freelancers have been on the platform. Additionally, Upwork charges are applied to the amount

before being disbursed to freelancer. However, a rough conclusion can be made that 90 % of them do not make enough money on the site to survive only on that income.

**Table 1.** Freelancer earnings on Upwork (19.11.2020)

Earnings USD	1–999 \$	1000–9 999 \$	10 000–200 000 \$
Number of freelancers	198	73	31
Number of freelancers %	66 %	24 %	10 %

However, 10 % of freelancers have earned 10 000–200 000 \$. They are mostly translators, writers and search engine optimization writers (Upwork search 2015–2021). This 10 % is targeted with a research inquiry to find an answer to the research question: How can a Finnish freelancer make a living only on Upwork?

The significance of this research comes from providing an overview of what it takes to successfully work on an online platform for freelance professionals. The results can be helpful for anyone wanting to look into the profitability of freelance work in Upwork. However, the reference budget amount is only a rough estimate and not suitable for all freelancers.

## 1.2 Methodology

This thesis is a qualitative research aiming to find out if working only on Upwork is a viable employment option in Finland. The goal of a qualitative research is to understand the research subject (Hirsjärvi, Remes & Sajavaara 2009, 181). In the theoretical section of the thesis the research strategy is qualitative so that an understanding of Upwork and freelancer livelihood can be reached. The empirical section utilizes research inquiry as a method to find the characteristics of financial success in Upwork.

The theory is based on studies and articles found on the internet, Upwork user agreement, terms and conditions, and frequently asked questions. Freelancer associations' websites and the webpages of the Finnish tax authority provide details for freelancer taxing. Empirical research materials are collected with a research inquiry combining structured, unstructured and semi-structured questions. Primary data consists of inquiry results, and secondary data consists of theoretical framework. The used analysis method is thematic analysis. Identified themes are income, working hours, business, success in Upwork and challenges.

### **1.3 Thesis structure**

This thesis consists of introduction, two chapters of theory and empirical research, the results of the empirical research chapter as well as conclusions chapter. The introduction reviews the concepts related to online freelancer work and connects this thesis to related studies. The Upwork chapter reviews and explains the mechanics of the site from a freelancer's perspective who completes a task on the site, focusing on the charges that the freelancer has to pay in order to work on the platform. Freelancer's livelihood observes other charges to freelancer's income, level of income and links the concept of a monthly reference budget to freelancer earnings.

Chapter 4, Empirical research explains the process of acquiring primary data. Results and analysis chapter explain the characteristics of inquiry respondents and summarizes their answers. The conclusion chapter outlines the answer to the research question and considers the validity, reliability and ethicalness of this thesis. Several questions for further research are also included in conclusions.

## 2 UPWORK

This chapter gives an overview of the freelancer work on Upwork and of the charges issued by the platform. The term “client” refers to a business or an individual purchasing a service from a freelancer on Upwork. “Task” is a term for a typically short-lived job, posted by a client on Upwork’s website.

### 2.1 Completing a task

Talent Marketplace is Upwork’s main function. It utilizes artificial intelligence to shortlist freelancer candidates for a client who can then select and hire them (Project Catalog 2020). In the next paragraph Talent Marketplace is used as a starting point for a client hiring a freelancer for a task.

To start working, freelancer has to set up a profile and submit it for review to Upwork’s staff. A freelancer’s profile page includes description of skills, education, work experience, test scores from tests done on Upwork’s platform, certifications, possible agency connections, Upwork task history, and feedback scores (Pajarinen et al. 2018, 9.) Upwork has the right to decline a profile application (Application to Join Upwork Declined 2015–2021). If Upwork accepts the freelancer’s profile, he/she can start applying for tasks. Clients can also directly invite freelancers to apply for their tasks (Interview and negotiate 2015–2021).

Searching for tasks is manual and should be done frequently since new tasks are posted daily. Each task includes an open field for an application text, which should be unique to the task in order to be a successful candidate (Submit a Proposal 2015–2021.) A task can be as short as minutes or last several months (Pajarinen et al. 2018, 6). The client interviews the candidates via Upwork chat and sometimes via video or phone. The interview process includes negotiation of hours, payment type and amount (On-platform Interviews 2015–2021.) The interview does not guarantee getting the task.

