

The Growth of Online Freelancing in Bangladesh: Economic Integration and Labor Vulnerability

Naim Bin Hasan

Department of Sociology, Florida Atlantic University, USA

DOI: <https://dx.doi.org/10.47772/IJRISS.2025.90400230>

Received: 29 March 2025; Accepted: 07 April 2025; Published: 07 May 2025

ABSTRACT

This paper discusses the fast growth of online freelancing in Bangladesh, its contribution to economic development, labor structure, and integration into global value chains. The freelance platforms give access to international markets, thus opening new opportunities for IT, design, and creative work. While these platforms are contributing to economic growth and GVC participation, they also increase labor vulnerability through income instability, job insecurity, and lack of social protection. The research underlines the exploitative nature of freelancing in Bangladesh, drawing on World Systems Theory and critiques of neoliberalism, especially in comparison with developed economies where higher wages and better protection of workers are expected. This paper adopts an analytical approach based on the analysis of economic reports, case studies, and theoretical frameworks to address the following questions: “What are the contributions of freelancing to Bangladesh’s economic development, employment structure, and integration into global value chains (GVCs)?” and “What are the consequences of freelancing for the lives and working conditions of Bangladeshi freelancers?” The paper argues that while freelancing presents enormous economic opportunities, it also produces labor vulnerabilities that need policy reforms. The findings advocate for enhanced protections and regulatory frameworks for fair wages, social security, and career stability for freelancers in particular, with special reference to the developing economy of Bangladesh. This paper contributes to debates being carried out on the themes of globalization and labor conditions in the Global South.

Keywords: freelancing, gig economy, digital labor, digital economy, labor vulnerability, global south, globalization, job insecurity

INTRODUCTION

Online freelancing refers to remote, project-based work conducted generally through the facilitation of digital platforms, such as Upwork, Fiverr, and Freelancer, among others, that connect workers with clients across the world. This model contrasts with traditional freelancing since it rests, in essence, on a digital marketplace that offers the possibility of access to job opportunities for digital sellers around the world. Online freelancing has grown tremendously in Bangladesh in sectors including IT and creative, covering web development and digital marketing, amongst others (Alam et al. 2021). The ICT Division puts the number of freelancers in Bangladesh at 650,000 and estimates the sector to be worth nearly \$1 billion. According to a report of the Oxford Internet Institute, Bangladesh stood 2nd position in regard of number of freelancers in the world (ICT Division Bangladesh 2023). However, freelancing also exposes workers to challenges like income instability and lack of job security (Graham et al. 2017).

The paper will discuss the following research questions: “*What are the contributions of freelancing to Bangladesh’s economic development, employment structure, and integration into global value chains (GVCs)?*” and “*What are the consequences of freelancing for the lives and working conditions of Bangladeshi freelancers?*” While freelancing turns Bangladesh more engaged in the world economy with newly opened avenues of income, it has at the same time created economic precariousness and the peripheral position of the country within the world system. The paper appeals to the economic report, case study, and theoretical discussion on globalization for an in-depth analysis of freelancing both as a tool of economic development and as a commodity machine for labor. It does so by attempting to contribute to the debates around the interface between

globalization, labor, and economic development in the Global South, focusing on Bangladesh's evolving role in global value chains (GVCs).

BACKGROUND: ONLINE FREELANCING'S RISE IN BANGLADESH

The rise of online freelancing in Bangladesh goes hand in glove with its ever-changing economic landscape and shifting global labor practices. Bangladesh had a labor-intensive economy since its attainment of independence in 1971 and some of the major services included textile and garments. These industries important for the growth of the economy however, did not offer much diversification and made the economy vulnerable to shocks originating from the volatile demands of the international market (World Bank 2023). In the past years, various other economic opportunities have been observed in the digital arena, particularly in online freelancing services platforms. This development has enabled Bangladesh to integrate into the global digital marketplaces, thereby creating a demand for IT and creative services supported by a relatively young workforce with low labor costs (Alam et al. 2021). Freelancing has thus become an important avenue for the youth, who have limited prospects in the country's traditional industries, which are often very restrictive in their employment and structures. However, freelancing also epitomizes a global transition in labor practices, reflecting the broader impacts of neoliberal policies that put the emphasis on flexible, low-cost labor. This shift bears a striking resemblance to the dynamics of manufacturing labor, which also exploits cost efficiency to remain competitive in global markets. Both sectors rely on precarious, project-based work that integrates developing economies like Bangladesh into GVCs.

