

**Formation of informal and decentralized value chains through
platform outsourcing: Exploring the network of Serbian UpWork
freelancers**

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Abstract

This thesis explored the case of the formation of value chains through the outsourcing of work via digital labour markets. It illuminates on how these value chains span beyond digital labour market UpWork and are built on the local relations within Serbian freelance network. The main question of the thesis is how the organization of production specific to UpWork, as well as locally conditioned market positions and structural differences of freelancers, shape the relations within this network. Firstly, I analyse how the value chains span into the network through re-outsourcing of work between freelancers and enable value capture for individual freelancers. Those who outsource act as suppliers in the value chains and depend on trust relations with their subcontractors, while those subcontractors who are in weak structural positions both on the platform and domestic labour market depend on them for access to jobs and platform reputation. Secondly, I show how the network is utilized for learning, as well as social and emotional support. As freelancers act as fragmented suppliers of which majority is in extremely precarious positions and acts mostly as a labour reserve army, these processes are needed for their further engagement in the market. Furthermore, due to structural constraints, this network lacks capacities for political organization and it serves primarily individuals to compete within these value chains. Thus, the processes of value creation and capture, learning and cooperation, as well as relational work, which are regularly integrated into firm value chains, are in the case of platform outsourcing dispersed and decentralized throughout the freelance networks constructed from the bottom-up.

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Introduction

The last decade saw an explosion of platform work around the globe (e.g. Horton, 2017; Srnicek, 2016). Large investments in digital technology after 2008 financial crisis (Srnicek, 2016) systematic flexibilization of labour (Breman & van der Linden, 2014), and rising internet connectivity (Ash, Kitchin,& Leszczynski, 2018) enabled tens of millions of people to work on platforms (Srnicek, 2016). A particular type of work platforms labelled as digital labour markets (Srnicek 2016; Scholz, 2017, Huws, 2017) enable remote work with over 90% of transactions being conducted across the borders (Horton, 2017). The biggest of these platforms is “UpWork” (Online labour index, 2019), on which this research will focus. Digital labour markets have seen a steady increase in the number of freelancers by 20% year on year, significantly increasing the proportion of freelance labour in the total workforce (Online labour index, 2019). Global lockdown caused by the Covid-19 pandemic exacerbated the use of digital labour markets. Data from Oxford’s Online labour index (2020) indicate that the number of registered freelancers across the world has surged by 30% from February to April 2020. On UpWork, the biggest digital labour market, the growth of newly registered freelancers increased between 80% and 100% in comparison with previous months. (Shallom, 2020) Thus, the work on digital labour markets represents a fast-growing trend in contemporary and future employment.

Digital labour markets enable a novel type of offshore outsourcing (Oshri, Kotlarsky, & Wilcocks, 2017; Peck, 2017). Outsourcing of work through platforms such as UpWork operates through similar guiding logic as standard offshore outsourcing to supplier firms. Outsourcing firms seek to exploit unevenly developed geographical regions to reduce labour costs and access skilled labour which is primarily located in global peripheries (Peck, 2017; Lehdonvirta, et al 2019). However, this mode of outsourcing is different in several ways.

Firstly, the suppliers in these value chains are not supplier firms or branches which are governed by a lead firm in more or less hierarchical forms (Gereffi, 2005), but rather a crowd of one-person micro-providers (Lehdonvirta, 2019). Furthermore, outsourcing firms are usually not medium or large companies as it is the case with classical outsourcing, but rather individuals or small enterprises (Corporaal & Lehdonvirta, 2017). Thus, both capital and labour come from rather small and decentralized units on the market. Secondly, the process of outsourcing is not governed by a lead firm or intermediary firms but completely mediated by digital platforms (Lehdonvirta et al, 2019). The technologies implemented in these platforms precisely enable this decentralized form of outsourcing of work, through cheap finding, contacting, controlling and paying workers (Lehdonvirta et al, 2019). Thirdly, although digital labour markets sometimes enable full-time employment, they are primarily used for efficient outsourcing of limited pieces of work, smaller projects, and projects with high turnaround times (Corporaal & Lehdonvirta, 2017).

Thus, platform freelancers are forced to act as enterprises on the global market, although they are not integrated within clear hierarchical structures of the value chains. In short, value chains can be defined as process through which labour, technology and material inputs are put to production and the outputs are produced, marketed and distributed (Gerrefi, 2005). If all these processes are integrated in a single firm, it consists of only one link. However, in the process of outsourcing the production is fragmented and scattered so these different links of the process combine in value-adding chain. This chain is then managed by a leading firm through different forms of governance (Gerrefi, 2005). Although platform outsourcing does not have a lead firm which governs different links, some aspects of the value chains can be translated into this context. This is the topic of my thesis.

As previous literature on digital labour markets indicates (Wood et al, 2019; Lehdonvirta, 2019), these workers do not necessarily participate in the markets as isolated individuals. Rather they associate in local online groups outside of the digital labour markets. In these groups, they exchange jobs and information. Wood et al (2019) theorize these groups through Granovetter's (1983) concept of embeddedness and argue that personal relations help them to overcome low trust environment when outsourcing jobs to each other. This way, the value chains of platform outsourcing span globally from platform employers to suppliers, mediated through platforms, but also end up entangled in local sets of relations.

My research will explore how these value chains span beyond platforms and are enmeshed in the local informal relations. To do this I will explore the network association of Serbian UpWork freelancers. Serbian platform workers represent one of the biggest freelance populations in the world (OLI, 2019), but also from "UpWork" (2019), the largest digital labour market. These freelancers have formed an immensely large online network called UpWork Srbija outside of the platform market with over 30 000 members. This vivid Facebook group contains dozens of posts and hundreds of comments per day by various freelancers. It represents the main entrance point to the UpWork platform for the freelancers and a dominant space for the interaction between them. This is where freelancers outsource their work, search for jobs, develop new skills, share information, and support each other.

Due to the specificities of platform outsourcing outlined above, it is not possible to explore these relations in the freelance network from the top-down perspective and look into how lead firms govern their value chains. In fact, these relations can't be said to be part of the value chains in the literal meaning of the word. Rather, this research will show how informal and invisible relations can have similar functions as firm activities in standard value chains. To do this, a bottom-up and flexible approach to the decentralized and spontaneous organization of these freelancers is necessary. This will be done through the notion of

network organization, which is distinct from both hierarchy or market relations of exchange in classical organization literature (Podolny & Page, 1998; Power, 2012). Networks can be defined as a collection of actors which pursue repeated relations amongst each other, without any legitimate authority which governs these exchanges (Podolny & Page, 1998). On the one hand, these networks enable small firms to mutually exchange information, resources and form relations of trust which facilitate exchange between them. Reputation, friendship, support and altruism often become parts of these network relations (Powell, 2012). On the other hand, these networks are ultimately collections of self-interested individuals who pursue interests at the expense of others (Powell, 2012). These two tendencies between the pursuit of self-interest and co-operation between the actors in mutually dependent relations within the network (Podolny & Page, 1998; Powell, 2012). Castells (1996) uses the concept of social networks to show how to diffuse outsourcing and subcontracting in a digital setting transforms the morphological structure of labour relations. Firms and workers are constantly adapting to the market flows and change their positions within these networks. and the very boundary between them is being blurred.

Although the network approach is useful to describe the entrepreneurial logic of association within the network, these micro-providers are not enterprises. Although they are self-employed, control their means of production and are formally service providers, they are forced to permanently sell their labour on the market. Thus, they can be rather seen as a self-employed working class (Fuchs, 2010), which is a growing trend also outside of the platforms. These freelancers are mostly precarious, subjected to new forms of exploitation and self-exploitation and shifting rapidly between self-employment, employment, unpaid labour or unemployment (Fuchs, 2010). Previous research has indicated that there are large differences between freelancers and that only a minority manages to develop into business (Wood et al, 2018). The vast majority of freelancers are in extremely weak structural

positions (Graham & Anwar, 2019) and are extremely precarious (Wood et al, 2018). They are forced to compete on the global market with a large oversupply of labour (Graham & Anwar, 2019) and only a small minority manages to get any jobs (UpWork, 2019). Besides radically different job opportunities and incomes (Lehdonvirta, 2019), these freelancers differ in fundamental interests and identities (Lehdonvirta, 2016). This lead various authors (e.g. Lehdonvirta 2016) to pose a question on how the organization of such heterogeneous group in weak market position is possible.

The main question that this research intends to answer is then: How do freelancers in structurally different and precarious positions, who are forced to act as enterprises, associate in common networks?

Marxist approach to labour relations in general, and labour process theory in particular (Burawoy, 1982; Smith, 2012; Thompson, 1983) argue that to understand labour relations it is necessary to look into the concrete material labour process. That is, scholars need to look into how value is produced through the utilization of labour-power during the work process and how production is organized. I will follow this logic and attempt to focus on specific aspects of the labour process such as finding work on the platform, completing work tasks, engaging with control mechanisms, and competing on the global market. This way, I will be able to understand how the organization of production experienced from bellow shapes the relations within the network. Besides the labour process, to understand the relations within this network it is necessary to explore who these workers are. That is, it is important to understand local political and economic processes which push freelancers to labour markets and define their positions on them. This way, the unequal market positions of the freelancers and different interests and identities could be accounted for.

