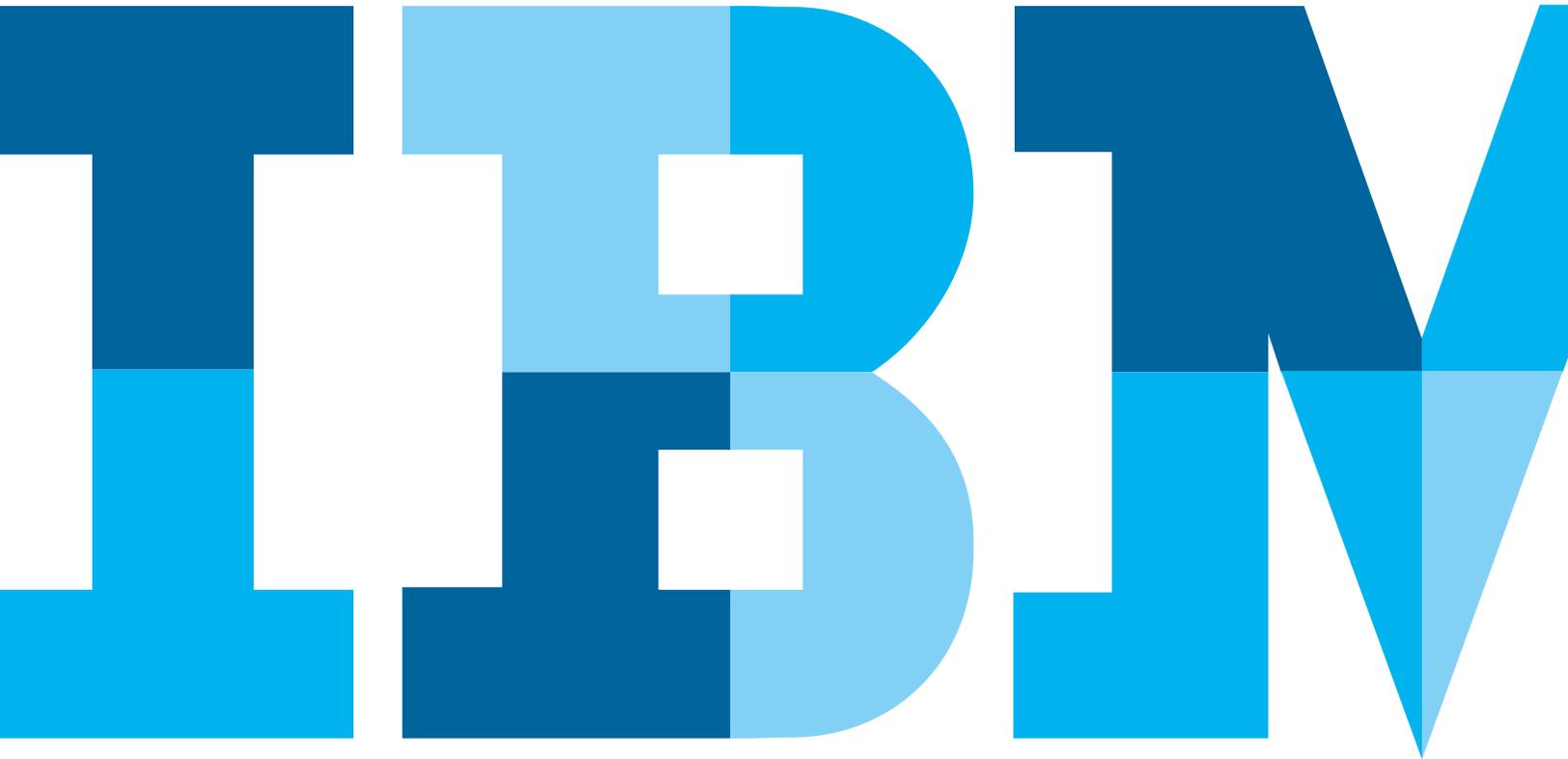


IBM® Smarter Workforce Institute

# Independent workers

*Does national culture matter?*

*By Dr. Rena Rasch, IBM Software Group*



Despite being cast as victims of the economic downturn, an overwhelming number (94 percent) of independent workers (a/k/a contractors, freelancers, consultants) in the U.S. enjoy their work arrangement (see figure 1.)<sup>1</sup> But, are independent workers so satisfied everywhere? The experience of an independent worker in North America may be quite different than that of an independent worker in Europe or South America. What cultural differences might explain any variation across countries? New analyses from the Smarter Workforce Institute explored these questions with a selection of 2,000 independent workers across 20 countries from the IBM WorkTrends study.<sup>2</sup>

### Independent workers differ (a little) across the world

To begin, the importance of home country was evaluated by estimating the percent of variation attributable to country membership. Seven percent<sup>3</sup> of the differences across independent workers in their level of enjoyment depends on the country in which they live. In other words, independent workers are more satisfied in certain countries than others. Then again, this also means 93 percent (100 minus 7) of the difference across independent workers is not due to country. Therefore, country matters, but only a little.

