DOI: 10.1111/1748-8583.12432

RESEARCH ARTICLE



Inclusive human resource management in freelancers' employment relationships: The role of organizational needs and freelancers' psychological contracts

Sjanne Marie E. van den Groenendaal¹ | Charissa Freese² | Rob F. Poell¹ | Dorien T. A. M. Kooij¹

²Department of Human Resource Studies, Department of Private Business and Labour Law, Tilburg School of Social and Behavioral Sciences, Tilburg Law School, Tilburg University, AB Tilburg, The Netherlands

Correspondence

Sjanne Marie E. van den Groenendaal, Department Human Resource Studies, Tilburg School of Social and Behavioral Sciences, Tilburg University, Room S 520, AB Tilburg 5037, The Netherlands.

Email: s.m.e.vdngroenendaal@tilburguniversity.edu

Abstract

This study aimed to advance our understanding of inclusive human resource management (HRM) in freelance employment. We examined organizational needs and freelancers' psychological contracts with a qualitative interview study among eight dyads of HR managers and freelancers. Although the findings showed that organisations and freelancers have different interests, both parties agreed on what inclusive HRM entails in freelancers' employment relationships. However, within the dyads, the content of the psychological contract was not always viewed the same by HR managers and freelancers. Hence, negotiating mutual expectations when implementing inclusive HRM to avoid psychological contract breach appeared important. Furthermore, organizational needs did not seem to be considered when designing inclusive HRM. Due to this lack of strategic fit, organisations may waste opportunities of tapping into the full potential of hiring freelancers. The findings provide

Abbreviations: HR, Human Resource; HRM, Human Resource Management; IT, Information Technology.

This is an open access article under the terms of the Creative Commons Attribution-NonCommercial-NoDerivs License, which permits use and distribution in any medium, provided the original work is properly cited, the use is non-commercial and no modifications or adaptations are made.

© 2022 The Authors. Human Resource Management Journal published by John Wiley & Sons Ltd.

¹Department of Human Resource Studies, Tilburg School of Social and Behavioral Sciences, Tilburg University, AB Tilburg, The Netherlands

organisations insight in considering freelancers as potential sources of competitive advantage.

KEYWORDS

dyad study, employment relationship, freelancers, inclusive HRM, organizational needs, psychological contract

Practitioner notes

What is currently known?

- Organisations' workforces have become more flexible and fragmented.
- The changed workforce in organisations brings new challenges to organisations' inclusive human resource management (HRM) activities which so far have been under-researched.
- Exploring the psychological contracts of this workforce is valuable as unmet expectations may lead to negative outcomes in their employment relationships.

What this paper adds?

- Empirical exploration of organizational needs and expectations in freelancers' psychological contracts in freelance employment.
- Identification of factors steering inclusive HRM activities: (1) institutional, (2) organizational, (3) personal, and (4) contractual.
- An overview of inclusive HRM activities that meet organizational needs and expectations and fulfil freelancers' psychological contracts.

The implications for practitioners

- Organisations are recommended to consider strategically how freelancers are managed while taking into
 account organizational needs and expectations.
- Organisations are advised to invite freelancers to make the content of their psychological contracts as explicit as possible.
- An overview of inclusive HRM activities that comply with decent work principles, helping freelancers in developing careers, and simultaneously support organisations' flexibility is presented.

1 | INTRODUCTION

Increasing numbers of organisations work with freelancers, which are solo self-employed individuals who are neither employers nor employees, and mainly sell their services to organisations on a temporary basis (Burke, 2015). Particularly freelancers operating as experts in knowledge-intensive jobs represent the fastest-growing group (Kozica et al., 2014). This results in more flexible and fragmented workforces (Atkinson, 1984; Burke & Cowling, 2019), which brings new challenges for human resource management (hereafter referred to as HRM) in freelancers' employment relationships (Cross & Swart, 2021; Kost et al., 2020).

Organisations and freelancers have distinct interests to start the employment relationship (Burke & Cowling, 2019; Wynn, 2015). Organisations often choose to hire freelancers to either supplement or complement their workforce (Burke & Cowling, 2019). This is reflected in the ambiguous position freelancers have in Atkinson's (1984) Flexible Firm Model. On the one hand, freelancers embody high levels of expertise that is often found in the traditional core workforce of organisations (Atkinson, 1984; Kozica et al., 2014). On the other hand, freelancers

are known for their employment flexibility, which is typical for low-skilled peripheral workers (Atkinson, 1984). Due to this ambiguous position in organisations' workforces, freelancers' employment relationships require an alternative inclusive HRM approach compared to traditional employer-employee relationships (Barlage et al., 2019; Borghouts-van de Pas & Freese, 2017; Cross & Swart, 2021; Delery & Roumpi, 2017).

In addition to their ambiguous position within organisations, freelancers may have a precarious position on the labour market potentially affecting their employment relationships (Kalleberg, 2009). Freelancers are responsible for finding work themselves and have hardly any social security compared to employees (Murgia & Pulignano, 2019). Therefore, attaining work and enhancing the sustainability of their self-employed career is of utmost importance for freelancers (Lo Presti et al., 2018; Van den Born & Van Witteloostuijn, 2013), which will be reflected in their expectations from hiring organisations. As a result, the content of freelancers' psychological contracts will differ from that of employees. Psychological Contract Theory explains that identifying and fulfiling expectations of both parties is important, because unmet expectations lead to negative outcomes in employment relationships, such as negative emotions, attitudes, and behaviours (Rousseau, 1989). In contrast, when freelancers' expectations are met, they more likely engage in in-role performance and organizational citizenship behaviour (Turnley et al., 2003).

So far, studies that examined HRM approaches towards freelancers, like the HR Architecture Model (Lepak & Snell, 1999) and the Flexible Firm Model (Atkinson, 1984) mainly considered freelancers peripheral to organisations, with very limited access to HRM (Beer et al., 2015). Based on levels of uniqueness and value of their human capital, organisations are advised to invest in core employees through HRM and provide only most necessary HRM activities to the periphery, including freelancers (Lepak & Snell, 1999). However, this *exclusive* HRM approach might have detrimental effects on freelancers' positions on the labour market and as such their sustainable careers (De Vos & Van der Heijden, 2017). Hence, developing HRM activities tailored to fulfilling freelancers' psychological contracts is not only crucial for enhancing their positive behaviour that in turn could enhance the organisations' competitive advantage (Cross & Swart, 2021; De Vos & Van der Heijden, 2017; Delery & Roumpi, 2017; Turnley et al., 2003), it will also promote their position on the labour market (Kozica et al., 2014; Wright & Snell, 1998).