A task is submitted through Upwork's website to the client, who can then either approve it or request changes. Payment is released after approval. There is a feature that automatically releases a payment from a client to a freelancer if the client neither approves nor requests changes (Upwork Payment Protection 2015–2021). This ensures that freelancers do not have to spend time to request late payments.

## **2.2 Reputations**

After a task is completed, clients are asked to leave feedback on freelancer's Upwork profile. The feedback is based on skills, quality, availability, deadlines, communication and cooperation. Freelancers are asked to rate clients based on the same criteria. This feedback is visible to all users of the site (Give Feedback 2015–2021). Upwork may grant freelancers badges, such as Top Rated or Rising Talent which are displayed on their profile pages if they constantly receive good reviews (Pajarinen et al. 2018, 9; Upwork's Talent Badges 2015–2021).

Freelancers are also subject to a "Job Success Score" which is a summary of every client's satisfaction calculated by relationships, feedback and task outcomes. This score is displayed as a number on every freelancer's page. Freelancers with a job success score below 75 % may have a harder time winning tasks and getting invitations from clients to apply for tasks (Job Success Score 2015–2021.)

## **2.3 Charges for freelancers**

Upwork offers freelancers two plans, Basic and Plus. Basic plan is free to use and includes ten connects to use each month. Connects are virtual tokens which cost \$0.15 each, and they are needed when freelancer applies for a task. The amount of connects needed for task application varies (Connects: Upwork's Virtual Currency. 2015–2021.) The Plus plan costs \$14.99 in a month and includes 80

connects to use each month, and improved visibility when clients search for freelancers. With the Plus plan it is also possible to see in each task the “bid range”, the amounts of money that other freelancers have offered to do the job for (Freelancer Plus 2015–2021.) At the time of writing this thesis (3.12.2020) Upwork changed their policy with connects, offering free connects every month, and every time a freelancer responds to an interview after applying to a task (Connects: Upwork’s Virtual Currency 2015–2021). This shows how quickly the charges can change on the platform.

Upwork charges freelancers a service fee from every successfully finished task. This fee depends on the total amount a freelancer has billed with a client. Upwork deducts 20 % of the payment if the sum is below 500 \$, and 10 % if the sum is between 500.01 \$ to 10 000 \$. The 5 % service fee is reached when the accumulated tasks are worth 10 000.01 \$ and up (Freelancer Service Fees 2015–2021.)

When freelancers want to transfer their earnings from Upwork’s platform, a disbursement fee is charged. Paypal, Payoneer and bank transfer are provided as options. Choosing Paypal and Payoneer costs 2 \$ per withdrawal. Bank transfer costs 0.99 \$ per withdrawal. When transferring funds from Upwork to Finnish bank account, the currency exchange rate is provided by Upwork’s unnamed banking partner (Direct to Local Bank Fees and Timing 2015–2021.) Details of the exact rate are not available.

In the EU area Upwork also charges value added tax (VAT) of the service fee if the freelancer has not provided a VAT number. In Finland, the VAT rate is 24 % (European Commission 2020). Obtaining the VAT number is only possible as a registered business which is obliged to pay value added tax. In Finland the VAT number is a combination of country code FI and the business identification code Y-tunnus (Arvonlisäverotunnisteen tarkistus 2019.) Upwork remits these VAT

payments to each freelancer's country of residence (Value Added Tax (VAT) 2015–2021).

**Table 2.** Upwork charges for a 100 \$ payment (10.11.2020)

	Connect (1 pc)	Service fee (20 %)	VAT for service fee (24 %)	Disbursement fee for bank transfer	Total cost for earning 100 \$
Freelancer who pays VAT	0,15 \$	20 \$	4,80 \$	0,99 \$	25,94 \$
Freelancer who does not pat VAT	0,15 \$	20 \$	-	0,99 \$	21,14 \$

Table 2. displays the difference in the Upwork charges for a freelancer with VAT and without it.

### 3 FREELANCER'S LIVELIHOOD

This chapter observes taxes and other obligatory payments issued to freelancer's income, level of income and links the concept of a monthly reference budget to freelancer earnings.

#### 3.1 Living costs

Wages, cost of living and taxes are higher in Finland than on average in EU countries. However, many services are funded by taxes, which makes them more affordable for residents (InfoFinland 2020.) Livelihood in Finland has been researched by University of Helsinki Centre for Consumer Society Research in 2018. They assembled a reference budget for a person aged under 45 living alone in the Helsinki metropolitan area. He/she needs approximately 1380 € in a month. Elsewhere in Finland the amount is 1130 €. The research notes that if a person lives outside Helsinki metropolitan area without access to functional public transport and needs a car, the monthly costs increase by 115-150 € (Lehtinen & Aalto 2018, 73.)