Freelancers, although accessing international markets, often face irregular demand, low wages, and no job security or labor protection (Harvey 2007). These conditions are consistent with the arguments of Thomas Friedman (2005) in *The World Is Flat*, which points out that the developments in technology and the equalization of global trade barriers have made it possible for economies like Bangladesh to be integrated into global markets. Yet, this integration largely perpetuates inequality as labor competes in a race to the bottom in wages and labor rights. Recognizing the potential of freelancing for economic growth, the Bangladeshi government has been actively supporting the sector through training programs and incentives that encourage digital entrepreneurship. These initiatives frame freelancing as a development strategy, aligning it with broader national goals of economic modernization and global integration (Bakhtiar et al. 2021). Yet, the focus on promoting the sector as a growth driver has often overlooked the risks inherent in freelancing, such as income volatility and the absence of institutional labor protections. Consequently, the sustainability of employment in this rapidly expanding sector necessitates more robust policies to ensure fair wages, social security, and long-term career stability for freelancers (Rahman and Rahman 2017).

This dual narrative—of freelancing as an opportunity and as a challenge—aligns directly with the research questions. On the one hand, freelancing has a positive impact on economy, employment patterns, and global value chain in the context of Bangladesh. It also raises questions about the state of labor relations and freelancing, as well as analyzing how the latter affects the life and working environment of the Bangladeshi freelancer. These aspects, therefore, need a more in-depth look into whether the growth of the sector is able to truly deliver equitable benefits within the greater framework of globalization.

Freelancing in a Global Context: Theories and Debates

Freelancing has emerged as a globally significant phenomenon, with distinct opportunities and challenges shaped by the interplay of digital technology, labor markets, and economic contexts. The literature can be broadly categorized into three areas: economic inclusion and integration, precarity and labor rights, and digital labor governance. This review synthesizes global insights before focusing on Bangladesh, examining how its unique dynamics compare to broader trends.

In both developed and developing economies, freelancing is deemed as a pathway to economic inclusion. Globally, online platforms provide workers access to remote opportunities in IT, design, and professional services, enabling participation in global labor markets (Ahsan et al. 2022). This aligns with Friedman's (2005) concept, which suggests that globalization allows developing economies to compete in global markets. On average, US-based freelancers earn \$68,947 per year or \$33 per hour, with specialized roles such as software

development averaging \$92,000 annually (Digital Nomad Cafe n.d.). In Bangladesh, freelancing has seen exponential growth in Bangladesh, with freelancers earning over \$1 billion in 2023 (ICT Division Bangladesh 2023). Platforms such as Upwork and Fiverr have become critical avenues for economic participation. However, the benefits are uneven. In that aspect, Alam (2021) discloses gigantic income disparities; close to half of Bangladeshi freelancers receive under \$208 every month. This contrasts with the rate at which freelancers from developed economies, like those of the United States, gain higher wages through special skill advantages (e.g., fluent in English, better training) and stronger platform reputations (Blaising et al. 2021). Thus, these findings identify freelancing as playing a dual role in fostering economic inclusions and perpetuating income inequalities.

Freelancing epitomizes labor precarity, a characteristic that cuts across global contexts. Scholars like Graham et al. (2017) have emphasized how gig work shifts employment risks to workers, creating unstable incomes and limited social protections. In the Global North, freelancers may earn higher wages but still face challenges such as inconsistent contracts and lack of benefits (Gandini 2016). Even high-performing freelancers remain vulnerable to platform algorithms that dictate access to jobs. In developing economies like Bangladesh, precarity is exacerbated by weak labor protections and limited alternatives for stable employment (Rahman and Rahman 2017). While workers in France or Germany may enjoy stronger institutional protections, Bangladeshi freelancers are at the mercy of fluctuating demand, low pay, and no social safety nets. This reinforces the idea that freelancing's neoliberal framework intensifies inequalities by prioritizing profit over worker rights.