The inclusive HRM perspective (Borghouts-van de Pas & Freese, 2017) does acknowledge the value of periphery and outsiders of the labour market, such as freelancers, which is shown in their definition of inclusive HRM (Freese & Borghouts, 2021). According to Freese and Borghouts (2021) inclusive HRM invests in the participation and knowledge, skills and sustainable employability of people who do not yet (or only temporarily) work in the organization, such as solo self-employed freelancers. In other words, freelancers should not only be treated in accordance with decent-work principles, but need tailorised HR activities to ensure smooth transitions on the labour market, ensuring employment security for freelancers and a competent workforce of freelancers for organisations (Borghouts-van de Pas & Freese, 2017). This allows freelancers 'to develop a satisfying career that fits their personal needs and build on their talents, and that, at the same time, allows organisations to flexibly respond to changing market requirements by having an engaged and adaptable workforce' (De Vos & Van der Heijden, 2017, p. 41). The research field of inclusive HRM is still in its infancy, especially regarding what inclusive HRM policy for freelancers entails. Therefore, the aim of this study is to explore the concept of inclusive HRM in freelance employment by investigating organizational needs and freelancers' psychological contracts. To contribute to a better understanding of inclusive HRM in freelance employment, this study addresses the following research question: What does inclusive HRM in freelancers' employment relationships entail, taking into account the organizational needs and freelancers' psychological contracts? In a qualitative research design, consisting of semi-structured interviews with eight dyads of HR managers and freelancers we explore three themes: (1) organizational needs in freelance employment, (2) how inclusive HRM activities can fulfil the psychological contracts of freelancers and (3) HR managers' and freelancers' perceptions of employment relationships.

In sum, this study contributes to HRM literature by advancing the knowledge on freelance employment in two ways. First, this study applies a more contemporary approach compared to the classic core—peripheral distinction by Atkinson (1984) and the more advanced approach by Lepak and Snell (1999), as we argue that freelancers' employment relationships differ from traditional employment relationships and require more than the basic HRM activities (Lo Presti et al., 2018; Van den Born & Van Witteloostuijn, 2013). Second, this study advances HRM theory as this is

the first study exploring what inclusive HRM entails in freelancers' employment relationships and how inclusive HRM approaches may contribute to the fulfilment of both organizational needs and freelancers' expectations.

1.1 | Exploring inclusive HRM in freelancers' employment relationships

Previous studies showed that organisations have different reasons to hire freelancers (e.g., Burke & Cowling, 2019), which makes the freelancers' position in organisations ambiguous. To understand how freelancers can best be managed through inclusive HRM, we therefore first consider organizational needs in hiring freelancers. Next, we explore freelancers' psychological contracts (e.g., Rousseau, 1989), as a key component to successfully building inclusive HRM activities in organisations. Finally, we zoom into the concept of inclusive HRM (Borghouts-van de Pas & Freese, 2017) to explain how inclusive HRM may achieve strategic fit between organizational needs and freelancers' psychological contracts to design employment relationships honouring both organizational needs and freelancers' careers (Boon et al., 2011; De Vos & Van der Heijden, 2017; Wright & Snell, 1998). These components are presented in a conceptual overview (see Figure 1).

1.2 | Organisational needs in freelance employment and characteristics of the employment relationship

Burke (2019) showed that organisations hire freelancers to organise business activities in more project-based manner enhancing organizational performance and lower financial risks. Freelancers may *supplement* employees offering flexibility to its workforce (Atkinson, 1984; Barlage et al., 2019; Burke, 2015; Burke & Cowling, 2019), or *complement* existing organizational human capital by their rich expertise enabling organisations to gain competitive advantage (Barlage et al., 2019; Burke, 2015).

Besides the organisations' needs to work with freelancers, the complexity of freelancers' positions in organizational workforces may also influence how they are managed. In HRM literature, Atkinson's (1984) Flexible Firm Model provides a fruitful starting point to understand how organisations could manage freelancers. The model is based on the idea that organisations establish long-term employment relationships with only the core of their workforce; regular, permanent workers who are highly skilled, trained and committed to the organization. In contrast, organisations establish transactional contracts with the 'peripheral' part, consisting of externalised activities performed by lower-skilled workers. Freelancers belong to the organisations' periphery (Atkinson, 1984). However, in contemporary labour markets, freelancers represent an ambiguous type of worker. On the one hand, freelancers operating in knowledge-intensive jobs are known as experts having rich knowledge and skills, resonating with the highly skilled core (Burke, 2015; Kozica et al., 2014). On the other hand, in many Western countries, organisations can hire freelancers only for short-term employment relationships by law, reflecting the contractual agreements of peripheral workers (Barlage et al., 2019). Due to their ambiguous position, it remains unclear how freelance employment differ from traditional employer—employee relationships regarding HRM. Hence, to understand HRM in freelance employment, we explore organizational needs to initiate the employment relationships.

1.3 | Fulfiling freelancers' psychological contracts

The complexity of freelancers' positions in organisations also results from freelancers being their own boss. Freelancers choose their assignments, projects and employment relationships (Kost et al., 2020; Lo Presti et al., 2018). As freelancers are known for their high levels of expertise and their sole responsibility for maintaining their expertise, they are expected to wisely select employment relationships that enhance their skills, knowledge, and competencies

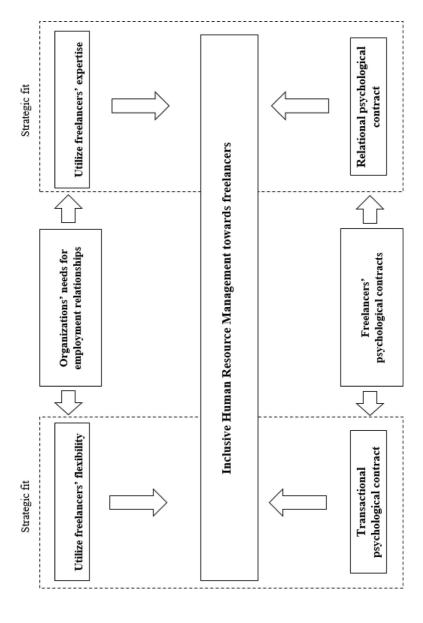


FIGURE 1 Conceptual overview of the driving factors of inclusive HRM activities in the Freelancers' employment relationship

(Van den Born & Van Witteloostuijn, 2013). In this decision-making process, freelancers have different interests that they would like to see fulfiled when initiating employment relationships with organisations, compared to regular employees.