To reach 1380 € as net income, the gross income should be 2111 €. This includes Self-employed Person's Pension Insurance payment (YEL) 24.1 %, and 10.5 % income tax. The income tax percentage 10.5 % is based on tax percentage calculator for 2000 € monthly income (Veroprosenttilaskuri 2020). Self-employed Person's Pension Insurance (YEL) is the only obligatory expense besides tax and should be paid if yearly income exceeds 7958,99 €. The YEL payment is a 24,1 % deduction from income for freelancers aged under 53. First time freelancers classified as entrepreneurs get a discount of 22 % of the YEL for the first 4 years (Ilmarinen 2020; Kauppalehti 2017.)

It is worth noting that in 2019 the risk-of-poverty threshold for one person living alone was 1277,50 € in a month (Statistics Finland 2020.) The reference budget

monthly amount for Helsinki metropolitan area exceeds this threshold only by 102,50 €. Median monthly wage for all workers in 2019 was 3140 € and mean average was 3527 € (Statistics Finland 2020). Compared to the median wage, the reference budget amount is 1416 € smaller. In 2018 freelancers working as journalists, photographers, graphic designers and translators had an average monthly taxable income of 2191,70 € (Suomen journalistiliitto 2019). This amount is almost identical to what Upwork freelancer's income should be in order to pay YEL and taxes (2111 €).

### **3.2 Taxation**

Taxable income for freelancers is defined as income that is similar to income from an employment relationship. Tax cards for freelancers are no longer used. Starting from 2018 they are replaced with one income ceiling wage tax card. Income from Upwork is classified as other income from abroad by Finnish tax authority, and it is taxed with the same tax percentage as regular employment income. A freelancer can also be taxed as a sole proprietor if the activities have the characteristics of economic activity in the form of a sole proprietorship (Freelancer verotuksessa 2020.)

Value added tax (24 %) applies to some freelancers. For example, VAT is not charged from a written article, but from a photograph it is charged. However, if income subject to VAT is less than 10 000 € in a year, a freelancer is exempt from paying it (Suomen freelance-journalistit 2013.)

Freelancers often pay for their own work equipment, travel expenses, workspace, professional literature and educational courses. These expenses are tax deductible. Obligatory pension contributions are also tax-deductible (Freelancer verotuksessa 2020; Veroinfoa taiteilijoille, freelancereille ja apurahansaajille 2019.)

## **4 EMPIRICAL RESEARCH**

The empirical research is based on a research inquiry. Inquiry is often used to research personal matters, such as income (Vilkkä 2007, 28). Participants for this inquiry were Upwork freelancers with the highest Upwork earnings and location Finland. This approach was chosen because the freelancers with highest income have the most valuable information on how to find success on the platform, and this translates to potentially making a living on Upwork.

### **4.1 Inquiry**

The inquiry was made using Google Forms. It combined structured questions, semi-structured questions and unstructured questions. Unstructured questions may provide unexpected viewpoints (Hirsjärvi et al. 2009, 199). The reason for using several types of questions was that they best suited the type of answer wanted.

All questions were chosen while keeping in mind the research question “How can a Finnish freelancer make a living only on Upwork?” The theory chapters of this thesis were also important when forming the questions. The questions drawn up focus on two themes: practical information about working on Upwork and financial success on Upwork. The created research inquiry questions can be found in Appendix 1.

### **4.2 Process**

Contacting freelancers in Upwork is not possible without an intention to hire them. Contacting them outside of Upwork seemed both unethical and impractical since their full names are not available, and questions about income are sensitive. Because of this, a client Upwork account was created, and a job posting was made with a link to the inquiry and 5 \$ as payment. The participant count was limited to five freelancers because budget was low.

There are 31 Finnish freelancers in the Upwork earnings category 10 000–200 000 \$. The freelancers who stated in their profile that they had a job outside of Upwork were excluded. At first, 5 freelancers with 50 000–100 000 \$ earnings were contacted, but only one of them responded. This led to contacting freelancers within the 20 000–40 000 \$ earnings category. Out of these, five freelancers did not respond. In total, 10 freelancers of the 10 000–100 000 \$ earnings category were contacted, and 5 answered the inquiry. When results were being analyzed, two additional questions were formed in order to get a better understanding of the subjects. These two questions were sent out to all 5 freelancers and 2 of them responded.