I will combine these approaches to show how relations within the UpWork Srbija freelancers network are shaped. By grounding freelancers in concrete material organization of production and their entanglement within local political-economic processes I want to avoid an important downfall of network analysis, which is the neglect of broader processes outside of the network that shape its dynamic. In this research, I will show how the heterogeneous platform workforce embedded in local political-economic processes in Serbia and whose labour process is structured by specific organization of production associates in the network. I will illuminate how freelancers in unequal structural positions and conflicting identities engage in complex relations of differentiation, exploitation and cooperation within the UpWork Srbija freelance network. The network approach will enable me to flexibly analyse these different relations of interdependence separately and relate them to mechanisms of platform outsourcing and structural positions of different freelancers. Moreover, it will enable me to connect local relations between freelancers with higher instances in the value chains, or the platform employers. Importantly, it is important to mention that this analysis is primarily exploratory and that the scope of these questions is beyond a single MA thesis. This is why this research will primarily raise important questions and provide an outline for my future research on this topic.

In the first chapter, I will describe the digital labour market and analyse how they structure the labour process. More specifically I will describe how freelancers construct profiles on the platform, how they apply for jobs, how are they related with other freelancers and employers, how are they controlled and what problems in the management of platform work emerge. This way, I will isolate the main aspects of the digital labour market labour process which I find relevant for the establishment of the relations within the “UpWork Srbija” network. This analysis will be based on the analysis of the UpWork platform labour process and data, as well as the secondary literature.

In the second chapter, I will explore who are the Serbian UpWork freelancers and how did they emerge out of the convergence between the platform outsourcing mechanisms outlined in the first chapter and the local political-economic processes in Serbia. I will show which factors push freelancers to the digital labour market and how they shape their position on these markets. Thus, I will illustrate the composition of this extremely heterogenous group and indicate the main structural differences that exist between them. This chapter will enable me to show how localized processes and inequalities between freelancers shape their relations within the “UpWork Srbija” network. In this chapter, I will combine secondary literature on the political economy of Serbia, secondary data on Serbian freelancers and interviews I conducted.

In the third chapter, I will analyze the first type of network relations I have identified: re-outsourcing of work. I am going to illuminate how freelancers act as enterprises in these networks by simultaneously capturing value but also building trust to facilitate future interactions. I will show how these hierarchies are structured by the platform labour processes described in the first chapter and local conditions within which freelancers are embedded described in the second chapter. Furthermore, I will show how these relations span beyond local networks to higher positions in the value chain – platform employers. This and the next chapter are based on participant observation, which included my active engagement within the freelance network. I undertook outsourced work and participated in the network discussions, but also observed online interactions between freelancers., The section is also based on the interviews I conducted with freelancers.

In the final chapter, I will analyse the second set of relations within the network: support and organization. Firstly, I will show how collective work and exchange within the network enable freelancers to compete in the labour market through learning, but also how the competition is limited through structural processes described in previous chapters. Secondly,

I will explain how freelancers do not act merely as economic subjects, but rather as precarious workers. They socially and emotionally support each other which enables those in weak structural positions to stay engaged with the market. Further, the limitations of political organization of freelancers will be outlined. Finally, I will suggest how these relations within networks are related to platform employers on the higher instances of value chains.

Fieldwork lasted from August to November 2019. It consisted of the analysis of secondary sources, UpWork platform features, participant observation ethnography within the freelance network and interviews. I have conducted a total of 21 interviews. I found the interviewees through the online network “UpWork Srbija”, but also through personal contacts. As the platform workers are extremely diverse in many respects and are in unequal positions of power which are relevant for the network relations I explore, I aimed for a maximization of variation in the sample. That is, the people I interviewed come from different professions, have different experience and income on the platform, and there is an approximately similar number of male and female freelancers. Most of the interviews were conducted online through Skype as most of the freelancers were scattered all over the country and it was their preferred mode of inquiry, but I also had some in-person interviews.

Finally, my position in this research is quite relevant. I have been freelancing on UpWork for several years and doing jobs ranging from research to data analysis and translation. I am a part of the network I have been researching for a few years, although not an active one. This provides me with valuable insider experience of working on the platform, but also of outsourcing of jobs between freelancers and finding and providing support within the network. This engagement equipped me with an autoethnographic understanding of how freelancers negotiate local conditions through digital labour markets and relate to each other within the network. Thus, some parts of my empirical material comes from auto-ethnography. However, this close engagement with the platform work and the community also exposes me

to the lack of distance from the informants and platform work, which might limit my reflexivity.

Lastly, certain ethical dilemmas have emerged during this research. As a part of the network, I have had access to numerous sensitive online interactions between the freelancers. Most of these freelancers work on the informal market, but also find various ways to circumvent some of the rules posed both by the platform and by the employers. Most act through their personal names, which they also use on the platforms and in the local legal system. That is, the exposure of this information can lead either to the legal consequences, danger to the online reputation, or even removal from the platform. This was my main dilemma and worry of many freelancers.

Organization of production on the digital labour market

The main question of this thesis is how freelancers organize in local networks, outside of the digital platform infrastructure. My starting point is a materialist line of reasoning according to which the understanding of the relations between workers are conditioned by an organization of production (Burawoy, 1982). That is, how the production is constructed determines the ways in which they connect, the ways in which they experience these relations and form an ideological understanding of them (Burawoy, 1982). Thus, to understand the possible relations established within UpWork Srbija network, it is necessary to look into how the work on the platform is being done at the point of production or the labour process (Smith, 2012; Thompson, 1983). This chapter will only briefly analyse main aspects of the labour process on the digital labour markets since the main focus of the thesis is on the freelancers' networks, but also due to word limit constraint.

Labour process can be understood broadly as a process of transformation of labour-power into labour for the production of value (Smith, 2012). The labour process is a part of the wider dynamics of the circulation of capital with the extraction of surplus value from labour at the core of this process. However, these labour processes can't be understood from the macro trends in capitalist development and are historically and spatially specific (Smith, 2012; Thompson, 1983). Organization of the labour process in the digital labour markets constitutes of different processes which ensure value extraction thus needs careful analysis of its specificities. These processes consist of the production of relations between workers and employers and between individual workers, as well as practical processes of value production or transforming of labour-power into labour (Burawoy, 1982). The relations of freelancers with employers, other freelancers, how work is done, and control over labour exercised (Thompson, 1983) unique to the digital labour markets will be analyzed in this chapter. Furthermore, due to the specificities of the labour process on digital labour markets (Smith,

2012), additional processes will be analysed. Namely, I will see how spatial distribution of elements of the labour process and extreme mobility of capital (Smith, 2012), as well as different structural positions of informal labour (Smith, 2012) on digital labour markets, shape the labour relations. This chapter will be based on an analysis of the functioning on the UpWork platform and the data provided by it.

How does the work on UpWork look like?

As it is the case with other digital labour markets (e.g. Huws, 2017; Schmidt, 2017; Scholz, 2017, Srnicek, 2017), UpWork platform primarily enables matching of the employers with the digital workers for completion of work tasks on the platform and mediating the labour process. This mediation consists of monitoring and administration of the work process, reputation systems, monetary transactions, dispute settling and communication between involved parties.

Most of the employers are individual entrepreneurs or small companies. However, big multinational companies such as Airbnb, Dropbox and Microsoft are also actively using it (UpWork, 2019d). These employers are mostly located in the United States, but also the UK, Canada, Australia and Western Europe. Freelancers come mostly from developing countries such as India, Pakistan and Philipines, but also US, Russia, and Finally Serbia. Most of the work contracts on UpWork encompass skilled or semi-skilled jobs such as data entry, software development, graphic design, writing, virtual assistance and marketing (UpWork, 2019d). These are usually fragmented tasks or short-term projects, although long term projects and employment can also be found on the platform. Since most of the jobs are small in scale, individual freelancers usually apply for many jobs at the same time and sometimes work simultaneously on them.

The work process starts when freelancers register their profiles on the platform and verify their identities. They are supposed to build their profiles by presenting their work history, indicating the skill they possess and write or film a brief presentation of themselves. They are supposed to indicate categories of work within which they would engage and write in their description what are their desired positions. Furthermore, freelancers indicate the average hourly wage that they expect to earn on the platform. Besides these parameters which freelancers themselves indicate some parameters are automatically adjusted for them by the platform. These are platform work history, comments from the employers and reputation score. Jobs which were previously conducted on the platform with their descriptions, duration and amount of money earned are automatically displayed on the profile. Furthermore, employers are leaving feedback on freelancers' work in the form of comments and grades. These grades consist of several parameters such as quality of work, fitting into the project schedule, communication etc. Part of the grade are also overall activity and responsiveness rate which are provided directly by the platform.

Freelancers then enter the job market with their profile. Freelancers enter the job search by scrolling through thousands of jobs available on the platform. They can adjust the filters to get only the jobs relevant to their skills or availability. However, platform algorithms also list jobs based on predicted relevance for freelancers, which are in accordance with their profile. The application process consists of writing a message to the employer and presenting relevant skills needed for the task, as well as previous work history. They also indicate how much time they think it would be necessary for the task and what is their proposed hourly or fixed rate of payment. Alternatively, when employers are browsing the platform, they do not see available jobs, but rather profiles of freelancers. These profiles are sorted by the relevant skills, but also reputation scores, so those with the matching qualifications and higher scores

are shown first in the search. This way, the strength of the profile determines the chances of getting a job, which is particularly strong in the case when employers search for freelancers.