Digital labor governance through platform algorithms is a universal challenge for freelancers. Platforms employ various mechanisms, such as rating systems, which prioritize workers with higher scores and marginalize newcomers or those with low ratings (Scholz 2017; Gandini 2019). These systems, in turn, create hierarchies within the freelancing markets, where access to better-paying jobs becomes increasingly difficult without an established reputation. In Bangladesh, these issues are compounded by a lack of transparency in platform governance. Graham et al. (2017) note that Bangladeshi freelancers often struggle to navigate algorithm-driven work allocation, limiting their access to consistent opportunities. This mirrors challenges faced by freelancers globally but is particularly pronounced in developing economies, where workers rely more heavily on platform-mediated income.

While the literature highlights the global nature of freelancing, it also underscores significant regional disparities. In the Global North, many freelancers are able to mobilize stronger institutionalized protections and higher bargaining power in their work, while those of the Global South, including Bangladesh, face more pronounced struggles with precarity and income inequality. This body of literature places Bangladesh within such debates, exploring how freelancing connects to global labor markets while reinforcing systemic vulnerabilities.

Theories on Online Freelancing in a Globalized Economy:

This analysis draws on several key theoretical perspectives to understand the dynamics of freelancing in Bangladesh and its implications for both economic development and the precariousness of labor. The core framework that guides this research is the World Systems Theory developed by Wallerstein (2004), which conceptualizes global economic systems as structured into a core, semi-periphery, and periphery. Bangladesh falls into the peripheral zone, which depends economically on the core countries in terms of trade, technology, and capital. In this perspective, freelancing represents a mechanism through which peripheral countries like Bangladesh are integrated into GVCs. However, this integration does not come without its negative impacts. Where freelancing connects Bangladesh to the global market, it puts workers in low-wage precarious sectors and reinforces the peripherality of the country. This framework by Wallerstein helps us understand that while freelancing can indeed create economic opportunities, generally it reproduces global inequalities by relegating the Bangladeshi workers into the lowly paid tasks in global production networks.

Another important framing for this analysis is neoliberalism, a framework by David Harvey (2007) critiquing the role of neoliberal economic policies in fostering conditions of worker precarity. As Harvey says, the neoliberal policies of deregulation, privatization, and market-driven reforms have brought in the erosion of rights and protection of workers. This is particularly relevant in the case of freelancing, as gig platforms like Upwork and Fiverr work within a large unregulated environment. As freelancers are considered to be independent contractors, basic labor protection such as minimum wage laws, social security benefits, and healthcare are

refused to them. Without these job protections, freelancers exist at the mercy of employers bent on exploiting them to drive wages ever lower and perpetuate the insecurity of workers. The work of Harvey thus acts to frame how these neoliberal dynamics have created a gig economy that now embeds extreme vulnerability across workers in the Global South, even as they're integrated into global markets of labor.

Besides, Vandana Shiva's (2005) critique of globalization informs the exploitative nature of integration into world economies. She stated that globalization, which has been touted as a means of development and empowerment for the Global South, is a myth, while in fact it serves further to entrench patterns of exploitation and environmental degradation. Shiva's framework in the context of freelancing shows that laborers from developing countries like Bangladesh are exposed to all the risks of globalization while gaining very few benefits. Thus, work done by freelancers is lowly regarded, and platforms and clients in wealthy countries benefit from low-cost labor without giving due compensation and protection. This chimes with Shiva's argument that integration into the economy often promotes local labor exploitation in the periphery countries. Freelancers from Bangladesh are thus burdened with a double burden-for they are integrated into the chains of global value, while, at the same time, they are exposed to conditions where they are exploited through receiving the lowest wages, the non-existence of job protections, and precarious employment circumstances.

The aforementioned theoretical frameworks collectively explain the freelancing paradox in Bangladesh. While it connects the country with the global economy and creates an avenue for income, at the same time, it increases existing inequalities, consolidating peripheral status and fostering economic insecurity. This is where freelancing, in its duality-promoting integration yet reinforcing vulnerability-frames the Bangladeshi freelancers who do precarious and undervalued work in a global system that values cost-cutting over labor rights. These set a basis on which this analysis places findings within broader debates on neoliberal globalization, labor exploitation, and the challenges of economic development in the Global South.