### Independent workers are less satisfied in East Asia

So, which countries are better or worse for independent workers?<sup>4</sup> Only 21 percent of the 190 paired (country-by-country) comparisons were statistically significant.<sup>5</sup> The most consistent differences were found in Japan and South Korea, which account for 19 and 23 percent of the statistically significant paired comparisons, respectively. Independent workers in both of these countries tend to enjoy being an independent worker less than workers in the other countries. This tendency can be observed in Figure 1.

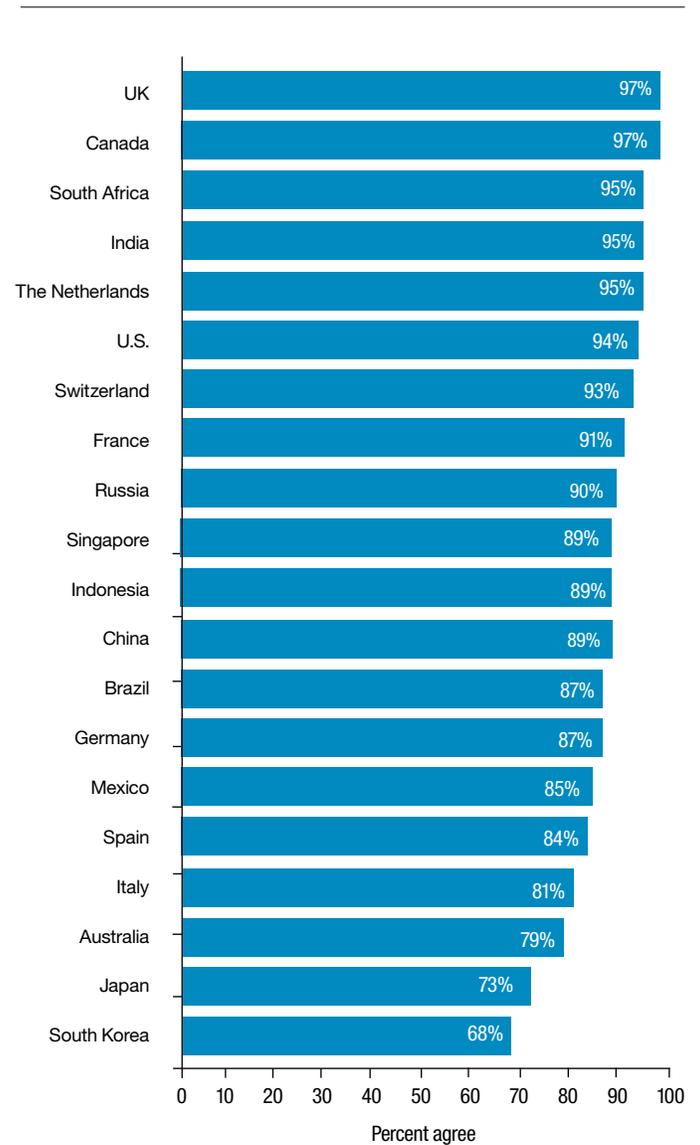


Figure 1: I enjoy being an independent worker

Source: WorkTrends 2013/2014 independent workers across 20 countries (n=2,000).

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But, why are independent workers in certain countries more or less satisfied? To answer this question, three explanatory variables were added to the country level of the statistical model—scores on two relevant cross-cultural dimensions (individualism and uncertainty avoidance)<sup>6</sup> and whether a country has universal healthcare.<sup>7</sup>

### **There's no I in team, but there is in independent worker**

People in individualistic countries tend to value self-reliance over depending on others. Individualism vs. collectivism can be summarized as an “I” vs. “we” mentality—and independent workers definitely fall on the “I” side. Naturally, independent workers were expected to hold a more positive attitude about their work arrangement in more individualistic countries — such as the U.S. and Australia—compared to more collectivist countries—such as South Korea and Indonesia.

As expected, independent workers in more individualistic countries enjoy their work arrangement more. It stands to reason that more individualistic cultures are more supportive of independent workers—being on your own is culturally permissible. Or, on the other hand, independent workers with their autonomous lifestyles may unintentionally violate cultural norms in more collectivistic countries that place greater value on in-group membership, and as a result may enjoy their work arrangement less.