At the start of employment relationships, organisations and freelancers agree on formal contracts. In all contracts, subjectivity is inherent, meaning that the parties involved can have different perceptions regarding their terms (Rousseau, 1989). Although these beliefs are unwritten, they are powerful drivers of the exchange relationship in organisations (Rousseau, 1989). This implicit part of contracts is referred to as the psychological contract and is defined as 'the perceptions of mutual obligations to each other held by the two parties in the employment relationship' (Herriot et al., 1997, p. 151). In this study, the two parties include the organization and the freelancer. In Psychological Contract Theory (Barlage et al., 2019; Herriot et al., 1997; Rousseau, 1989), the basic principle is that to have successful employment relationships, balance and reciprocity between contributions and outcomes is crucial. Unbalanced or unmet expectation may lead to psychological contract breach (Robinson & Wolfe Morrison, 2000), which has been demonstrated to lead to negative emotions, attitudes, and behaviours of the parties involved (Zhao et al., 2007).

In psychological contract literature, two ways to explore psychological contracts are described. First, the content-oriented approach in which psychological contracts are assessed based on individuals' descriptions of their obligations to the other party and what they owe in return (Rousseau & Tijoriwala, 1998). Here, transactional or relational contracts are distinguished based on the duration of employment relationships. Transactional refers to a psychological contract characterised as 'short-term and magnetisable', while a relational contract is described as 'open-ended and involving non-magnetisable factors such as loyalty' (Rousseau, 1989, p. 137). Second, psychological contracts are explored in terms of six dimensions, often referred to as the feature-oriented approach (Rousseau & Tijoriwala, 1998): tangibility, scope, stability, time, exchange symmetry and contract level. McLean Parks et al. (1998) describe the features of psychological contracts of contingent workers as follows: characterised by short-term employment relationships with narrow scopes in terms of strict boundaries between work and private life and limited organizational concern about freelancers' private life. In addition, contracts are characterised as individually regulated, tangible in terms of specified role definitions, and static regarding strict applications of rules and low tolerance to uncertainty and change (McLean Parks et al., 1998). As a result, freelancers' psychological contracts are predominantly characterised as transactional psychological contracts (De Cuyper & De Witte, 2006; McLean Parks et al., 1998).

In the past decades, many studies have examined psychological contracts of contingent workers and showed ambiguous insights regarding the content of the contracts. For example, Barlage et al. (2019) discuss the empirical study of Lee and Faller (2005) that found that contingent workers often have transactional relationships, but over time the nature of the relationships changes towards more relational ones. Similarly, De Cuyper and De Witte (2006) stated that particularly contract duration is a crucial feature that differentiates transactional and relational psychological contracts. Hence, as time seems to be a crucial factor influencing the freelancers' psychological contract, one could wonder to what extent freelancers' psychological contracts are still characterised as transactional as employment relationships might continue over time (De Cuyper & De Witte, 2006; Lee & Faller, 2005). Therefore, we explore freelancers' psychological contracts in their employment relationships with organisations.

1.4 | Inclusive HRM for freelancers

Organisations may have different needs to work with freelancers, which are often mainly driven by using freelancers' expertise and/or flexibility (Burke & Cowling, 2019). Simultaneously, freelancers' desire to fulfil their psychological contracts when accepting projects in organisations. Both organizational needs and freelancers' expectations are valuable input in exploring what appropriate inclusive HRM activities are in such employment relationships.

When organisations' dominant purpose is utilising freelancers' expertise, Lepak and Snell's (1999) HR Architecture Model advises HRM encouraging collaboration and information sharing. According to Barlage et al. (2019), investing in freelancers' relationships will enhance knowledge-sharing processes between freelancers and employees.

Similarly, Burke (2015) explained that to promote social interactions among freelancers and employees, organisations could include freelancers in 'the processes that are traditionally reserved for the permanent workforce: on-boarding, corporate learning, expertise sharing, performance reviews, and succession planning' (p. 93 and 94). Furthermore, Noorderhaven and Harzing (2009) explain that if organisations want to tap into freelancers' expertise, the latter 'needs to be disembedded, translated, interpreted and integrated' by means of dialogs (p. 720). Hence, if organisations aim to complement their workforce by utilising freelancers' expertise, how freelancers are managed through HRM plays a dominant role in building more *relational* employment relationships (Cross & Swart, 2021; Rousseau, 1989). In contrast, if organisations mainly hire freelancers to supplement their workforce based on freelancers' flexibility (Burke, 2015), Lepak and Snell (1999) advise organisations to invest less in these external workers regarding development activities (e.g., training). In this case, HRM is mainly focussed on ensuring compliance with work protocols and performance management (Lepak & Snell, 1999), showing more *transactional* employment relationships (Rousseau, 1989).

Building on these previous studies, we argue that organisations may apply a more contemporary HRM approach referred to as *inclusive HRM* (Borghouts-van de Pas & Freese, 2017; Cross & Swart, 2021). The inclusive HRM perspective focuses on social legitimacy outcomes by integrating workers that are only temporarily part of the organizational workforce; investment in the development of their knowledge, skills and sustainable employability is a substantial goal to contribute to a well-functioning labour market (Borghouts-van de Pas & Freese, 2017; De Vos & Van der Heijden, 2017). Despite the broad scope of strategic HRM literature, however, not much is known about how freelancers' employment relationship can be shaped by inclusive HRM activities in a way that strategically fits both organisations and freelancers' expectations.

This challenge refers to the concept of *strategic fit*. Building on strategic HRM literature, we argue that inclusive HRM activities provided to freelancers should fit the strategy of organisations to hire freelancers as well as fulfil the freelancers' psychological contracts in order to be effective (Boon et al., 2011; De Vos & Van der Heijden, 2017; Wright & Snell, 1998). To attain strategic fit, we state that if organisations and freelancers would initiate the employment relationship for long-term projects (i.e., expertise), an inclusive HRM approach will most likely include extended HRM activities aimed at building long-term employment relationships and tapping into the freelancers' expertise. In contrast, if organisations and freelancers would initiate employment relationships for only short-term projects (i.e., flexibility), strategic fit would imply only limited, albeit decent HRM activities, that still may be different than for regular employees. Otherwise, valuable management resources are wasted and misfit in the employment relationship would occur (Lee & Faller, 2005). In this way, inclusive HRM still reflects the principle of the Flexible Firm Model (Atkinson, 1984), in which organisations only invest in the core of the workforce excluding the periphery, echoing more transactional relationships (Herriot et al., 1997; Rousseau, 1989). However, even with limited HRM activities, this HRM approach is inclusive as freelancers are treated decently, their interests are valued, and investing in their position on the labour market is honoured (Borghouts-van de Pas & Freese, 2017; De Vos & Van der Heijden, 2017).