When freelancers match with employers they are meeting on an interview. This is, however, not mandatory and they can start the work contract right away. The job contract is thus agreed upon by both parties and it is structured by the platform. This is not the real contract and it only serves the platform to mediate the conflict, if freelancers and employers have mutual disagreements and demand platform arbitration. All the communication between these parties is supposed to occur on the platform provided chat and video calls. If alternative methods are used, the platform does not guarantee for enforcing arbitration. When the work process starts freelancers can work a project on the platform, or outside of it, depending on the agreement with the employer. If they work outside of the platform, they manually indicate how much time the project took. Alternatively, the platform provides mechanisms for tracking work. Employers are then able to see how much time have freelancers worked and to access random screenshots of the freelancers' screens and a number of mouse clicks. This is how the platform ensures control in the workplace. When the project is done employers review it and pay if they approve it. The platform has an integrated payment mechanism, so the money flows directly from the profiles of employers to the profiles of freelancers. After the work is done, both employers and freelancers provide feedback for each other.

An important aspect of the UpWork is how freelancers are related to each other. When applying for jobs freelancers only see the job description and very few information on the employer. They cannot see other freelancers and the process of the job application is anonymized. Individual freelancers can only see a number of people who applied for the same job. This market is extremely competitive and only a few freelancers manage to get jobs. Individual job adds can have from several to hundreds of applicants. On a more general

level, in 2019 there were around ten million freelancers registered on the platform, while there were less than two million jobs.

The inequalities between freelancers do not only concern access to jobs. The hourly wage rates of these workers differ significantly. They range from the minimum wage of 3\$ per hour to hundreds of dollars per hour earned by a minority of freelancers. These wages differ significantly on the experience of freelancers, but also domains within which they work. For example, wages in the domain of translation are often up to 10\$ per hour or less, while those in software development or intellectual property law are usually tens or even hundreds of dollars per hour. These wages are also reflecting cross country differences. This is in line with the previous research (Lehdonvirta et al, 2019) which aggregated the data from all the users of the platform and discovered large differences in wages, which reflect real inequalities in the income of these countries.

Labour process on UpWork

Firstly, as can be seen from the previous section, platform workers or freelancers are structured individual suppliers or micro-providers (Lehdonvirta, 2019; Gandini, 2019). They are supposed to develop their skills, position on the market, co-ordinate different services, manage themselves, and maintain a reputation for further engagements. Thus, this hyper-outsourcing model externalizes the expenses of work equipment, skill development, management and other aspects of the labour process (Smith, 2012) to freelancers. They are not formally in a work relation, but they rather act as an enterprise which provides services to another enterprise on the equal hierarchical level. This is in line with a more general transformation of employment outside of the platforms (Gershon, 2017).

Secondly, the jobs being conducted on the platform are usually micro tasks or short-term projects. Freelancers need to work on several jobs simultaneously to achieve full working time. Thus, they engage in a constant hunt for smaller jobs and constantly demonstrate their competitiveness on the market. In general, they are prevented from developing a fixed set of skills or job identity but are constantly flexibly adapting to the market (Smith, 2012). Moreover, parts of the work are easily coded and convenient to outsource (e.g. Gereffi, 2005). This fragmentation of jobs also means that they can technically be further outsourced. This way, the labour process is diffused and can be easily decentralized.

Next, control in the workplace (Smith, 2012) represents one of the fundamental innovations in the labour process on the platforms (Gandini, 2019). The control is exercised through surveillance (e.g. Fuchs, 2012) and reputation mechanisms described in the previous section. Reputation mechanisms enable invisible management of workers through platform algorithms. They are not directly disciplined by the employers, but low reputation scores automatically mean lower chances of getting another job. This leads to “radical responsabilization” (Gandini, 2019) of the freelancers. Managing and maintaining a good reputation represents a key for understanding competition on the market with an immense oversupply of labour.

Further, freelancers are individualized and fragmented, as they are individually inserted into the labour process (Smith, 2012). They cannot see other freelancers, communicate or socialize with them and can individually negotiate only with the employer. The organization of this aspect of the labour process thus decreases the individual power of the freelancers versus the employers but also impedes the possibilities of collective resistance or organization (Gandini, 2019). The geographical dispersion is a particularly important factor in this fragmentation. As previous research (Wood et al, 2019) argued, these freelancers are disembedded from the local relations with each other but also the governance of institutions.

Next, not only that freelancers are fragmented but they are put in constant competition with each other. Due to the large oversupply of labour, they are forced to compete for available scarce jobs. This is done on a global level where through uneven development employers can constantly choose freelancers with lower wages. Platform capital is extremely mobile as a platform enables extremely efficient spatial fix (Joseph & Greene, 2015; Harvey, 2001). Thus, this global competition does not only affect solidarity, but also pushes freelancers to improve the quality of their work, but also to reduce their hourly wages as this capital can constantly move (Smith, 2012). Combined with the importance of reputation mechanisms on the platform, especially for beginners, this means that they are sometimes urged to work only for good feedback and grades.

Finally, when looked from the side of the employer, despite control of surveillance and reputation, platform outsourcing poses problems of management of labour process such as opportunism, quality control, integrity, communication, management, and coordination (Horton, 2017; Peck, 2017). That is, employers need to put additional resources to be able to trust and manage the workers who are far away. This is the problem of “bounded rationality” (e.g. Granovetter, 1983) which represents the problem of anticipating contingencies in the market relations. Digital labour market employers indicate that purchasing labour-power on platforms is problematic because of the indeterminate and imprecise nature of the contracts, and because of their inability to have an overview of the labour process (Graham et al, 2019). Therefore, they have to rely on trust in someone else’s ability to complete the work and compliance to be managed. As platform mechanisms of control are not reliable (Horton, 2017), employers sometimes rely heavily on personal contacts to increase the trust and reliability of local workers (Wood et al, 2019).

Platform outsourcing and Serbian workforce: A conjuncture

Serbia is positioned on the European periphery, a region with one of the biggest freelancers in the world such as Ukraine, Russia and Romania (Online labour index, 2019). 3 out of 10 top UpWork freelancer countries are located in this region (UpWork, 2019). The number of freelancers is especially high in Serbia and they represent one of the world's biggest digital labour market populations. In December 2019, Serbia was 12th by the absolute number of workers on the five biggest English-speaking online labour markets combined (Online labour index, 2019). When adjusted for population, it is ranked 1st among the top freelancer countries. On UpWork, workers from Serbia are 7th in absolute numbers (UpWork, 2019) and again first in relative numbers. In addition to this, thousands of people are working on East Asia based language tutoring platforms, but these numbers escape existing statistics such as Online labour index. An unofficial estimate given by the leading researcher on the ongoing research project on freelancers in Serbia, Branka Anđelković, is that around 100 000 people in Serbia are in some way active on one of the digital labour platforms (Radio Slobodna Evropa, 2019), which is according to my calculation around 1.4 on 100 people, which is exceptionally high. However, these large numbers represent only numbers of registered workers and not those who are actively working, as it will be discussed further in the chapter.

This section will analyse the convergence between platform outsourcing and the local conditions in Serbia. I will show how local economic and institutional processes pushed Serbian workers towards digital labour markets on the one hand, and perceived opportunities provided by the platform on the other. Moreover, I will illuminate the composition of this heterogeneous population and structural inequalities that exist between them. This way, I will be able to understand how relations between freelancers are shaped by local conditions and their particular positions in the freelance networks.

What pushes Serbian freelancers to digital labour markets?

Serbian economy, in a similar manner to others on the European periphery who went through capitalist transition were inserted in the capitalist world-system was based on the promotion of production regimes which were labour intensive, rather than capital intensive (Upchurch & Marinkovic, 2011; 2013). Serbian economy entered into “exploitation model” in which wage growth was far below productivity growth, which further diminished consumption and impeded meaningful economic development (Upchurch & Marinkovic, 2013). Foreign direct investment in Serbia was mainly focused on extractive and low complexity processing industry which did not foster significant growth, nor specialization and skill development in local labour (Radenkovic, 2016). The ultimate result of these processes were poor employment opportunities with low wages and limited chances for development. Furthermore, these processes led to large unemployment (Upchurch & Marinkovic, 2013) and one of the highest income inequalities in Europe (Krek, 2019).

What is exceptionally pronounced in the Serbian case is that the embrace of neoliberal orthodoxy simultaneously pushed people into an irregular market economy. This informal economy further enabled the extraction of value by the minority, but also as a way of enabling basic social reproduction for the pauperized masses (Upchurch & Marinkovic, 2011; 2013; Reljanović, 2018). For example, in 2018 informal employment was 20.4% (Statistical Office of the Republic of Serbia, 2018). Loose tax system imposed from above enabled the existence of this informal economy (Upchurch & Marinkovic, 2013; Reljanović, 2018). Ultimately this system further eroded the work organization (Reljanovic, 2019) and ideological notions of social solidarity and transferred the emphasis on individual survival

(Upchurch & Marinkovic, 2013). This combination of limited opportunities on the domestic labour market and high informality is the context in which Serbian freelancers sought opportunities on the digital labour markets.