Analysis: Economic Gains and Labor Vulnerability

Economic Contributions of Freelancing to Bangladesh

Freelancing has emerged as a vital driver of economic development in Bangladesh, especially among its younger, educated population. According to Alam et al. (2021), 96.2% of freelancers in Bangladesh are below 35 years old, and 80.8% have tertiary education, placing them in a strategic position to access international markets through platforms like Upwork and Fiverr. The ability to access global clients represents a significant opportunity, allowing Bangladeshi workers to earn in foreign currencies and participate in industries that might otherwise remain closed due to local economic limitations. For instance, nearly half (48.1%) of respondents earn up to BDT 25,000 (209 USD) every month, as mentioned above, against the average wages of many entry-level employees of a national average income standing at about BDT 13,865 (115 USD) (BBS 2023). This difference indicates that freelancing bears the potential for higher income than traditional labor markets in Bangladesh. At the same time, as much as it opens such avenues, it also presents critical challenges in freelancing: a big proportion of freelancers (48.1%) earn less than BDT 25,000 (209 USD) per month, an income that is relatively low, considering the cost of living in urban areas. For example, the minimum wage in Bangladesh's garment sector is BDT 12,500 (113 USD), which is often cited as insufficient to cover basic living expenses (Fair Labor Association 2024). Therefore, although freelancing allows for higher earnings than those in traditional sectors, the income is precarious and not always a reliable substitute for more stable, formal employment.

Precarity and Challenges of Freelancing

While freelancing creates significant economic mobility, it is also accompanied by a number of vulnerabilities that undermine its sustainability. As Graham et al. (2017) note, freelancers are confronted by low wages, the absence of labor protection, and weak bargaining positions due to the controlling nature of platform algorithms. For instance, job allocation systems based on ratings, as are used on platforms like Upwork and Fiverr, make it hard for freelancers with low ratings to land jobs. This system also creates a "race to the bottom," where workers feel compelled to take low-paying jobs to maintain or improve their ratings. As Graham et al. (2017) further notes, these algorithms are sometimes obscure, making it difficult for freelancers to understand how their profiles are evaluated and what factors determine access to higher-paying opportunities.

For Bangladeshi online freelancers, the lack of formal labor protections, such as healthcare or paid leave, exacerbates the precariousness of freelancing. Rahman and Rahman (2017) indicate that freelancers in Bangladesh do not have any legal safety net, which puts them at risk due to income fluctuations or platform-based decisions that may exclude them from future opportunities. This is particularly concerning in a context where 59.6% of freelancers report a lack of formal English training, which is a critical skill for engaging with international clients (Alam et al. 2021). This gap in training further limits freelancers' ability to take advantage of higher-paying opportunities, creating a cycle of economic vulnerability.

The Gender Disparity in Freelancing

Another significant issue highlighted in the literature is the gender disparity within the freelancing sector in Bangladesh. Alam et al. (2021) report that 92.3% of freelancers are male, raising concerns about the equitable distribution of freelancing opportunities. While freelancing allows people to work in conditions that are highly flexible, the lack of gender parity in the numbers indicates that women are confronted with a barrier to entry, such as limited digital skills training, social expectations about gender roles, and unequal access to the Internet and technology. In fact, in most developing countries like Bangladesh, women are excluded from the digital economy because of the aforementioned sociocultural factors. Such gender-inclusive policies and training programs might help distribute the economic benefits of freelancing more equitably throughout the population.

Consequences of Freelancing on the Lives and Working Conditions of Freelancers

Freelancers in Bangladesh face both positive and negative impacts regarding their working conditions and lives. Research by Kuek et al. (2015) and Graham et al. (2017) highlights that freelancing has the benefit of flexibility in that workers can set their own schedules and work from home. Such flexibility is highly helpful for those who balance family responsibilities or other personal commitments. But this autonomy comes at a heavy cost. Among other things, freelancers put in long hours, mostly working irregular schedules to meet the tight deadlines that ensure a good, steady income (Gandini 2016). The problem with flexibility is that it can very easily turn into an unstructured, demanding workday without boundaries between personal and professional life. The lack of labor protection further adds to the insecurity. Freelancers in Bangladesh do not have paid sick leave, pensions, or healthcare, and they often have to deal with delayed or non-payment by clients (Rahman and Rahman 2017). These working conditions can have long-term impacts on freelancers' mental and physical health due to stress and burnout from inconsistent work and the pressures of maintaining an online reputation.