In sum, we include both organisations and freelancers' perspective in exploring inclusive HRM in freelance employment. First, we argue that organisations have different needs in hiring freelancers which either supplement (i.e., providing flexibility) or complement (i.e., providing expertise) the existing organizational human capital (Atkinson, 1984; Barlage et al., 2019; Burke, 2015; Burke & Cowling, 2019). Similarly, from the freelancers' perspective, we propose that freelancers' have different expectations expressed in either transactional or relational psychological contracts (e.g., Rousseau, 1989). Based on both perspectives in freelance employment, different suggestions for inclusive HRM activities are expected to be identified. We present a conceptual overview of how organisations' needs in initiating the employment relationship and freelancers' expectations form the basis of an inclusive HRM approach in freelancers' employment relationships. It serves as a guidance in exploring how strategic fit in freelancers' employment relationship can be achieved by aligning organizational needs and freelancers' psychological contract converging in inclusive HRM activities.

TABLE 1 Demographic information of the respondents

Respondent	Dyad	Gender	Age	Profession	Tenure (years)	Sector	Number of employees
ID 1F	1	Male	57	HR professional	0.75	Health care	
ID 2F	2	Male	52	HR professional	12	Financial services and IT	-
ID 3F	3	Male	56	HR professional	7	Different sectors	-
ID 4F	4	Female	57	Psychotherapist	29	Health care	-
ID 5F	5	Female	54	Facility manager	7	Health care and public services	-
ID 6F	6	Male	49	Investment advisor	6	Financial services	-
ID 7F	7	Female	51	Telecom professional	3	Logistics	-
ID 8F	8	Male	28	Engineer	0.5	Engineering	-
ID 1 HR	1	Female	47	Head of HR department	1	Health care	3500
ID 2 HR	2	Female	48	HR officer	13	ICT consultancy	117
ID 3 HR	3	Female	33	Head of department	9	Public services	250
ID 4 HR	4	Female	49	HR advisor	1.5	Health care	250
ID 5 HR	5	Female	47	Team manager of the HR department	1	Public services	650
ID 6 HR	6	Male	56	Chief Executive Officer	10	Financial services	35
ID 7 HR	7	Male	58	Manager HR and sourcing	42	Delivery	4500
ID 8 HR	8	Male	46	HR manager	3	Engineering	35

2 | METHOD

2.1 | Research design

We used an exploratory qualitative research method to building theory on a topic that has been previously unaddressed (Cross & Swart, 2021; Murphy et al., 2017). Semi-structured interviews were conducted, whereby predetermined open-ended questions were posed in combination with additional in-depth questions to explore topics the respondents experienced as important (Longhurst, 2003). All semi-structured interviews were recorded with respondents' permission to enable the researchers to transcribe the interviews for the analyses. The Ethics Review Board of the university approved the research design.

2.2 | Sample

To include the perspectives of both organisations and freelancers, HR managers and freelancers working in the Netherlands were approached using convenience and snowball sampling. Flyers were distributed among HR managers during roundtable meetings between academics and HR professionals. Additionally, HR managers were approached in person during a professional training programme in which one of the authors was involved and via the researchers' personal network. Freelancers were contacted via the HR managers or personal networks of the researchers. All freelancers were linked to the HR manager of the organization that they were currently working for and vice versa. In total eight dyads were interviewed, whereby each respondent was interviewed individually to avoid socially desirable answers. Respondents' demographic information presented in Tables 1 and 2.

TABLE 2 Descriptive statistics of the sample

	Freelancers	HR managers
Gender (male)	62.5%	37.5%
Average age (years)	50.5 (SD = 9.55)	48.0 (SD = 7.52)
Average business tenure (years)	8.16 (SD = 9.23)	-
Average size organization (number of employees)	-	1167 (SD = 1664.56)

Procedure: Prior to the interviews, respondents received a short questionnaire to provide demographic information. The accompanying letter described the aim of the research and informed consent, guaranteeing anonymity and confidentiality of the respondents' personal details. The interviews lasted between 30 and 75 min, with an average of 48 min. The interviews were transcribed and respondents received a summary within a week for approval. Hence, the data were checked for biases in the researchers' interpretation.

2.3 | Interview questions

To examine organizational needs in freelance employment, HR managers were asked why freelancers were hired. Additionally, to explore what organisations expected from freelancers, HR managers were invited to describe what distinguishes good freelancers from bad freelancers. Second, to explore the content of freelancers' psychological contract, freelancers were asked to explain which HRM activities they expect to receive from organisations. To understand freelancers' contribution to employment relationships, freelancers were invited to explain why organisations should choose them. Furthermore, both HR managers and freelancers were asked to describe their perceptions of the relationship (i.e., transactional or relational) and explain why they perceived the relationship as such. When respondents mentioned the role of HRM activities in the freelancers' employment relationship, further probing questions were posed. All interview questions are provided in Appendices 2 and 3 (Supporting Information S1).

2.4 | Analysis

The recorded interviews were transcribed verbatim in Microsoft Word, which was also used for coding the data. The coding method of Strauss and Corbin (1990) was applied: open, axial, and selective coding (Boeije, 2016). All authors were involved in the coding process to guarantee cross-validation. Herein, the first and second authors were in the lead. Due to the explorative research design, the authors decided to use only very limited deductive codes derived from the literature. More specifically, concerning organizational needs, the only starting codes were 'numerical flexibility' and 'expertise' (e.g., Atkinson, 1984; Burke & Cowling, 2019), and for freelancers' psychological contracts the authors started with the codes 'transactional' and 'relational' psychological contracts (e.g., Rousseau, 1989).

First, open coding was done by reading the transcripts and linking codes to text fragments. For each fragment, its relevance was evaluated and subsequently given a code (Boeije, 2016). The codes summarised the information provided by the respondent on a specific topic. Second, axial coding was used for splitting, clustering, creating, and renaming the codes that came out of open coding (Boeije, 2016). Fragments classified with the same code were clustered. Axial coding helped to systematically think about how codes are related (Boeije, 2016). Finally, selective coding was performed, in which the core categories were defined by refining, selecting, and comparing the codes (Boeije, 2016). Herein, codes were compared with each other, and with the literature on the Flexible Firm Model (Atkinson, 1984) and the Psychological Contract Theory (e.g., Herriot et al., 1997).