This political-economic landscape is reflected in the motivations and aspirations of the freelancers who decided to work on digital labour markets, but also in their adaptive strategies. When asked about the reasons behind their registration to platforms, three main strands of motives emerged in the interviews: economic opportunities, market fairness, and entrepreneurship

Opportunities to earn more than what offline labour market in Serbia provides was the dominant motive of my informants. This is in accordance with the previous research on platform labour in Serbia (Anđelković et al, 2019) and echoes the low wages and poor economic opportunities outlined in the previous section. Most of them explicitly compared earning opportunities at the platform with their previous earnings or those of their friends and family. This stark contrast between Serbian wages and those on the platform is vividly illustrated by M, who is a graphic designer: *“My mother works for 250e almost 200 hours, that is 10 hours per day as a cleaner and ticket seller and everything for a miserable wage. I told it to my employer, and he could not believe it and that it was unthinkable for him. I told him that I am extremely grateful for this job and that he can tell me all his complaints about it. This job enables me to support myself and my child and give my mom some money. I was not able to afford a kilo of blueberries for my child before. Do you know what was that for me 5 years ago? Now I do not even look at the price, I take 50e, exchanged it and just buy whatever I want”*. Some of my informants compared their platform earnings with their previous wages, such as O, who worked as a translator: *I wanted to earn money. Especially because I would work with foreigners, I expected that they will pay more. When I started to work in the company, I had a wage of 30 000 dinars (around 260e). I knew that foreigners*

pay the translation 2,3,5 cents per word, which is like 100\$ for 1500 words. This way I could translate five texts, and I would have a monthly wage. This was my main motivation, low wage in Serbia". Even though most of the freelancers see platform work as precarious and aspire to get either stable jobs and become entrepreneurs, UpWork still represents an unprecedented economic opportunity for many. As V puts it "We are all trying to get what we lack the most in here, money. The money is way above our standards and people are then really motivated not to lose that. It is no longer a struggle to lose your job in a kiosk. It is a struggle for my future."

As it has been shown, political-economic processes in Serbia blocked opportunities for the development as most of the workers could only engage in low skilled jobs. My informants mostly saw this personal development through the lens of fair rewards for their work on the market. Ve describes her experience of work in school *"I put 200% of effort, did all the possible jobs, tried my best, from organizational jobs to class schedule making and all the documents, plans reports...My classes were greatly prepared and organized, and I always got the best grades from my pupils and was ranked as the best professor in the school. Of course, I did not have any space for a raise or advancement and all that enthusiasm evaporates after many years. My work was not respected and was even humiliated constantly. Right now, I am just doing a minimum, but that is still far more than most of my colleagues do. In the meantime, I am progressing fantastically on the platform and have become a top-rated freelancer. I am learning something new every day...especially what kind of new tools people use in the West". In the words of V: "Serbia still functions following the principle "Whether you work or not, the radio is on", the same wage for you and me, even though you are killing yourself with overworking. It's completely demotivating".*

Finally, platforms are also seen as space which enables local freelancers to scale up and become entrepreneurs rather than just platform workers. Through the platform, freelancers

could overcome the constraints of poor local opportunities for the development of personal business. As Z put it *“I realized that I was held back in here. In the West, people are ready when they are very young. They start to learn about business and think about their future finances from their schooldays and with 25 years they are already successful people. In here, no one can tell you about these things. I often feel like I am lagging behind them, and that I want to advance. But it's important not to blame yourself and to go further. I am trying to do that on UpWork”*. Ja, one of the platform veterans and most influential figures in the local freelance network explains his position *“What everyone is supposed to strive for is starting their own business. First, you work with clients directly, by “knocking on the door”, and when you learn how to do business, you work with those who find you”*. *“Simply, the knowledge you get on UpWork, regarding behaviour with clients, job applications, in general, how that corporative Western world functions, you just transfer it further to your business. You contact people through emails, social networks, you create your own platform/presentation on the internet, where people can contact you directly etc...”*

The political-economic processes in Serbia do not only push people to platforms due to poor employment and development opportunities, as well as barriers for entrepreneurship. But local political-economic processes also enable freelancers to compete on the digital labour markets through the widespread informality of the Serbian economy. As it has been argued previously, informality is encouraged through weak public governance, primarily an inefficient taxation system. According to large scale research on freelance labour, most of the freelancers are not registered and do not pay any taxes (Anđelković, Šapić, & Skočajić, 2019). This means that they can reduce their labour prices, but they do not have any institutional protections. As one of my informants, M, said: *“Only people I know that are registered are software developers who can afford to pay taxes”*. This situation is perfectly illustrated by Ve who jokingly said: *“The state is pretending that we do not exist, and that*

suits us”. This also means that instead of relying on institutions, these freelancers are pushed to associate informally.

Who are the Serbian freelancers and what divides them?

The previous section has shown how poor employment opportunities, but also motives for development and entrepreneurship simultaneously push the people to the digital labour markets. But who are the freelancers end up on the platforms? According to a large scale survey study (Anđelković, Šapić, & Skočajić, 2019), the majority of this large freelance population consists of young and university-educated people. The most common age group is that between 25-29 years, although there is a lot of older freelancers as well. This resonates with my research in which almost all freelancers were between 25 and 35 years of age. Education-wise, most of them had university degrees, a majority in the domains of economics, design, marketing, architecture, philology, and engineering. This research (Anđelković, Šapić, & Skočajić, 2019) has shown that the most of the freelancers work in the field of software and technology development (30%), writing and translation (29%) and in the creative and multimedia industry (22%). A significantly lower percentage of digital workers from Serbia is engaged in sales and marketing (3%), clerical and data entry (6%), and in professional services (10%). This reflects the job distribution of Serbian freelancers on UpWork platform (UpWork, 2019). Most of the platform employers for whom these freelancers work are small enterprises, and individual entrepreneurs located in the Western countries, but also other freelancers (Anđelković, Šapić, & Skočajić, 2019). My research has shown that the majority of the platform employers come from the United States. A lot of employers of the freelancers I interviewed also come from other Anglophone countries such

as the UK, Canada and Australia. However, my informants also had employers from Western European countries such as Germany, France and the Netherlands, but also other developed countries such as Singapore, the United Arab Emirates.

It is important to note, however, that this population of freelancers is extremely heterogeneous. There are several dimensions of structural differences between them which don't allow observing this population as uniform.

Firstly, there is an immensely large discrepancy between the number of registered freelancers and those who manage to make a living out of it. Data from UpWork (UpWork, 2019) indicates that only 20% of 35000 registered freelancers made any earnings on the platform. Out of these, less than 8% per cent earned several thousand dollars. This is not unique to Serbian freelancers. As indicated in the first chapter, the oversupply of labour on digital labour markets is immense. This leads to large structural differences between those who manage to get jobs and those who don't. As Z explains: *“Majority of these people will never get jobs, the market is like that. You need to push hard to succeed. It is not easy at it sounds to many”*. It is important to mention that a large number of these freelancers are also not active either on the platform or in the online freelance network. Thus, this “reserve army of labour” is smaller than these numbers indicate.

Secondly, those who manage to get jobs differ significantly in their income. In general, full-time freelancers earn twice as much than the national average (Anđelković, Šapić, & Skočajić, 2019). However, the differences between the freelancers are astonishing. The total earnings of the top 20% of digital workers are 18 times higher than the earnings of the bottom 20% (Anđelković, Šapić, & Skočajić, 2019). Interestingly, these differences are twice as large as the national average, which is the highest in Europe (Krek, 2019). This income distribution has been shown to reflect a broader profession and gender division. Women earn

significantly less on the digital labour markets, and they are usually employed in less paid sectors. Most of the women are engaged with work in the domain of writing, translation and virtual assistance. Men on the other side work more in the software development sector, where hourly wages are several times higher (Anđelković, Šapić, & Skočajić, 2019). As M, a female designer puts it *“Software developer who earns two or three thousand dollars per month and me who earns enough to survive, we are not the same”*. Of course, this inequality goes way beyond the income and includes career-building, but also issues of reproductive labour at home. For example, M and T are mothers who have limited opportunities on the platform because they have to care for their children. They can work an only limited amount of time and sometimes must adapt to jobs which are sometimes paying less or providing lower opportunities.

Thirdly, freelancers differ significantly in their legal status. Less than a third of active freelancers are registered as such. 23% of freelancers are registered as employed, mostly through their second job. This compares to almost 50% of those who are registered as inactive or unemployed (Anđelković, Šapić, & Skočajić, 2019). This greatly influences their structural positions. Thus, three-quarters of these workers operate informally as they are not registered as freelancers and don't pay an income tax on their work, which is in line with the informal economy model outlined previously in the chapter. These freelancers in the shadow economy not only need to constantly conceal their work and evade authorities but don't have any political rights. Those who are employed can legally organize into labour unions, but they are mostly registered on other jobs. Those who are registered as entrepreneurs can organize in entrepreneurial groups, which are very different from unions as they cannot act on behalf of working rights, but the improvement of business incentives. Thus, legal different positions further erode the common position of freelancers.

These dimensions are related, and they determine the differences in power and interests of different freelancers. They also reflect the factors which pushed the freelancers for engagement with the platform. The vast majority is forced to search for any jobs online due to the poor employment conditions in the country. However, the minority of freelancers have managed to establish themselves on the platform and become entrepreneurs. Thus there is a significant rift between limited opportunities on the local and platform labour market on the one hand and significant opportunities reserved for a minority. In the next chapters, I will show how these structurally unequal freelancers with opposing interests form UpWork Srbija freelance network.