## 5 RESULTS AND ANALYSIS

The results from the inquiry and the follow-up questions form the primary data and the secondary data consists of the theoretical framework. Inquiry response rate was 50 %. Freelancers' occupations are similar: writing, translation and subtitle translation. One freelancer specializes on a software. The freelancers who answered the inquiry are aged between 21–45 years.

Thematic analysis is used to analyze results. Themes are formed from primary data by identifying connecting patterns of meaning (Saaranen-Kauppinen & Puusniekka 2006). The used themes are listed below as subheadings and discussed in more detail.

### 5.1 Income

None of the freelancers use Upwork as their only source of income. This is in line with their total Upwork earnings when compared to their date of joining Upwork: the amount is not enough for living. The freelancer with the highest earnings has approximate 1754 \$ (1459 €) monthly earnings. This amount is still quite far from the monthly reference budget amount of 2587,87 \$ (2111 €) gross income. Also, the earned amount includes Upwork's service fees which are subtracted from every task payment before being disbursed to freelancer. The amount of service fees is difficult to estimate since they vary between 5 %, 10 % and 20 % depending on the total amount a freelancer has billed with each client (Freelancer Service Fees 2015-2021). One freelancer commented: "Upwork has become greedy, since they take about 20 % of the task payments. In order to make a profit, this 20 % must be added into pricing."

One freelancer views Upwork as a source for extra income when needed and compared working in Upwork to working with companies directly: "Upwork holds the payments to freelancers for 5 days. This is still a faster way to get paid than companies with a minimum billing period of one month or longer."

Interestingly, the only freelancer who stated having an Upwork Plus membership also has the highest earnings out of the 5 respondents. This membership gives improved visibility when clients search for freelancers and makes it also possible to see in each task the “bid range”, the amounts of money that other freelancers have offered to do the job for (Freelancer Plus 2015-2021).

## **5.2 Working hours**

Freelancers work between 2–30 hours in a week on Upwork tasks. The time spent working on Upwork tasks does not include the time that freelancers spend on searching, applying and interviewing for tasks.

One freelancer announced that the hours vary significantly, from 5 to 30 hours. Another works 10–30 hours in a week. The varying hours seem to be connected to using Upwork as a source of extra income.

## **5.3 Business**

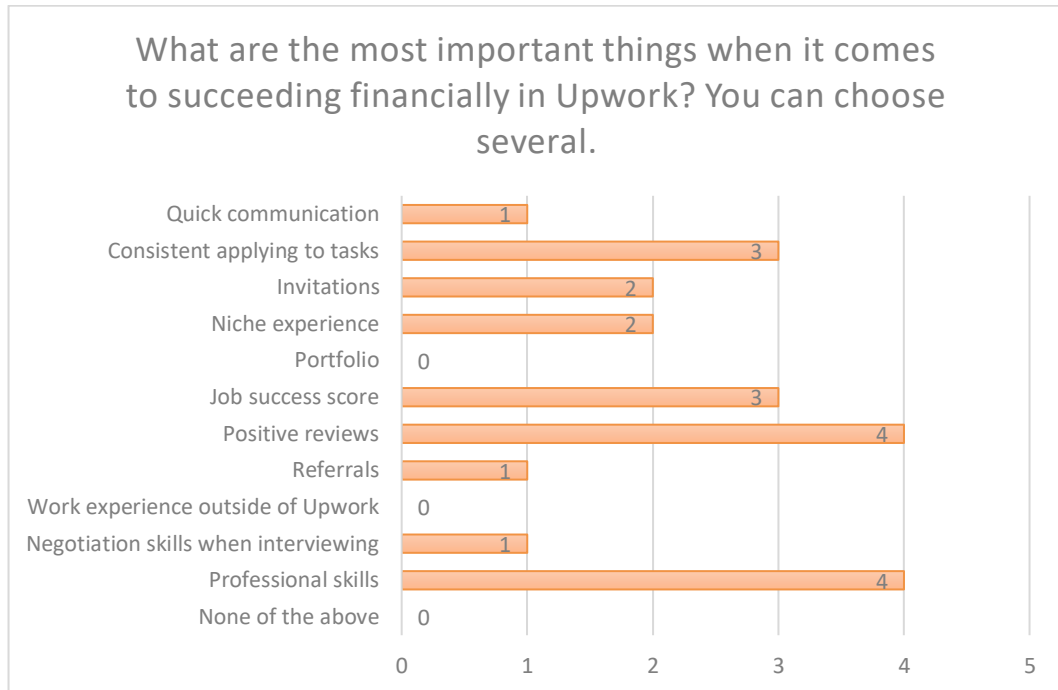
80 % of freelancers have registered a business related to their line of work. Having a business is seen as a way to ensure earnings and costs are dealt according to the Finnish tax laws.