To report the findings and answer the research question, quotes were carefully selected by the researchers based on their descriptive or explanatory nature. When finishing the coding process, the interpretation of the data was

thoroughly discussed with all researchers involved. The analysis showed that the point of theoretical data saturation has been reached (Murphy et al., 2017). Due to the explorative nature of our research design, we provided a comprehensive overview of organizational needs and expectations. Furthermore, we showed an extensive overview of the identified expectations of freelancers. Moreover, we were able to identify additional factors that were considered even stronger forces that shape inclusive HRM activities in freelancers' employment relations. Hence, the data analyses did not only provide a theoretically saturated overview of all different components presented in Figure 1, but it also showed an exhaustive overview of additional factors that appeared to play a key role in shaping inclusive HRM activities in freelancers' employment relationships.

2.5 | Findings

2.5.1 | Organisational needs for freelance employment fulfiled by freelancers' behaviour

First, organizational needs for hiring freelancers were explored. HR managers mentioned five (simultaneous) needs. HR managers discussed organizational needs related to *numerical flexibility*, related to the opportunity to end freelancers' employment relationships as they are often needed for short periods. Hiring freelancers was considered a quick solution for temporary understaffing due to maternity leave, sick leave, and employee turnover, providing organisations time to consider how to fill vacancies.

Second, HR managers explained the organizational need for freelancers' rich *expertise* or the lack of in-house specialism. Due to their expertise, freelancers were often able to manage larger projects, and possessed the required expertise that reduced preparation time. Additionally, HR managers mentioned that they hired freelancers because of their *entrepreneurial attitude*. Freelancers run their own business making them aware of what it takes to manage a business and presupposes a willingness to go the extra mile to prove themselves.

Third, organisations hire freelancers based on the external labour market, for example, when difficulties arose with filling specific vacancies due to shortages on the labour market. Finally, HR managers mentioned hiring freelancers is a way to save costs. If all freelancers would have been employees, the organisations would have needed more office space and supervisors.

Related to these needs, HR managers expressed expectations within freelance employment. Regarding the organizational need to hire freelancers to utilise their expertise, HR managers expect freelancers to *do a good job*. Furthermore, driven by the organizational need related to freelancers' entrepreneurial attitude, HR managers expected freelancers to show social behaviour and *take initiative to blend into the organization* and *show commitment to the organization*. Furthermore, HR managers emphasised transactional expectations, such as expecting freelancers to *stick to the contract*, *follow the organizational rules* and *act with integrity*. The latter referred to dealing with organizational information and regarding reporting the number of working hours (corresponding quotes are presented in Appendices—Table A [Supporting Information S1]).

Similar to HR managers, freelancers agreed on the organizational need to invest in social behaviour: *making it personal, talking to employees* and *blending into the organization*, suggesting more relational employment relationships. However, a freelancer also explained that it is important that freelancers *keep a distance* from employees. In the same vein, one freelancer emphasised that it was important for freelancers to be able to *work independently*. Additionally, one freelancer explained the difference between blending into the organization by showing commitment to employees with which they had to collaborate and being committed to the organization. According to this freelancer, the level of commitment to the assignment was higher than the commitment towards the organization. The latter seemed to contradict with HR managers' expectation that freelancers had to show commitment to the organization. In terms of optimally utilising their expertise while performing the assignment, both freelancers and HR managers emphasised that it is important to them that freelancers *do a good job*. Freelancers emphasised that they must *know their expertise*

and be of added value to the organization that may even go beyond performing the assignment well. (Corresponding quotes are presented in Appendices—Table B [Supporting Information S1]).

2.6 | Fulfiling the psychological contract of freelancers with inclusive HRM activities

Examining what inclusive HRM entails in freelance employment, HR managers and freelancers discussed freelancers' expectations towards the employment relationship. Interviewing dyads (i.e., HR managers and freelancers) enabled us to compare freelancers' psychological contract with what HR managers think that freelancers expect from organisations. Freelancers described six HRM activities to fulfil their psychological contracts: (1) providing role clarity, (2) complying with contractual agreements, (3) onboarding, (4) information sharing, (5) providing autonomy and (6) providing clarity about the future. Remarkably, HR managers only discussed the first four HRM activities, and an additional more general HRM component mentioned by HR managers was treating the freelancers well referring to not taking advantage of these freelancers.

Both freelancers and HR managers mentioned providing role clarity is one of the most important HRM activities entailing transparency and honesty about their assignments. Freelancers and HR managers explained that assignments should be clear from the start without disguising the exact content of assignments. Additionally, HR managers and freelancers mentioned that compliance with contractual agreements is expected. Especially freelancers emphasised their expectation of on time payment and compliance with financial agreements. These expectations seemed to relate to transactional aspects of psychological contracts. Regarding onboarding, HR managers and freelancers described the importance of enabling freelancers to perform assignments regarding providing the necessary resources and build connections with the people involved. In the same vein, both freelancers and HR managers described information sharing as key HRM activities. Respondents indicated that organisations should show involvement during freelancers' assignments. The latter included informing freelancers when they seemed to go into the wrong direction and communicating openly about the progress of projects. Additionally, freelancers explained their expectation to receive all information needed to execute their work. These expectations seemed to relate to relational aspects of their psychological contracts. One freelancer emphasised that freelancers should be informed about the tasks that need to be done but also needed sufficient autonomy in interpreting the assignment in their own way. Thus, a thin line seemed to exist between involvement of the organization and providing sufficient autonomy. Finally, freelancers required organisations to provide clarity about future perspectives in terms of whether assignments will be extended or not, which indicated transactional aspects of their psychological contracts (corresponding quotes are presented in Appendices—Table C [Supporting Information S1]).

2.7 | Additional factors that drive inclusive HRM activities

The findings showed several additional factors affecting inclusive HRM activities in freelance employment. These factors are categorised as: (1) institutional, (2) organizational, (3) personal, and (4) contractual. As both HR managers and freelancers referred to these additional factors to clarify the employment relationship instead of organizational needs or freelancers' expectations, the findings demonstrated that these additional factors are strong drivers in designing inclusive HRM.