Online freelance network UpWork Srbija

Due to the platform fragmentation, individualization and dispersion of freelancers indicated in the previous chapter, their association on the level of the workplace on the platform are not possible. On the other hand, as it has been indicated in this chapter, the majority of freelancers works in the informal economy and their association on the institutional level is also limited. Thus, the online informal community represents the optimal space where these different freelancers can meet. UpWork freelancers are networked within UpWork Srbija Facebook group. With over 30 000 members, dozens of posts and hundreds of comments per day, it represents the biggest freelance network in Serbia, but also broader to my knowledge. This is where all these heterogenous freelancers meet and interact. It mostly consists of people from Serbia, although there are members from other ex-Yugoslav republics. The network is led by several core members who are admins of the group and determine the purpose of the group and rules of behaviour. It is an open group in which anyone can join,

although their request has to be approved by the admins. Discussions are primarily related to the UpWork platform and freelancing in general, while other topics are usually filtered out.

In the following two chapters, I will show how Serbian freelancers relate in UpWork Srbija network. I will illuminate how the relations between freelancers in a network are structured through the labour process on the digital labour markets as well as unequal positions of Serbian freelancers. Based on extensive fieldwork, I have classified the relations established between freelancers in two clusters: outsourcing of work on the one hand and the support and organization on the other. Outsourcing of work can be seen as an establishment of hierarchical relations within the network, while support and organization are more horizontal relations between the freelancers.

Outsourcing networks

The interviews I conducted indicated that a significant amount of work my informants got was not from the platform employers, but it was re-outsourced to them by other freelancers. That is, other workers who get jobs on the platforms or outside of them become employers either on the platform or within the platform worker network. They give jobs in exchange for a percentage of pay that was given to them by initial employers. Online freelance network “UpWork Srbija” represents a space in which freelancers connect and outsource work. This work is sometimes outsourced informally, but sometimes also through the platform. It is important to note that these relations of re-outsourcing span much beyond these networks and occur on the global level. It is mostly the freelancers from the capitalist core countries outsourcing their work to the peripheries, which is also the case with my informants. This is, however, a much broader topic I will only briefly develop here, but explore further in my other work. In this chapter, I will explore how freelancers utilize this network to either outsource or find work. In the following sections, I will rely on ethnographic insights to understand who outsources jobs to whom, what the motivation behind it is, and how the process of outsourcing functions.

Who re-outsources jobs?

Interviews I conducted revealed that only a small number of Serbian freelancers manage to re-outsource their work, but that a lot of them work for other freelancers. Some freelancers such as V told me that most of the jobs they received were from other freelancers and that she never got a job from a direct employer. Others, such as D have surplus work which they outsource to others: *“I give this job to some freelancers I met in the group, I have different people for different jobs”*. This reflects the general oversupply of labour and the extreme

competition on the digital labour markets. That is, the jobs are heavily concentrated in the hands of a relatively small number of gatekeepers in the network who outsource to others while the majority of freelancers is desperately trying to get access to jobs.

Those who manage to further outsource their work are the ones who managed to build strong UpWork profiles and connections with employers as it has been indicated in the first chapter. For example, when asked how she manages to get surplus work and further outsource it, R said: *“Your work history matters to serious employers. They look at your UpWork score, read comments of the previous clients, look at profile carefully...It matters how clients grade you, but the comments are the most important to them”*. This means that this minority of freelancers have managed to utilize reputation systems described in the first chapter. By building a strong reputation they can place themselves in the central positions in the network and be able to profit from outsourcing to others within it.

Although outsourcing of work is being done by a small number of freelancers, it is an aspiration of many. For example, O, who is a translator and virtual assistant said that *“I never did it, but I think it’s a great idea in general. I really hope that one day I will have something to outsource to others”*. R, a translator who already outsources significant parts of her work intends to expand her business *“I intend to have only one job in few years and to outsource everything else to others who would work for me”*. Thus, many freelancers aspire to become employers of others and act as businesses, although they are prevented by structural limitations. This is in line with the general logic of the micro-provider or one person enterprise discussed in the first chapter.

Also, UpWork enables registration of agencies which consist of association of freelancers, although this form of freelancing is relatively rare. According to experiences of Jn who works for an agency, they function as small companies or cooperatives owned by individuals who

decide on goals and distribute wages of other employers. An agency has an individual profile on the platform as the freelancer does. All members of the agency search jobs on UpWork together, then distribute work amongst each other or further outsource work. People see it as an opportunity to get much more job and consequently money as they have an advantage in outsourcing of work compared to individuals. Some freelancers such as P see agencies as exploitative when it comes to worker's rights protection because agencies treat freelancers as regular employees with fixed wage, but without legal status, rights to any benefits, and not having the freedom to choose jobs, but having to take the risks of entrepreneurs. As he further explains his concerns: „*The goal of an agency is to take as much jobs as they can. They don't choose at all and just drag you through different jobs. As they provide you with work you have to comply*“. Jn was invited to the agency through personal connections, as they lacked someone who speaks German. As she explains, these agencies have only several core members who search for jobs, but then they outsource large parts of it further. In her words „Outsourcing is our dominant business model. You can't have people for everything in-house. We outsource a lot. These were people from Serbia whom we met informally, but also India and Russia“. Therefore, agencies represent an extreme form of outsourcing in which some entrepreneurs concentrate all jobs on their profile while using others to find these jobs. Interestingly, outsourcing networks are explicitly formed within the frame of the platform.

What are the benefits of outsourcing?

Re-outsourcing of work is in its nature extraction of value from the labour of others. Outsourcing freelancers take advantage of their position by taking a percentage of money for the work the others do. Some freelancers whom I had interviewed such as D and M mainly

outsource within Serbia and take around 20% of the original sum, while O thinks 33% is fairer. Some freelancers such as V, take less because they outsource their work to close friends or relatives. However, some freelancers charge much more. During the interviewing process, I have met R, who had surplus translation work and wanted to outsource further. I decided to take the job to explore how the process functions. I was outsourced a dating website material on English which I was supposed to translate to Serbian. I did the work in 3 days and received only 50% of the original sum in the end. I did not negotiate, and R told me that is usually the sum she takes from other freelancers. She said that she took a peek and that everything seems alright, so she would consider me for the future jobs as well. These fees vary significantly when freelancers outsource abroad, especially to freelancers in lower-income countries. Some of my informants told me that they keep up to 90% of the money of the original job. On the other hand, freelancers such as Z told me that US freelancers outsource work to him and that they probably pay him only a small fraction of the original sum. This way, not only platform employers exploit global uneven development indicated in the first chapter, but also freelancers engage in it through outsourcing. This reflects the logic of competing freelancers within a network organization who manage their relations to capture value at the expense of others (Podolny & Smith, 1998; Powell, 2012).

However, it is not only a short term earning that motivates freelancers to outsource. As indicated, there is a large supply of freelancers compared to the limited number of available jobs on the platform. This incentivizes people to constantly search for new employers and keep the old ones. This leads to the gatekeeping of employers as sources of jobs by the freelancers who control the job flow. Those who have secured access to employers, re-outsource the work that they can't or don't want to handle themselves. This is the experience of many of the freelancers I interviewed. V explains „*Freelancer has too much work which one man can't handle in a given time, so then they hire more people. 99.9% of freelancers*

have a strict deadline and often they cannot make it. When their employers are pushing them to finish the job, they outsource it to others. I was hired like that several times...“. V expands: *„Often when freelancer does not know how to do a particular part of a job, they search for an expert from the area to do it because they do not want to lose the client“.*

For freelancers who work for others, this might be the only way to get some jobs and make a living on the platform. They are pushed both by limitations on the platform market the stark condition of the domestic labour market described in the previous chapter. For them, it is hard to get in touch with the platform employers due to the oversupply of labour and the inability to develop a reputation. To break out from this circle, they rely on network connections with those in stronger positions to get for grades and reviews on the platform as well as a personal connection with the employers.

M illustrates this process in detail: *„When I was beginning to work on a platform I was reading the comments on the group and one guy wanted some kind of drawing for his project. I messaged him and he asked me how much money do I want, and I said, doesn't matter how much, it's important that I get a good grade. It was important for me to develop a profile at first, so I can get more jobs, that is the first thing the employer looks for. This guy gave me a job, he was satisfied, and after that, we cooperated later on 4,5 small jobs. Like, he sends me something and tells me that he needs in in vector format so he can integrate the logo the webpage. It helped me a lot to boost my profile. In the same manner, I gave jobs to others. I met a woman on the group who searched for jobs in data entry. I have a top profile now and then I sent her a message that there are some translation jobs I will apply for and we will split the money“.* *„The client liked it and I gave this girl 80% of the money while I kept 20%. Like, she lost 20% but you have to sacrifice something to get good grades. So I wrote a great comment for her and when the employers look at it they know its not only formality but a*

great description. I work with several other people by the same principle. I have different people for different jobs“.

