

Chapter 3

The Impact of Digital Transformation on Freelancer Well-Being: Insight From Slovenia

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ABSTRACT

This chapter relates to digital transformation and its impact on the labor market, with a focus on the emergence of new business models characterized by less reliance on physical elements—the “gig economy.” As a result, new forms of work such as freelancers are taking an increasingly large share of the labor market, characterized by self-directed and independent career development. Although global leaders face the challenge of harnessing this trend and promoting its economic benefits while ensuring an inclusive society by preventing social polarization in labor markets, findings suggest that social protection and appreciation for new forms of work are still low. Using 200 Slovenian freelancers, the authors examine demographic characteristics, motivation for freelancing, and their subjective well-being. Accordingly, the implications for policymakers are to invest more effort in creating a supportive ecosystem that is open not only to “standard” but also to new contemporary and digitally enabled careers.

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INTRODUCTION

The development of digital technology and its integration into businesses in the late 20th century created new revenue and value-creation opportunities and changed the way businesses operate and how they deliver value to their customers. Although digitalization primarily impacts businesses and is reflected in GDP growth, job creation, and innovation, digital transformation also has broader societal implications (OECD, 2018) such as quality of life and access to services (Mergel et al., 2019). Mediation through and reliance on digital technologies, particularly digital platforms, has led to the emergence of the gig economy, which is experiencing tremendous growth in a variety of industries and regions and is a significant and expanding phenomenon that is rapidly reshaping aspects of the economy and society-the labor market (Barnes et al., 2015; 2019; Goos et al., 2014; Rhein, et al., 2018; Wood et al., 2018).

The digitalization of the labor market is accompanied by the emergence of new framework conditions for work, such as the increasing differentiation and flexibilization of labor market segments. Lucio and MacKenzie (2017) note that ICT-enabled mobile work (workers can do their jobs from anywhere and at any time, supported by modern technologies), portfolio work (where freelancers work for a large number of clients and do small jobs for each of them), crowd employment (where an online platform brings employers and workers together), and collaborative employment (where self-employed workers, or micro-enterprises work together in some way to overcome size constraints and professional isolation) are new forms of employment that have emerged as a result of digitalization.

These broad new forms of employment constitute the gig economy and have multiple implications for working conditions and the labor market. In contrast to traditional careers characterized by hierarchical advancement, organizational career management, and low mobility, many individuals are becoming more mobile and self-directed in their careers. International statistics (Section 2.2) show the rising trends of new, digitally enabled forms of work, which simultaneously impose questions about the digital preparedness of the economy for new forms of employment and the socio-psychological well-being of citizens.

Furthermore, career success today is no longer based (only) on objective measures of success (e.g., financial performance or progress), but also on subjective assessments (e.g., work-life balance, well-being, or personal growth) that are linked to a person's internal career anchors, making "psychological success" the most important indicator of career success. An increasingly diverse workforce, the growing importance of other areas of life such as "quality time with family and friends," and increasing individualization, value-based careers, independent career management, and personal responsibility are leading to an approach in which individuals do not rely primarily

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