In practice, both HR managers and freelancers explained that these additional factors require either more transactional or more relational HRM activities. The first factor steering towards transactional HRM activities is an *institutional* factor. Legislation withheld some HR managers to fulfil relational psychological contracts through inclusive HRM as they thought that law prohibited them to invite freelancers to drinks as the tax authority might consider it as disguised pay. Furthermore, the *organizational* perspective towards freelancers' responsibility to invest in their professional development could clarify transactional HRM activities. When organisations held freelancers responsible

for investing in professional development, organisations did not invest in this and applied transactional HRM activities. Furthermore, freelancers' *personal* preference could ask for transactional HRM activities. Some freelancers rather worked from home and kept distance from employees than blending into the organization. Finally, *contractual* factors such as freelancers' high hourly rates or distant locations at which freelancers executed assignments promoted transactional HRM activities.

In contrast, the findings showed other factors promoting relational HRM activities. For example, if the organizational culture was inclusive, more relational HRM activities were provided, such as invitations to drinks and team building activities. Moreover, freelancers' personal preferences could require relational HRM activities. For example, both an HR manager and a freelancer explained that some freelancers preferred bonding with employees indicating a preference for relational HRM activities. Lastly, other contractual factors, such as time and the content of the freelancers' assignment could result in relational HRM activities. The longer freelancers worked in organisations and the more trust between freelancers and employees was required, the more relational HRM activities were provided (corresponding quotes are presented in Appendices—Table D [Supporting Information S1]).

3 | DISCUSSION

This present study has contributed to different research areas. First, this study contributed to HRM literature by showing that the distinction between peripheral workers and core workers by Atkinson (1984) is less applicable to understanding the freelancers' employment relationship, as organisations had multiple needs in freelancers' employment. For example, freelancers were hired because of their expertise, entrepreneurial attitude, and flexibility simultaneously. Organisations considered freelancers experts who can be flexibly hired, showing the value of examining the interplay between numerical and functional flexibility that is typical for freelancers (Burke, 2015; Kozica et al., 2014). Moreover, HR managers felt forced to hire freelancers due to more external causes such as shortage on the labour market (i.e., IT specialists).

Furthermore, related to organizational needs, we identified HR managers' expectations within the freelancers' employment relationship. Comparing organizational expectations towards freelancers with freelancers' perspective on their contribution to the employment relationship, the findings seemed to indicate a high likelihood of fulfilling organizational expectations. Both parties expressed their mutual expectations about freelancers sticking to contracts, acting with integrity, taking initiative to blend into the organization, and doing a good job. However, despite common understandings of organizational needs and expectations, we conclude that organizational needs and expectations did not drive inclusive HRM activities in freelancers' employment relationships as presented in Figure 1.

Second, freelancers' psychological contracts provided value input for designing inclusive HRM activities in freelance employment. Even with limited HRM activities tailorised to freelancer employment relationships, employment relationships could include inclusive HRM activities wherein freelancers are treated decently, their interests are valued, and investing in their position on the labour market is considered (Borghouts-van de Pas & Freese, 2017; Cross & Swart, 2021; De Vos & Van der Heijden, 2017). Exploring the content of freelancers' psychological contracts, the findings indicated that both HR managers and freelancers have a common view on how inclusive HRM could fulfil freelancers' expectations. Onboarding, information sharing, role clarity and compliance with contractual agreements appeared to be fundamental inclusive HRM activities. The findings show how inclusive HRM activities include combinations of HRM activities related to the transactional contract (e.g., onboarding and providing resources needed to execute the tasks) and relational contract (e.g., onboarding and providing additional enriching resources and information). Additionally, fuelled by decent work principles (Borghouts-van de Pas & Freese, 2017), in essence HRM activities for freelancers are similar to HRM activities designed for traditional employees, however, due to the freelance employment context, the findings also showed how subtle differences in these HRM activities are needed.

Third, although, in general, a common understanding of inclusive HRM in freelancers' employment relationships among the freelancers and HR managers seemed to exist, we also identified a small number of dissimilarities among

the dyads that also have to be taken into account to avoid psychological breach in freelance employment. Freelancers' need for autonomy and clarity about future perspective was not explicitly mentioned by HR managers. Hence, knowing that psychological contracts are highly subjective, it remains necessary to negotiate mutual expectations of the parties involved when implementing inclusive HRM to avoid psychological contract breach (Robinson & Wolfe Morrison, 2000). The discussion on content of freelancers' psychological contract requires in-depth exploration, as the distinction between relational and transactional content seems to be ambiguous. For example, onboarding, could fulfil either transactional or relational content depending on specific HRM activities encompassing onboarding of freelancers (Rousseau & Tijoriwala, 1998).

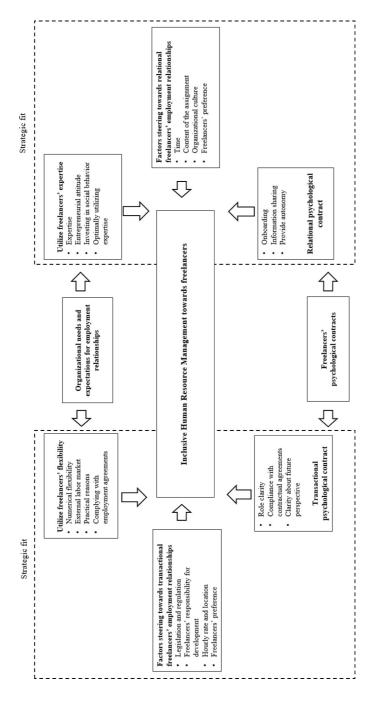
Furthermore, we contributed to strategic HRM literature as potential tensions between inclusive HRM activities are identified, which most likely hinder attaining strategic fit in freelancers' employment relationships (Boon et al., 2011; Wright & Snell, 1998). Subsequently, organisations might waste opportunities to gain competitive advantage (Wright & Snell, 1998). If HR managers implement inclusive HRM activities encouraging freelancers to blend into organisations and to show organizational commitment, it might be challenging for freelancers to share their vision and criticise organizational processes. These close social interactions between freelancers and employees might hinder freelancers' contributions to organisations. Freelancers explained that to be of added value in the organization they need distance to employees and particularly focus on their commitment to the assignment (i.e., job involvement). Hence, some freelancers need more transactional relationships to comply with written contracts. These findings connect to the Relational Archetypes model of Kang et al. (2007). Kang and colleagues explained that strong and dense relationships may result in narrow social circles in organisations and limit opportunities exploring other knowledge sources and deviate from the status quo. Therefore, if HR managers develop inclusive HRM activities requiring freelancers to build relational employment relationships, this might negatively affect transactional agreements of freelance employment.