### **The only thing that's certain is uncertainty**

Uncertainty avoidance refers to the degree to which people tend to be uncomfortable with ambiguity. For many independent workers, uncertainty is part of the package, and they endure this insecurity in exchange for greater freedom. Given the inevitability of this trade-off, independent workers were expected to hold a less positive attitude in countries higher in uncertainty avoidance—such as Russia and Japan—compared to countries lower in uncertainty avoidance—such as Singapore and China.

As expected, independent workers in countries that score higher in uncertainty avoidance enjoy their work arrangement less. The insecurity of not knowing from where your next paycheck will come is hard for all independent workers, no matter the country in which they live. But, these results suggest it is even harder for independent workers to bear in countries that tend to place greater value on certainty.

Taken together, these results suggest cross-cultural differences explain some (but not all) of the variation across countries. Individualism and uncertainty avoidance combined explain 56 percent of the cross-country variation in independent workers' enjoyment of their work arrangement. But, there are clearly other factors at play, because 44 percent of the variation was left unexplained. For example, in Japan the “salaryman” has long been the ideal model for business professionals, characterized by unquestioning loyalty and devotion to the organization in exchange for lifetime employment and exceptional benefits, though this tradition seems to be slowly fading especially among the younger generation (Economist, 2008).

### **Independent workers still enjoy their arrangement without universal healthcare**

Independent workers by definition are not entitled to the healthcare benefits offered by organizations to their employees. Some countries have more developed social welfare programs than others. In 2009, the World Health Organization identified 58 countries with universal healthcare, including 12 of the countries in this sample (Stuckler, et al., 2010).<sup>8</sup> Independent workers in countries with universal healthcare were expected to hold a more positive attitude about their work arrangement than those in countries without this benefit.

Contrary to expectations, universal healthcare did not explain cross-country variation. It seems access to universal healthcare is less important than expected to independent workers' attitudes. Perhaps they rely on their employed spouses' benefits for medical insurance. Or, perhaps the cost of paying out of pocket for medical insurance does not outweigh the benefits of being an independent worker, such as greater freedom, variety, and flexibility at work.

## Summary and Conclusions

Generally speaking, independent workers across the globe are mostly similar in their level of satisfaction with their work arrangement, but country does matter, if only a little. Most (but not all) of these differences can be attributed to culture, especially individualism/collectivism and uncertainty avoidance. Specifically, the least satisfied independent workers live in two East Asian countries: Japan, which has one of the highest uncertainty avoidance scores among the countries examined, and South Korea, which has one of the lowest individualism scores.

Some scholars have discussed the need for a fundamental shift in the way talent is managed and work gets done (Cappelli, 2008). In addition to relying on in-house employees, organizations must also turn to non-traditional work arrangements, such as temporarily contracting with independent workers. Results of these analyses suggest organizations implementing this strategy may encounter more roadblocks in certain countries than others, especially in countries characterized by collectivism and uncertainty avoidance.

## For more information

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## About the Author

Dr. Rena Rasch has been with IBM's Smarter Workforce Institute since 2008 and as part of her responsibilities has managed the Institute's WorkTrends study, a large-scale employee opinion survey of over 33,000 workers in 26 countries globally. Rena values empirically based practices, and she uses her skills in psychometric theory, research design, and statistics to develop valid and reliable HR tools and knowledge. In addition to her responsibilities at IBM, she publishes in academic and business journals, including the Journal of Applied Psychology and Journal of Business and Psychology, as well as having several book chapters to her name. She is a member of the Society for Industrial and Organizational Psychologists (SIOP), and frequently presents at its conference amongst others. Rena received her Ph.D. from the University of Minnesota's industrial/organizational psychology program.

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- 1 The item is “I enjoy being an independent worker.” and it was rated on a 5-point Likert scale from strongly disagree to strongly agree.
- 2 To produce a sample of 2,000 independent workers equally weighted across countries, a random sample of 100 workers was selected from each of 20 countries in the total WorkTrends 2013/2014 sample, including Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Netherlands, Russia, Singapore, South Africa, South Korea, Spain, Switzerland, U.S., and UK.
- 3 ICC(1) = .07
- 4 A two-level null model was fitted to the data, with independent workers nested in countries (this model approximates a one-way ANOVA). For detailed results, please contact Rena Rasch at rrasch@us.ibm.com
- 5  $p < .05$ , using Tukey’s HSD correction for family-wise error.
- 6 Cultural dimension scores for each country were obtained in December of 2014 from Hofstede Center (see references).
- 7 Universal healthcare was operationalized as a 0/1 dummy coded variable, with 1 meaning the country has universal healthcare.
- 8 Countries include Australia, Canada, France, Germany, Italy, Japan, the Netherlands, Singapore, South Korea, Spain, Switzerland, and the UK.

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