The Role of Freelancing in the Integration of Bangladesh into GVCs

Online freelancing also makes a serious contribution to the integration of Bangladesh into GVCs, especially in the digital economy. According to Kuek et al. (2015), low relative costs of skilled labor have made countries like Bangladesh a major contributor to the global freelance labor market. While businesses in the global North increasingly outsource digital tasks such as web development, design, and content creation to freelancers in the global South, Bangladesh is one of the most prominent contributors to these GVCs. In this way, freelancers, especially those in technology-oriented sectors, are able to participate in the digital economy by contributing to global supply chains while bypassing traditional, often restrictive labor market structures in their home country. This contribution of freelancing towards Bangladesh's GVC integration is further reflected in the recent growing prominence of the country within the global IT outsourcing market. According to a report from the Bangladesh Association of Software and Information Services, in 2022 alone, about \$1.4 billion was earned through IT and software outsourcing (BASIS 2022). This goes to explain how crucial freelancing is to the economic development of Bangladesh as a whole and to her integration into the digital economy on the global scale.

Comparison with Developed Countries

If the freelancing aspect of Bangladesh is compared with the more developed countries, huge contrasts manifest in the levels of stabilization in terms of earnings and working rights. It provides more social safety nets, including healthcare, unemployment benefits, and pension plans in developed countries such as the United States, United Kingdom, or Germany than in Bangladesh. These then mitigate some of the precarity inherent in freelancing. The lack of formal labor protection often leaves Bangladesh-based online freelancers exposed to very precarious

working conditions, under conditions of income instability with limited possibilities for advancement. For instance, in the U.S., freelancers earn considerably higher wages, with the median income for freelance workers reaching around \$75,000 annually, compared to Bangladesh's much lower earnings (Freelancers Union 2018). In addition, infrastructural supports for freelancers, such as professional training, government-backed health insurance, and platforms to help negotiate contracts and find regular work, are also more extensive in many developed countries. Bangladeshi freelancers suffer a lot because of poor infrastructural issues like inconsistent access to the internet and very limited opportunities for professional development.

Despite these disparities, the freelancing sector in Bangladesh is growing rapidly, impelled by the country's young and educated workforce, together with the rising global demand for affordable digital services. The contrast in conditions between developed countries and Bangladesh brings to light the need for improved labor policies and infrastructural support to make freelancing in Bangladesh a viable and equitable form of work.

CONCLUSION

This research contributes to debates on globalization and development through the application of World Systems Theory and Harvey's neoliberalism framework, demonstrating how Bangladesh, despite its integration into global value chains, still remains subject to exploitative labor conditions. Moreover, Vandana Shiva's critique of globalization highlights the mismatch between the promise of freelancing and the reality of worker vulnerability. This research highlights a complex interaction of opportunity and exploitation with global economic integration, hence calling for future research into the long-term effects that freelancing is likely to cause in the Global South.

This paper has explored the dynamic landscape of freelancing in Bangladesh, highlighting its contributions to economic development, shifts in labor markets, and integration into global value chains while underscoring the associated vulnerabilities. From this perspective, in the face of the various influences of government policies, technology, and market demands in the global arena, freelancing is but a strategic lever for viable income opportunities, while concurrently serving as a catalyst to labor vulnerability and debates involving workers' rights. For a rundown on some of the ramifications of analyses described above, detailed policy reform is required, which elicits the full potentiality of freelancing while the interest of workers as a whole is taken care of. This would, therefore, require future studies to monitor the longitudinal trends in freelancing, including how it serves the local economy and informs the wider global labor market dynamics, offering further insight into its longer-term impact at both local levels and in the global workforce.