However, the majority of freelancers such as S never manage to get the opportunity to even work for other freelancers. *„I gave up applying on the platform. I sent like 5 proposals per day and it didn't work. No one wants beginners and architects are not so much in demand I think. Then I hoped to get jobs from the others in the group. Some people outsource their work. I applied to some posts, but they took someone else. I even wrote to some people but had no luck...But it's important that I don't give up, once you get jobs, then the things get going by themselves“.* Therefore, these freelancers in weak structural positions have to engage in endless attempts to get jobs from others to reach the more central instances of the network where they would outsource to others or reach foreign platform employers on the verges of this network.

Outsourcing and trust

Outsourcing of work is more complex than simple value capture. Freelancers cannot act predatory through the process of outsourcing as they have to maintain the quality of the outsourced work. Balancing between value capture and contingencies on the market represent the key dynamic of outsourcing (Peck, 2017). As it has been indicated in the first chapter, their future work depends on the reviews they get so they have to manage their platform profile like enterprises to keep their positions on the market. This is where the notion of bounded rationality and trust outlined in the first chapter comes into play. The freelancers who outsource have to develop trust relations with other freelancers who can deliver a high-

quality job in time and be reliable for the inflow of new work. This is enabled through strong personal ties within the network, which would ensure the functioning and the reputation of the enterprise and ultimately reproduce the dominant positions within the networks.

As my interviews indicate, seems to be extremely important in the process of outsourcing. R explains the problem the obligations towards the platform employer and problem of reliability: *“If I could find someone who can translate 30 000 words in several days, and do it well, I would outsource my work. These are my deadlines. But do you know how hard it is to find someone you can rely on to do this? And if they screw me over, I might lose my employer. So, I don’t risk”*. V further explains the importance of close ties: *„Personal recommendation in 95% of the cases. I usually make sure to find someone I know personally. No matter how strong our country is in freelance work, we still do it via personal recommendations. Like with a car mechanic, when you want to repair a car, you always want to know who the mechanic is first. I mostly hire people from Serbia via friends* These findings are in line with the general research on network organization indicates the importance of trust in networks due to the need for quality and time of performed work (Podolny & Page, 1998; Powell, 2012).

P explains the logic behind this process and furthers the freelancer as a business argument: *„When it comes to outsourcing by top-rated freelancers, I think that is a natural development of business. Capitalist advancement. At one point you become good enough and with sufficient reputation so you can take more work, but when you can’t take it all, so you have apprentices to whom you give parts of the work. Of course, you take the piece of the cake that belongs to you. But you do the supervision and quality control. Your name is then the guarantee. It has to be by your standards, or otherwise, you will be out of business.”* This quote clearly shows that individual freelancers are motivated to operate and think like

businesses to maintain their position on the market. Outsourcing to others is seen as a legitimate process of learning and meritocracy.

Further, there were several examples when freelancers outsourced work to others and did not pay them and those to whom jobs were outsourced complained about the UpWork Srbija group. The people would then mark this person as a predator and sometimes ostracize them from the community. This is in line with previous research (Podolny & Page, 1998) who argues that „successful“ firms in the network manage to exploit the network relations with others, without behaving opportunistically and maintaining legitimacy within the network.

These networks are not only important for freelancers who outsource their work, but for platform employers as well. That is, these personal networks in outsourcing of work that local freelancers employ are beneficial for employers as they access trusted suppliers through them. As it has been argued in the first chapter, contingencies are very high for the employers hiring on the digital labour markets. That is, it is hard to pick a qualified and reliable worker who will complete the job in time and be subjected to control on this global online market. Platform reputation and mechanisms described in the first chapter are not completely reliable. By utilizing personal networks of freelancers they trust, they can get a large amount of work done by several freelancers.

For example, N works for a UK based educational consulting agency and recruits local freelancers through UpWork. *“I started working for them through UpWork and they liked my work. Recently they asked me to do a full-time job for them, mostly organizational tasks, but also to find the people who would do work for them. I focused primarily on our people. It goes mostly through personal ties. When they have vacant projects, I remember someone good at it and offer them a job. I only choose people on whose quality I can rely, and so far they have been happy with these freelancers. I have freelancers for law, economy, social*

science, psychology, data analysis, biology....”. I have also personally worked for this agency. N is a friend from bachelor studies. She approached me a year ago and asked me whether I am interested in tutoring and reviewing academic work. She knew that I was a good student who was studying abroad and could be up to the task. I did several jobs for them. After that, I started recommending some other people for whom I know that they would be able to do a work well and who would be interested in that. Based on my personal experience, these local trust networks are extremely important for the outsourcing of work. Platform mechanisms could never provide such an effective guarantee of quality and reliability such as personal relations.

Other freelancers such as V also actively search for other freelancers on the instruction of their employers. P, who works as a professor hired his students for his freelance projects:

“There was some larger project I got. I was the main executor and for some of these apps, I hired several people from the university who were my students and whom I taught some classes. I mean some guys were ok, you could see it. I asked them hey man are you free to take this project, I know you know it, I graded you. If you want it, just come and work. I had three of them. I did not hire them on UpWork, it was a direct deal, paid them cash. I knew they will do a good job, so the manager left this to me”

Chapter Summary

This chapter has applied social network approach to explore how freelancers compete on UpWork by utilizing local network relations. Those in strong structural positions capture value by utilizing these networks but also manage relations with the freelancers they outsource to fulfil their agreement with their employers and maintain reputation necessary for

future market engagement. Similarly, those freelancers to whom the work is outsourced, see this work as an investment which would bring them reputation and connections. They expect that these would bring them income and development in the longer run. This way, freelancers in different structural positions utilize the network in different ways. Agencies represent formalized associations of freelancers with hyper outsourcing model. Instead of single micro-providers, they act rather as small supplier firms which conduct work for multiple suppliers.

The network approach is also useful because it enables illumination of how the value chains span beyond these local relations. After all, they enable platform employers to reduce their transaction costs, through externalization of costs of finding and managing labour. Some freelancers emerge out of the mass of impoverished workforce on the European periphery and exploit the relations with those in weaker structural positions. Thus a larger chain of extraction of value is formed within these networks which ranges from employers in the developed countries through intermediaries who capture value within the networks, to the large pool of precarious workforce who is waiting desperately for jobs. Furthermore, as it has been mentioned, Serbian freelancers also outsource to freelancers to poorer countries, such as India. This is how networks of freelancers span across unevenly developed regions ultimately enabling value capture by the platform employers and those in more central positions of the network.

However, as it has been indicated in the introduction, although freelancers need to act as one person micro providers, they can't be seen as enterprises. Only a fraction of freelancers acts as enterprises, while the vast majority are rather precarious self-employed workers or simply labour reserve army. Due to these large structural inequalities, the majority does not participate in the outsourcing networks, although it is the aspiration of many. Thus, the network approach is useful for the analysis of only a fraction of this large network. Majority of freelancers in Serbia do not even get the opportunity to be „exploited“. Pushed by both by

local economic constraints and structural constraints on the platforms all that remains for them is simply hope. This is where the division between entrepreneurs and this jobless majority indicated in the previous chapter becomes visible.

Networks of support and organization

The second group of relations that I identified within the network are support and organization. By support, I mean sharing of information and instrumental help that freelancers provide to each other regarding the work, as well as the provision of social and emotional support. By organization, I consider the political mobilization of freelancers to pursue a common interest. These relations take most of the space within the group interactions and represents a dominant reason people participate in the network.

Learning and information exchange

Majority of my informants use this network primarily for the obtainment of information and learning from the experience of others. This is done through the provision of resources for the beginners in the form of advice regarding skill development, help on the concrete tasks, the ways to boost profile, circumvent specific platform mechanisms... The typical post would consist of concrete or general question about any of these issues in which other members would comment offering advice. Most participants see it as most useful for learning from the experiences of others but also finding specific technical tools they needed. Frequently, freelancers search for information which would help them optimize payment processes or improve their work environment, but also develop connections outside of the platforms. Some of the frequent posts concern sharing of information on predatory employers and how to recognize, but also how to negotiate own position in the employment relationship. U sees it as a „sea of data where I can find everything I need“.

Ja, one of the founders of the network and its administrator describes it in the following way „*UpWork Srbija is mostly a group for helping the beginners. It gave birth to some professional partnerships, but it's mostly people who are just starting to work and ask some questions. Freelancers from the same branch connect to share experience and knowledge. Less often they outsource work to each other. People from different professions also give jobs to each other*“.

Most of the freelancers I talked with see this group as instrumentally useful. M explains how this support operates: *“I used the group in the beginning to get the key info I needed. I asked everything from the number of connects I can get, how not to get banned, which mouse is good because my hand is getting numb, which chair to use, how to legally do this or that. Most importantly how to become top rated. When I became one, I wrote my advice to people and I was their mentor for some time. I have bonded with several people this way. We all write something there, mostly as moral support”*. Freelancers use this group for many other things. For example, R says that *“People share information and software, which is a great part of the group”* and V that *„I use it to get information about anything I need. Primarily about creating and editing my profile and providing better services to clients, but also when UpWork introduces new changes, we discuss how to adapt to them”*. Jo adds *“Currently, I am mostly following the legal discussions because I want to register somehow and legalize my work. There are numerous useful things there. This is definitely where you can learn how to click with the employers and to better work”* and P *„I learned several tricks in the group. For example, how to find the name of the employer in the comments, so I can refer to that person later”*. These findings are in line with the social network theories which emphasize learning as one of the main benefits of utilization of networks (Podolny & Page, 1998; Powel, 2012). These networks enable a fast exchange of fragmented information between firms and internalization of the skills of others. Decentralized nature of network leads to the merging of

knowledge of individual nodes into collective knowledge which is much more useful for individuals within the networks.