60 % of freelancers pay the Value Added Tax included in Upwork’s service fee. These businesses are then most likely not able to obtain a VAT number, which should be available for businesses that are required to pay value added tax. Paying VAT means 24 % addition to service fee in each task payment.

## **5.4 Success in Upwork**

As seen in Figure 1., 80 % of freelancers chose Professional skills and Positive reviews as the most important things to succeed in Upwork. Professional skills are

considered as important, yet no one considered work experience outside of Upwork, nor a portfolio of work to be of any importance.



**Figure 1.** Results to a question in research inquiry.

Consistent applying to tasks is considered important. One freelancer recommended that a new Upwork freelancer should do low-paying jobs at first, in order to build a task history with reviews as it is very hard to get better-paying tasks without a task history. Positive reviews are linked to the importance of Job success score: 60% of the responded freelancers think it is important. As explained in chapter 2, Job success score is a summary of every client's satisfaction calculated by relationships, feedback and task outcomes (Job Success Score 2015-2021). Positive reviews and a good Job success score often lead to direct invitations and referrals.

Replies to the unstructured question "Any other comments regarding success in Upwork?" revealed that relationships with clients are seen as important, since they may last for years. Having an established a set of clients saves time and effort; freelancers do not have to apply to new tasks as much. One freelancer

recommended to make it a personal relationship. Long-term relationships also gradually lower the Upwork service fee percentage.

Quick communication was pointed out by one freelancer. This may be linked to a situation where many freelancers with a similar skill set apply for a task; the one who replies the fastest might be the one to get the job. Another commented that clients who are private individuals often look for the cheapest freelancer. Clients that represent companies are more concerned about skill set, task history and deadlines.

Even though none of the freelancers use Upwork as their only source of income, some of them commented on the subject: "It's not possible to start earning right away but with consistency, quick communication, good skills and consistently applying to new and better jobs it would be possible to live off of Upwork alone." "It is possible to make a living on Upwork, but it takes a lot of work."

## **5.5 Challenges**

Two freelancers commented that negotiation about pricing with clients can be difficult when the client's budget and the freelancer's proposed amount do not meet. Freelancers should be able to estimate if the task is worth the money and the time spent on it. Already having a lot of work is considered as one way to leverage the price to the freelancer's favor.

Deadlines and schedules may be tight. This leads to working days and nights, as well as to working at weekends and on holidays. One freelancer mentions this to be true about freelancing outside of Upwork as well. Accepting work is not obligatory but freelancer risks losing a client when doing so.

## 6 CONCLUSIONS

This chapter aims to provide answers to the research question by forming a synthesis. Syntheses gather the main points and provide clear answers to the research question (Hirsjärvi et al. 2009, 230). The research question is: How can a Finnish freelancer make a living only on Upwork?

Financial success in Upwork seems to require the combination of entrepreneurial skills and job-specific professional skills. Organization and time management, maintaining and building relationships, communication, negotiating contracts and persistence are the key skills needed. Having a hard-working mindset and the willingness to work alone are qualities that successful Upwork freelancers share. There is also a connection between financial success and owning a business, since 80 % of inquiry respondents have registered a business.

In order to succeed in Upwork, the charges, taxes and other expenses caused by freelancer work have to be included in pricing. Freelancers who are new to the platform should start by doing low paying tasks in order to gain reviews and continually move on to higher paying clients. Eventually they should charge prices that lead to sufficient income. Pricing is not entirely controlled by the freelancer, since it depends on the field of work and of the number of other freelancers competing for the same work.

The ideal situation for a freelancer seems to be in a position where they can choose the best-paying clients. Getting into this position requires first building a good reputation based on reviews of previous Upwork tasks. Additionally, the combination of specialized expertise, Finnish language, and knowledge of the Finnish market can create narrow and profitable niches, as was the case with one inquiry respondent.