REFERENCES

1. Ahsan, S., M. K. Alam, and R. S. Rahman. 2022. "Freelancing in Bangladesh: Opportunities and Challenges." *Journal of Economic Development Studies* 11 (2): 88–107.
2. Alam, S. M., Ahmed Rizvan Hasan, and Tanmay Borman. 2021. "IT Freelancing in Bangladesh: Assessment of Present Status and Future Needs." *Journal of Economics and Business* 4 (1). <https://doi.org/10.31014/aior.1992.04.01.320>.
3. Bakhtiar, M. A., S. Ahsan, and M. Hassan. 2021. "Freelancing as an Alternative Income Source in Bangladesh: Government Policies and Emerging Trends." *Journal of Digital Economy* 12 (2): 60–72.
4. Blaising, Allie, Yasmine Kotturi, Chinmay Kulkarni, and Laura Dabbish. 2021. "Making It Work, or Not: A Longitudinal Study of Career Trajectories Among Freelancers." *Proceedings of the ACM on Human-Computer Interaction* 4, no. CSCW3: 1–29. <https://doi.org/10.1145/3432925>.
5. Bangladesh Association of Software and Information Services (BASIS). 2022. "Annual Report 2022." Dhaka: BASIS. https://basis.org.bd/public/files/annual_report/c4211fb8d164eeb66a9066caedc2a5cd-25022024025032.pdf
6. Bangladesh Bureau of Statistics (BBS). 2023. Labour Force Survey 2023. Dhaka: BBS. <http://nsds.bbs.gov.bd/storage/files/1/Publications/LFS/LFS%202023%20Final%20report%20compressed.pdf>
7. Digital Nomad Cafe. n.d. "Freelancer Income Report: A Survey of US-Based Freelancers." <https://www.digitalnomadcafe.com/freelancer-income-report>.

8. Fair Labor Association. 2024 "Wage Trends: Bangladesh." Fair Labor Association, January 11, 2024. <https://www.fairlabor.org/resource/fair-labor-associations-bangladesh-wage-trends-report-and-recommendations>.
9. Freelancers Union. 2018. "5th Annual Report: Freelancing in America 2018." <https://freelancersunion.org/wp-content/uploads/2023/03/freelancinginamericareport-2018.pdf>.
10. Friedman, Thomas L. 2005. *The World Is Flat: A Brief History of the Twenty-First Century*. New York: Farrar, Straus, and Giroux.
11. Gandini, Alessandro. 2016. "The Reputation Economy: Understanding Knowledge Work in Digital Platforms." *Work, Employment and Society* 30 (5): 842–859.
12. Gandini, Alessandro. 2016. *The Reputation Economy: Understanding Knowledge Work in Digital Society*. Springer. <https://doi.org/10.1057/978-1-137-56107-7>.
13. Graham, Mark, Tero Hjorth, and Vili Lehdonvirta. 2017. "Digital Labour and Development: Impacts of the Gig Economy on Global Labour Markets." *Third World Quarterly* 38 (10): 2254–2271.
14. Harvey, David. 2007. "Neoliberalism as Creative Destruction." *The Annals of the American Academy of Political and Social Science* 610 (1): 21–44.
15. Information and Communication Technology Division (ICT), Bangladesh. 2023. "Impact Assessment: Learning and Earning Development Project (LEDP)." https://ictd.portal.gov.bd/sites/default/files/files/ictd.portal.gov.bd/publications/e5081c3549e4_410c9095_f185decf7198/LEDP%20Impact%20Assessment-compressed.pdf.
16. Kuek, Siou Chew, Cecilia Maria Paradi-Guilford, Toks Fayomi, Saori Imaizumi, and Panos Ipeirotis. 2015. *The Global Opportunity in Online Outsourcing*. Washington, DC: World Bank Group. <http://documents.worldbank.org/curated/en/138371468000900555/The-global-opportunity-in-online-outsourcing>.
17. Rahman, Md. A., and Md. M. Rahman. 2017. "Freelancing and Vulnerable Labor in Bangladesh: Economic Opportunities and Social Challenges." *Journal of Bangladesh Studies* 19 (2): 58–75.
18. Scholz, Trebor. 2017. *Uberworked and Underpaid: How Workers Are Disrupting the Digital Economy*. Cambridge: Polity Press.
19. Shiva, Vandana. 2005. "The Polarized World of Globalization" (Review of *The World Is Flat* by Thomas Friedman). *Global Policy Forum*. <https://www.globalpolicy.org>.
20. Wallerstein, Immanuel. 2004. *World-Systems Analysis: An Introduction*. Durham: Duke University Press.
21. World Bank. 2023. "Sustaining Growth in Bangladesh with Strong Reforms." The World Bank. April 04, 2023. <https://www.worldbank.org/en/news/feature/2023/04/04/strong-reforms-can-help-bangladesh-sustain-growth>.