Besides exchanges between freelancers on the group thread, one admin wrote a handbook for freelancers on how to begin and develop their career. It was based on the experiences of people in the group. The handbook contained guidelines related to work such as advice on building a strong freelance profile, developing skills, applying for jobs, communicating with the employers...It also contained advice on freelance lifestyle, such as using particular equipment, when and how much to work, how to connect with other freelancers etc... This handbook helped greatly freelancers such as U and S *„The group is really useful, and especially the UpWork guide J wrote. This is great for beginners, and its the basic thing you should read in order not to roam around. These tutorials for technical stuff are also great. This is just a sea of information, there is everything in here“*. *„I learned a lot from the group. I learned mostly about the clients as people share experiences, and I now know which clients to avoid“*. This handbook was free for the members of the group, but now it is sold as a product. Other freelancers also offered their services of training and skill development to the freelancers within the network. Thus, this mutual learning within the network can be both personal and altruistic and lead with the entrepreneurial logic. This is also in accordance with the dual nature of the freelancers which are both enterprises and precarious and vulnerable workers within this network.

This entrepreneurial logic of support between freelancers is then fused with the structural limitations on the market. Only a minority gets jobs which are sometimes outsourced further and the failure to attain jobs by the many are explained through the principles of the market. For example, Z, one of the most active freelancers states *„A lot of people don't have any dedication necessary to succeed on the platform. I tried to help one girl to raise her hourly wage and have more jobs. But generally, they complain that they don't have enough work,*

but when you ask them how much they try, they say that they send 3 proposals per month. I have 100. You need to be persistent to get to success". O shares the similar sentiment "It would be good if people organized more and helped to each other, but those people who need help also need to put some effort and try to read or learn something alone, not to wait for everything to be served to them just like that. How do you expect to succeed?".

People see this group as a sort of an incubator which provides resources for individuals who act as enterprises to fight their way through the job market. The successful enterprises will utilize their resources smartly, while those who are not able to do that are destined to fail and not become suppliers on the market.. As U describes it „*The people gathered to help and support each other. The individual is empowered in the beginning so he can achieve more later and from there on, it is his responsibility. It's like an anthill which certainly has some rules*“..This provides meaning in the context of large structural inequalities between the freelancers. Although freelancers heavily engage in helping each other, the majority will never make it, and that only minority succeeds.

This mutual support and training should also be observed outside of the network. The mutual helping between thousands of freelancers forms a sort of a “collective brain” which optimizes the performance of individuals. The freelancers learn how to be better workers, satisfy the demands of the employers and manage themselves, which is in accordance with the demands of the labour process described in the first chapter. Thus, the network helping can be seen as one way of extraction of value by the employers beyond the platform mechanisms. However, as it has been mentioned, this mutual information exchange also safeguards against “bad employers” on the platform and negotiation of position in the work relation. Thus, in the absence of institutions, by sharing information the freelancers use network to protect themselves, and at the same time be good workers so they can keep the employers. This way network relations serve these two functions of the organized labour market.

Social and emotional support

As it has been argued, most of the freelancers are not entrepreneurs and even fewer enterprises, although they are incentivized to adopt this logic. Rather, they are precarious self-employed workers or the labour reserve army which is due to structural constraints prevented from accessing the job flow at the platform. As Mo explains *„A lot of people in here think they are some kind of successful businessmen. But they are not, I hate that”*. B explains further: *“We are just workers like any other, it’s only a different form”*. As they are fragmented and left to themselves, they lack the sense of belonging and social connection with others. My research shows that this network provides exactly that, social and emotional support. Observation of the posts on the Facebook group enabled me to follow many interactions which revolved around these processes. Most of the posts either engage with learning or information exchange or simply socialization and support. For example, people often share comic content about the lives of the issues of the freelancers’ lives which brings their communal problems together. Also, freelancers frequently complain about their work so others enter discussions to encourage them. Some freelancers such as O perceive it as a close knit community with *„a bond of care and helping“*.

M illustrates this vulnerability vividly *„As I said, this is not a temporary form of income. You can get sick and then you can’t work. You can’t take your laptop to the hospital. But also you might not have healthcare. Or your employer just does not respond anymore. And things like that. But when you see colleagues from UpWork online at 2 in the morning and then you ask them how it’s going...Because we are all nightbirds, we work for different time zones...It just feels easier“*. Some of these freelancers feel that they share the same positions and that they are a community in which they actively support each other. As MI said *„I like the group because it feels like a community. An online one. I like that a lot of people are responding*

and trying to help others. It is also a support group. People need emotional support because it's hard and we don't have work colleagues". In words of Ve „We are all in the same sauce, so we are sharing our grievances".

For some, this mutual solidarity and support are based on the realization of the same positions in the labour process and the broader process of accumulation, despite the structural fragmentation of workers. P explains further the nature of this collective *"The group is a collective in itself. People connect because of the same problems they have, but also the same interests in networking"* Then he proceeds through laughter *„All our freelancers on the internet are like Gastarbeiters in Germany. We got the good opportunities to earn money here, but it's hard being here alone so we need to stick together. I think this can rather be an ex-YU collective than Serbia. We are all Yugo. We are too small to fragment further and we are in the same position"*. P thus imagines this network as a way to bridge the geographically fragmented workforce, which shares the same material position in the labour process. Thus this network can be also analyzed from the perspective of the shaping of class identities.

Further, motivational materials coming from both are shared quite often. Encouragement of freelancers in weak network positions is commonplace within this network. Some freelancers who struggle to get a job on the platform such as J, indicate the importance of this network for them: *„I am still trying to find a job and send proposals regularly. It has been only 3 months since I registered, which is not that much. Some people on the group tried much longer. Some of the people have really interesting experiences of how they succeeded. A lot of them say that once you get the first job, it's getting much easier. I browse the group occasionally to motivate myself to continue searching"*. Thus, freelancers who are fragmented in the work process and whose possibilities of getting jobs on platforms are low use this network to fulfil the need for social and emotional support. They need to get

motivated to stay engaged in the endless search for jobs when the opportunities are extremely limited.

The social network approach to organization (Podolny & Page, 1998), accounts for relations of support and altruism within the networks. This closeness in networks is usually framed as a means of enforcing better exchange between the enterprises. In the case of precarious freelance workers, it can be seen rather as a mean of survival. Fragmentation and lack of opportunities thus leave freelancers in need of connections, management and support so they would be able to continue engaging with the platform work. Moreover, due to the absence of firm, the network relations involved in these value chains perform these functions. These processes could be seen through collective unpaid relational work (Bandelj, 2012; 2015). Relational labour can be broadly defined as “establishment of differential social ties, their maintenance, reshaping, the distinction” (Bandelj, 2012, pp 176). In companies, this work is done by employers who regulate workplace relationships, including validation of the work and personality of others, as well as social and emotional support. In companies, this work is done for mutual empowerment, self-achieving and producing team ties. This is done through empathy and social and emotional work.

In this case, relational work, as other parts of the labour process are not included in the labour process on UpWork, but they are rather externalized to the freelancers. This work is then rather conducted in a decentralized and dispersed manner within the freelance network. Freelancers engaging in this type of unpaid work I interviewed seem to engage it out of mutuality and altruism, rather than with a goal of profitability as it is done in a firm. Ultimately, this kind of relational work provides emotional support to those in weak structural positions within this network to continue working on the platform and attempting to get jobs. Conversely, it provides meaning-making and provides reasons to stay engaged despite the structural limits of this market. However, in accordance with the logic of network

theory, the establishment of these relations can further facilitate transactions of outsourcing of work. Finally, this unpaid work within the network can be also seen as an externalization of costs for the platform employers.

Political organization

The previous section showed how support helps individual freelancers survive and break through on the market. But does this network enable freelancers to organize themselves collectively to overcome these structural issues of the extremely poor work conditions of the majority? The survey conducted in the previous research of Serbian freelancers revealed that collective organization of freelancers to improve the working conditions is extremely rare. Only around 4% of them were involved in any form of organized initiatives to improve their status. (Anđelković, Šapić & Skočajić, 2019). My informants, accordingly, don't see any political potential of the network. No one mentioned even a single instance where they tried to push their interest forward to the state or the platform. *"I don't think it's adequate for an organization which would require more sacrifice and outreach outside of the boundaries of this group. People are here primarily for money."* And *„People will never stand up for something here“* are just some of the opinions of the freelancers.

Although some of them see a need for political organization, different structural positions both on the market and on the network prevent that. In the words of P *"No, there is no one to push that. These people who are leading the group are not politically active, they are rather building their careers. They are expanding their business"*. Thus, those with central positions within the network are guided by entrepreneurial logic and it is not in their interest to organize. Z also shares the opinion that entrepreneurship is precisely what prevents the

organization within the network „*Honestly? Some key people in the group are here mostly to sell their services and develop their portfolios. Sometimes they help...but this is how they are leading the group*”. Thus, although the majority of freelancers in weaker positions might need some sort of political organization, there are conflicting interests within the network.