The final contribution overarches both strategic HRM literature and theory on inclusive HRM. Additional factors were considered even stronger forces shaping inclusive HRM fulfiling either transactional or relational freelancers' psychological contracts. HR managers and freelancers explained that the duration of employment relationships, content of the assignment, organizational culture and freelancers' preferences result in inclusive HRM activities fulfiling particularly relational psychological contracts. In contrast, freelancers' own responsibility for their professional development, high hourly rates, distant location at which the freelancer might perform the assignment and law and regulation result in HRM activities fulfiling transactional psychological contracts. Here, we show the necessity to incorporate organizational, personal, and contractual factors when designing inclusive HRM.

To conclude, in current freelancers' employment relationships, inclusive HRM is predominantly driven by freelancers' expectations as perceived by the organization and additional factors, without considering the organizational needs and expectations. Therefore, a lack of strategic fit in freelance employment seemed to exist. As organizational needs did not seem to shape inclusive HRM activities, organisations might either miss opportunities to tap into the full potential of freelancers and waste valuable management resources. From a strategic HRM perspective (Boon et al., 2011; Wright & Snell, 1998), challenges remain in shaping inclusive HRM for freelancers in such a way that these activities fulfil freelancers' psychological contract and simultaneously fit the organizational strategy. The core findings are summarised in Figure 2. This overview supports HR managers in designing inclusive HRM contributing to strategic fit in freelance employment, while fulfiling both organizational needs and freelancers' psychological contracts.

4 | FUTURE RESEARCH AND LIMITATIONS

We did not distinguish between different types of freelancers when exploring freelancers' employment relationships. The term 'freelancer' covers different types of workers (Burke, 2019): (1) project workers (i.e., freelancers engaging in significant parts of particular projects that could last for multiple years) (2) gig workers (i.e., freelancers performing



Conceptual overview of what inclusive HRM entails in the freelancers' employment relationship FIGURE 2

small and short-term tasks or 'gigs' that only last for a couple of hours or days), and (3) portfolio workers (i.e., freelancers working on one or more projects or gigs simultaneously). For future research, we recommended including types of work (i.e., project, gig, or portfolio) when examining freelance employment for two reasons. First, time seems to be an important factor determining the nature of freelancers' social interactions in terms of transactional and relational interactions. Second, freelancers' type of work may affect the freelancers' positions in organisations (Atkinson, 1984). For example, project workers contributing to significant projects in organisations may be positioned in organisations' core, while gig workers are temporary present reflecting the organisations' periphery.

Third, perceptions of organisations' employees were excluded which might hinder the exploration of how strategic fit, and in turn organizational competitive advantage, can be achieved through freelance employment (Wright & Snell, 1998). Applying inclusive HRM to freelancers may cause feelings of inequity among employees. According to Psychological Contract Theory, perceptions of inequity could negative affect group dynamics reducing organizational performance (Shapiro & Kirkman, 2001). Hence, including employees' perceptions would be fruitful in researching freelance employment.

Finally, we call for more research on outcomes of HRM in freelance employment. Burke (2015) and Barlage et al. (2019) plead in favour of dense social interactions, while Kang et al. (2007) argue that social interactions should be weaker to explore other knowledge sources and deviate from the status quo. As a result, it remains unclear which HRM approach is most beneficial for optimally utilising freelancers' expertise.

5 | PRACTICAL IMPLICATIONS

First, to attain strategic fit within freelancers' employment relationships, it is recommended for organisations to consider strategically how freelancers are managed while considering the organizational strategy (i.e., organizational needs and expectations). Second, organisations are advised to invite freelancers to make the content of their psychological contracts as explicit as possible, as freelancers mentioned expectations that HR managers did not seem to be aware of. Finally, we provide an overview of inclusive HRM activities that comply with decent work principles (Borghouts-van de Pas & Freese, 2017; Guest & Conway, 2002), helping freelancers in developing careers meeting their needs and talents, and simultaneously support organisations in flexibly responding to changing market demands (De Vos & Van der Heijden, 2017). Inclusive HRM activities that appeared to be important were providing clarity on future perspective and balancing involvement towards freelancers versus allowing freelancers to interpret the assignment their own way.

ACKNOWLEDGEMENTS

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

DATA AVAILABILITY STATEMENT

The anonymised data that support the findings of this study are openly available in TiU Dataverse at https://doi.org/10.34894/AHDHGZ.