There are challenges. Maintaining long-lasting client relationships saves time and effort from finding new clients but can lead to work overload when several clients have overlapping deadlines. Price negotiations are also challenging, since freelancers should be able to estimate if the task is worth the money and the time spent on it.

### **6.1 Validity and reliability**

Validity means the ability of the research to measure the intended subject (Vilkka 2007, 150). This research focused on answering the research question by finding the characteristics of financial success of Upwork freelancers with the highest earnings. There are 31 freelancers who have earned 10 000–200 000 \$. Five of them answered the research inquiry. This means that only 16 % of freelancers were reached, and this affects the validity negatively. Additionally, only one inquiry respondent was in the 50 000–100 000 \$ earnings category. More answers from this category would have led to more accurate understanding of financial success in Upwork. This research did not place focus on the freelancers' occupations, which might have provided more precise insights.

A research can be determined to be reliable in several ways, and one of them is if the research is repeated and two researchers arrive at the same results (Hirsjärvi et al. 2009, 231). This research could be repeated with similar results, but differences might arise while forming syntheses. Using two currencies (USD and EUR) affects the accuracy and comparison of amounts and fees. The writer of this thesis has occasionally worked on Upwork's platform, and this may have created a bias towards the selection and discussion of aspects about Upwork in the theoretical study.

### **6.2 Ethical consideration**

A researcher is ethically responsible for the respondents, since the researcher is in a position to decide what information to reveal to the respondents (Saaranen-

Kauppinen & Puusniekka 2006). The research inquiry cover letter informed the respondents who answered the inquiry about its objective. The inquiry respondents' names were collected only for the purpose of releasing payment after they had answered the inquiry. They were informed that names would not appear in the research. Only the writer of this thesis had access to their responses.

Income is a personal matter (Vilkkä 2007, 28). Upwork's platform openly discloses freelancer's income from Upwork, first name, work history, and profession. In chapter 5, the inquiry results are presented in a way that does not identify each respondent based on their age, gender or income. However, the low number of inquiry respondents reduces their overall anonymity while analysing their responses. The raw data consisting of the responses to the inquiry and to the follow-up questions is not present in this thesis, which improves its ethicality.

### **6.3 Questions for future research**

One of the respondents to the research inquiry was a specialist on a software. Specialized expertise combined with native Finnish language proficiency can create very narrow niches in Upwork, and it would be worthwhile to research all the effects that this has on freelancers' careers and pricing.

According to Upwork freelancer search function, there are Finnish freelancers who have earned 10 000–200 000 \$ and are living in countries with a high cost of living, such as United Kingdom and Germany. There are also freelancers who have earned the same amount and are living in low-cost countries, such as the Philippines and Poland. It would be valuable to find out if Upwork is the main income source for these freelancers, and if their incentive to work on Upwork is related to their living in another country.

Another valuable topic for future research would be to study the foreigners living in Finland who are working as freelancers on Upwork. Are they using Upwork because they are not able to get employed traditionally? Is Upwork their only

means to work on their own field, or do they just prefer to work as online freelancers?

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## APPENDICES

### Appendix 1

#### **Inquiry for Upwork freelancers**

Questions:

1. Please enter your age
2. Which of the following freelancer memberships do you have?  
(Basic / Plus / I don't know)
3. When did you start working on Upwork tasks? (Month / Year)
4. Is Upwork your only source of income? (Yes / No)
5. How many hours in a week do you work in tasks acquired from Upwork?
6. Have you registered a business in Finland related to your line of work in Upwork? (Yes / No)
7. Do you pay Value Added Tax (VAT) of Upwork's service fee? (Yes / No / I don't know)
8. What are the most important things when it comes to succeeding financially in Upwork? You can choose several.
  - Professional skills
  - Negotiation skills when interviewing
  - Work experience outside of Upwork
  - Referrals
  - Positive reviews
  - Job success score
  - Portfolio
  - Niche expertise

- Invitations
- Consistent applying to tasks
- None of the above
- Something else, what?

9. Any other comments regarding success in Upwork?

10. Please enter your name so that payment can be released to the right person.

**Additional follow up questions:**

What has been the most difficult thing when it comes to making money on Upwork?

Are there benefits to having a registered business while working on Upwork? What are they?