However, the entrepreneurial logic is not the only rift between the freelancers. M goes further and explains how legal inequalities impede any political organization “*I want to organize with others and demand some recognition from the state. Like we get to pay small taxes, but get some of the worker's rights. I think a lot of us do...But how? I have not registered anywhere. If I start raising my voice, they (the state) will check me, like, ahem, who are you, where are you working, why are you not paying taxes...I don't want to take that risk on myself. But who is even registered? I checked in the local employment office and there are only 3 people in my town who are officially freelancers registered as entrepreneurs. These are all software developers who earn a lot more money than the rest of us...And they don't have the interest to start anything because its good for them like this. So, I don't know if and how would this state change...*”. This statement indicates that there is an overlap of inequalities in income and operation of freelancers on the one hand, and their legal status on the other. This is in accordance with the legal inequalities outlined in the second chapter. Not only that the freelancers have conflicting interests within the network, but also in relation to the state. The majority of informal freelancers is invisible and is not able to organize on the state level.

P further explains the inadequacy of the network for political organizing. *If you want to be a union representative, that demands a different experience from what we have. I think we need a syndicate in IT. There are problems which are supposed to be dealt with systematically. I think only „Startit“ does that. This group should become something like that. But it's impossible here. In this context, we can maybe work on something to influence UpWork, but*

not the state. It would have to be different. And people would need to start thinking differently in here". Thus these structural inequalities but also informality encouraged by the state discussed in the second chapter effectively reduce the power of freelancers versus the state.

These limits of political organization can be understood in the notions of the associational and structural power of workers outlined by Beverly Silver (2003). Structural limits to worker political organization depend on the position of workers in the economic system in general, but also the labour process more specifically outlined in the first chapter. Large oversupply of labour, as well as low disruptive power in either pulling out from the platform or sabotaging broader operation of capital on a larger scale through operations in the workplace, significantly lower this structural power. Rather, as it has been showing fragmented workers with disparate interests pursue individual strategies. Associational power is lowered through circumvention of the scale of national institutions through platform outsourcing, but also state enabled informality. Also, vehicles of struggles for workers rights such as unions are difficult to organize due to the disparate legal positions. Finally, it is questionable whether the political organization can be achieved on the level of one state through this network and such action can be meaningless to freelancers. As B observed, *"If you don't like what you are doing, there is always an Indian who will do it for much less money"*. Following Silver's reasoning in *Forces of Labour* (2003), workers in such a highly mobile and global market can collectively negotiate their position on a national level. Rather, this kind of labour market require global associations, although they are undermined by differential identities and interests created through boundary production within the global platform workforce.

Chapter Summary

This chapter showed how value chains of platform outsourcing are not built only of outsourcing of work within this network, but rather support and cooperation. This chapter has shown networks are utilized for freelancers to compete on the digital labour market through learning and reliance on support. These relations of mutual support enable freelancers to advance on the platform, although this is reserved for minority due to the structural constraints. Furthermore, due to both local economic processes and the lack of opportunities to get the jobs, the majority of freelancers are precarious workers or labour reserve army who are too vulnerable to act as enterprises. For them, this network provides social and emotional support, as well as meaning, which enables them to survive on the extremely competitive and inaccessible market. Thus, these relations show how a network of structurally unequal freelancers manages to function. This support is both horizontal and often without direct interests attached, but it is framed in meritocratic logic due to the pure structural constraints of the market. Further, I outline how this mutual support within the network spans beyond the network and it can be ultimately seen as a cost externalization for platform employers. However, more detailed analysis is needed to establish this connection. Despite the structural limitations preventing the majority from obtaining jobs and proper work conditions, as well as stark local employment opportunities, this network does not provide a space for the political organization of freelancers. Fragmentation and platform mediation of labour process, separations of freelancers from one another, unequal structural positions on the platform and dispersion of freelancers throughout unevenly developed regions are structural factors which impede the political organization of freelancers within this network. Thus, the network remains mostly a mean for elevating personal position within in the existing composition of the market.

Conclusion

The goal of this research was to analyse how the organization of production on digital labour markets and the local experiences and structural positions of Serbian freelancers shape the ways in which they associate in a freelance network UpWork Srbija. In a wider perspective, I see this research as a case for illumination of a novel type of formation of value chains in platform outsourcing. By analysing the relations within the freelance network I showed how these chains are not contained within work relations established within the platform. Rather, value is being produced and captured, and relations of actors involved in these chains are organized through UpWork Srbija network and beyond. The scope of this research was to show how are relations on the level of the network organized.

I showed how the value chains in platform outsourcing are extended outside of UpWork through processes of re-outsourcing of work. That is the work is often being done by informal suppliers within the local network, or outsourced to other freelancers outside of it, mostly on global peripheries. This way chains enable value capture by cost reduction through stretching around unevenly developed geographical regions. This process of outsourcing is unlike in firm led value chains decentralized and dispersed throughout the networks. I showed how the network organization of outsourcing is shaped by the organization of production specific to the digital labour market and material conditions and aspirations of Serbian freelancers shape the relations of outsourcing within this network. Some freelancers emerge as central nodes within the network and capture value from the labour of others, although their position in the value chains makes them dependent on trust in their suppliers. Agencies represent a specific form of re-outsourcing of work as they emerge not as individuals but as supplier firms which work for multiple platform employers and are entangled with many supply chains. Ultimately, re-outsourcing of work reduces transaction costs for the platform employers higher in the value chain, as reliable labour is found for them by others.

Further, I showed how the value chains of platform outsourcing do not end only with the dispersion of labour but are dependent on the support and cooperation within the local network. I have illuminated how this network organization is shaped by how the production of labour markets is organized and positions of Serbian freelancers on the market and within the network. Firstly, these freelancers who act as suppliers in value chains utilize the network to increase their competitiveness on the market by learning and sharing information. Due to structural constraints enabling only minority to find jobs, freelancers frame this support as a starting point from which the success or failure depends solely on individuals. This vulnerable and fragmented majority is also in need of social and emotional support needed to survive and stay on this market. The notion of relational work which enables this, and is usually associated with firms is unpaid dispersed through this decentralized network. Thus these processes of support are externalized to networks as they are conditioned by fragmentation and platform mediation of labour process and separations of workers from one another, as well as unequal structural positions of freelancers. These are also the processes which combined with global dispersion of freelancers within unevenly developed regions which impede the political organization of freelancers within this network. Thus, the network remains mostly a mean for elevating personal position within this value chain.

Thus, this research has illustrated how in this distinct type of outsourcing value chains are dispersed and decentralized in a network-like structure. They are not centralized and governed from top-down, but represent complex networks of value production and value capture. Platform employers on upper ends of these value chains reap the most benefits from this structure, but hierarchies emerge within the networks on the lower parts of chains as well. Functions embedded in firm structure in standard forms of outsourcing such as relational work, learning and information sharing are externalized from the platform employers and dispersed throughout the network.

Further, it is important not to fall into the classical downfall of a network approach and to apriori interpret the established relations as functional for the involved actors. Quite the opposite, the functionality of these networks was not the focus of this research and this is not something I argue. Rather, I am merely using the network approach to openly and flexibly approach the relations established between the freelancers and illuminate how value chains span informally beyond platforms.

Although freelancers are incentivized to act as enterprises as they are suppliers in the platform outsourcing value chains, the majority of them are merely precarious self-employed workers and labour reserve army attempting to escape poor local economic conditions. Thus, the logic of network organization developed on the behaviour of small firms can be overstretched. It is unable to account for the majority who do not actively participate in this network and their precarious experiences. Although this research relied on a few interviews of the freelancers who didn't manage to get jobs, the research of their role in these digital labour market value chains needs further attention. On top of that, focus on networks may have overshadowed lived experiences and meaning-making of the freelancers within it, but this was done in accordance with the scope of the research. Most importantly, due to the size limitations, I did not take into account work of these freelancers outside of UpWork. This way, I only spoke of motivation for engagement with the platform, rather than how they actually live and work.

Next, to make stronger conclusions about the formation of value chains, it is necessary to explore the structure and perspectives of platform employers. That is, as a lot of platform employers are merely freelancers in the developed countries, these chains span much farther than outlined in this research. Also, their perspective on the utilization of these networks needs to be taken into account to understand how they bring value. In this research, they have

been introduced only as a black box as I only focused on UpWork Srbija network. I intend to expand on this in my further research.

The main limitation of this research is its extremely broad scope backed up by limited analysis. That is, the concept of value chains in this research is underdeveloped and is only loosely related to the empirical materials. There are two reasons for this. Firstly, this research is merely exploratory and, first and foremost, aims to provide a basis for my upcoming PhD project. Therefore, my primary goal was to explore the basic structure of the local freelance network and reveal the processes that shape it, in order to initiate the topic of the network formation of value chains in the platform outsourcing. Secondly, I was limited by the size of the thesis, timespan, and empirical evidence. This complex subject is certainly beyond the scope of a single MA thesis, which I realized only too late. Additionally, I have conducted fieldwork almost a year before I had a clear idea of the specific research questions I want to answer. Thus, the pre-conducted interviews didn't allow me to fully explore the topic I ended up with, nor were they sufficient to get a deeper insight into the freelance networks.

All in all, theorization of freelance networks and their role in the value chains turned out to be an extremely difficult and timely task that requires an extensive and in-depth analysis of diverse materials. A recent challenge posed by the Covid-19 pandemic and its consequences for the global political economy further contribute to the significance of this topic, which I'm planning to continue researching within my PhD project.

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