ORCID

Sjanne Marie E. van den Groenendaal https://orcid.org/0000-0002-2114-5239

REFERENCES

- Atkinson, J. (1984). Manpower strategies for flexible organizations. Personnel Management, 16, 28-31.
- Barlage, M., van den Born, A., & van Witteloostuijn, A. (2019). The needs of freelancers and the characteristics of 'gigs': Creating beneficial relations between freelancers and their hiring organizations. *Emerald Open Research*, 1(8), 1–19. https://doi.org/10.12688/emeraldopenres.12928.1
- Beer, M., Boselie, P., & Brewster, C. (2015). Back to the future: Implications for the field of HRM of the multi stakeholder perspective proposed 30 years ago. *Human Resource Management*, 54(3), 427–438. https://doi.org/10.1002/hrm.21726
- Boeije, H. R. (2016). Analyseren in kwalitatief onderzoek: Denken en doen (2e druk). [Analyzing in qualitative research: thinking and doing]. Boom Lemma.
- Boon, C., Den Hartog, D. N., Boselie, P., & Paauwe, J. (2011). The relationship between perceptions of HR practices and employee outcomes: Examining the role of person-organisation and person-job fit. *The International Journal of Human Resource Management*, 22(01), 138–162. https://doi.org/10.1080/09585192.2011.538978
- Borghouts-van de Pas, I., & Freese, C. (2017). Inclusive HRM and employment security for disabled people: An interdisciplinary approach. *E-Journal of International and Comparative Labour Studies*, 6(1).
- Burke, A., & Cowling, M. (2019). The relationship between freelance workforce intensity, business performance and job creation. *Small Business Economics*, 55, 399–413. https://doi.org/10.1007/s11187-019-00241-x
- Burke, A. E. (Ed.). (2015). The handbook of research on freelancing and self-employment. Senate Hall Academic Publishing.
- Burke, A. E. (2019). The freelance project and gig economies of the 21st century. CRSE.
- Cross, D., & Swart, J. (2021). The (ir)relevance of human resource management in independent work: Challenging assumptions. *Human Resource Management Journal*, 1–15. https://doi.org/10.1111/1748-8583.12389
- De Cuyper, N., & De Witte, H. (2006). The impact of job insecurity and contract type on attitudes, well-being and behavioural reports: A psychological contract perspective. *Journal of Occupational and Organizational Psychology*, 79(3), 395–409. https://doi.org/10.1348/096317905X53660
- De Vos, A., & Van der Heijden, B. I. (2017). Current thinking on contemporary careers: The key roles of sustainable HRM and sustainability of careers. Current Opinion in Environmental Sustainability, 28, 41–50. https://doi.org/10.1016/j.cosust.2017.07.003
- Delery, J. E., & Roumpi, D. (2017). Strategic human resource management, human capital and competitive advantage: Is the field going in circles? *Human Resource Management Journal*, 27(1), 1–21. https://doi.org/10.1111/1748-8583.12137
- Freese, C., & Borghouts, I. (2021). Hoe past inclusief werkgeven in de organisatiestrategie? Boekhoofstuk in inclusief HRM.
- Guest, D. E., & Conway, N. (2002). Communicating the psychological contract: An employer perspective. *Human Resource Management Journal*, 12(2), 22–38.
- Herriot, P., Manning, W. E. G., & Kidd, J. M. (1997). The content of the psychological contract. *British Journal of Management*, 8, 151–162. https://doi.org/10.1111/1467-8551.0047
- Kalleberg, A. L. (2009). Precarious work, insecure workers: Employment relations in transition. *American Sociological Review*, 74(1), 1–22. https://doi.org/10.1177/000312240907400101
- Kang, S. C., Morris, S. S., & Snell, S. A. (2007). Relational archetypes, organizational learning, and value creation: Extending the human resource architecture. *Academy of Management Review*, 32(1), 236–256. https://doi.org/10.2307/20159290
- Kost, D., Fieseler, C., & Wong, S. I. (2020). Boundaryless careers in the gig economy: An oxymoron? *Human Resource Management Journal*, 30(1), 100–113. https://doi.org/10.1111/1748-8583.12265
- Kozica, A., Bonss, U., & Kaiser, S. (2014). Freelancers and the absorption of external knowledge: Practical implications and theoretical contributions. Knowledge Management Research and Practice, 12(4), 421–431. https://doi.org/10.1057/ kmrp.2013.2
- Lee, G. J., & Faller, N. (2005). Transactional and relational aspects of the psychological contracts of temporary workers. South African Journal of Psychology, 35(4), 831–847. https://doi.org/10.1177/008124630503500412
- Lepak, D. P., & Snell, S. A. (1999). The human resource architecture: Toward a theory of human capital allocation and development. Academy of Management Review, 24(1), 31–48. https://doi.org/10.5465/amr.1999.1580439
- Lo Presti, A., Pluviano, S., & Briscoe, J. P. (2018). Are freelancers a breed apart? The role of protean and boundaryless career attitudes in employability and career success. *Human Resource Management Journal*, 28(3), 427–442. https://doi.org/10.1111/1748-8583.12188
- Longhurst, R. (2003). Semi-structured interviews and focus groups. Key Methods in Geography, 3(2), 143-156.
- McLean Parks, J., Kidder, D. L., & Gallagher, D. G. (1998). Fitting square pegs into round holes: Mapping the domain of contingent work arrangements onto the psychological contract. *Journal of Organizational Behavior*, 19(S1), 6972–7730. https://doi.org/10.1002/(SICI)1099-1379
- Murgia, A., & Pulignano, V. (2019). Neither precarious nor entrepreneur: The subjective experience of hybrid self-employed workers. *Economic and Industrial Democracy*, 42, 1350–1377. https://doi.org/10.1177/0143831X19873966
- Murphy, C., Klotz, A. C., & Kreiner, G. E. (2017). Blue skies and black boxes: The promise (and practice) of grounded theory in human resource management research. *Human Resource Management Review*, 27(2), 291–305.

- Noorderhaven, N., & Harzing, A. W. (2009). Knowledge-sharing and social interaction within MNEs. *Journal of International Business Studies*, 40(5), 719–741. https://doi.org/10.1057/jibs.2008.106
- Robinson, S. L., & Wolfe Morrison, E. (2000). The development of psychological contract breach and violation: A longitudinal study. *Journal of Organizational Behavior*, 21(5), 5252–5546. https://doi.org/10.1002/1099-1379(200008) 21:5<525::AID-JOB40>3.0.CO:2-T
- Rousseau, D. M. (1989). Psychological and implied contracts in organizations. *Employee Responsibilities and Rights Journal*, 2(2), 121–139. https://doi.org/10.1007/BF01384942
- Rousseau, D. M., & Tijoriwala, S. A. (1998). Assessing psychological contracts: Issues, alternatives and measures. *Journal of Organizational Behavior*, 19(S1), 679–695. https://doi.org/10.1002/(SICI)1099-1379(1998)19:1+<679::AID-JOB971>3.0.CO;2-N
- Shapiro, D. L., & Kirkman, B. L. (2001). Anticipatory injustice: The consequences of expecting injustice in the workplace. Advances in Organizational Justice, 32(5), 152–178.
- Strauss, A., & Corbin, J. (1990). Basics of grounded theory methods. Sage.
- Turnley, W. H., Bolino, M. C., Lester, S. W., & Bloodgood, J. M. (2003). The impact of psychological contract fulfillment on the performance of in-role and organizational citizenship behaviors. *Journal of Management*, 29(2), 187–206.
- Van den Born, A., & Van Witteloostuijn, A. (2013). Drivers of freelance career success. *Journal of Organizational Behavior*, 34(1), 24-46. https://doi.org/10.1002/job.1786
- Wright, P. M., & Snell, S. A. (1998). Toward a unifying framework for exploring fit and flexibility in strategic human resource management. *Academy of Management Review*, 23(4), 756–772. https://doi.org/10.5465/amr.1998.1255637
- Wynn, M. (2015). Organising freelancers: A hard case or a new opportunity? In A. E. Burke (Ed.), *The handbook of research on freelancing and self-employment* (pp. 111–120). Senate Hall Academic Publishing.
- Zhao, H. A. O., Wayne, S. J., Glibkowski, B. C., & Bravo, J. (2007). The impact of psychological contract breach on work-related outcomes: A meta-analysis. *Personnel Psychology*, 60(3), 647–680. https://doi.org/10.1111/j.1744-6570.2007.00087.x

SUPPORTING INFORMATION

Additional supporting information may be found in the online version of the article at the publisher's website.

How to cite this article: van den Groenendaal, S. M. E., Freese, C., Poell, R. F., & Kooij, D. T. A. M. (2022). Inclusive human resource management in freelancers' employment relationships: The role of organizational needs and freelancers' psychological contracts. *Human Resource Management Journal*, 1–17. https://doi.org/10.1111/1748-8583.12432