

FREELANCE AS THE MAIN TREND IN DOING BUSINESS IN THE FOOD INDUSTRY

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Abstract

The purpose of the research is to formulate the main technological processes of the food business that can be performed by freelancers. The business owner cannot and should not know all the nuances of the main business processes or stages of product production. He must develop a general strategy and monitor its implementation by invited specialists.

The main materials used during the research were statistical data of the State Statistics Committee of Ukraine; research and statistical data from independent organizations that actively support and analyze the freelance market in Europe and in the world: European Forum of Independent Professionals, Freelancers Union, freelance-platforms Upwork.com and Freelancehunt.com; mass media as Forbes, ain.ua. The main methods used in the study are methods for: analysis, synthesis, comparison and grouping.

According to the results of the researches, the freelance market was actively developing and has a stable tendency to increase. From 2011 to 2016, the number of registrations on freelance exchanges in Ukraine reached almost 190 thousand people. Involving a specialist who is a professional in a particular field or business process without including to the staff, offers additional benefits: cost savings, faster execution of individual business processes and the entire production process, business owner has more opportunities to concentrate on strategic planning.

The possibility for food industry enterprises to maintain a decent quality of products, to increase production volumes and to find new markets by attracting

freelancers in a fairly severe competition on the market is established. At the same time, internal reserves are aimed at further development of the enterprise. This aspect is rather relevant among enterprises of various industries, which determines the complex economic and political situation in Ukraine.

Key words: Food industry, Small business, Business process, Freelance, Freelance-platform.

1. Introduction

The technological development that mankind is experiencing today forms new business conditions and approaches to meet the individual needs of each consumer. The food industry, as one of the fastest growing, is no exception. The business owner cannot and should not know all the nuances of the main business processes or stages of product production. He must develop a general strategy and monitor its implementation by invited specialists.

It is not necessarily to have such specialists as staff members of the company, but may involve specialists who are professionals in a particular field or business process. They know the specifics of their work; they do not need to provide training and responsibility for their work they borrows themselves. This is what provoked the development of concepts such as "freelance" and "outsourcing". It is also important to consider the implementation of which particular business processes can be delegated freelancers.

2. Materials and Methods

In order to investigate current state of employment at the enterprises of the food industry of Ukraine and the freelance market we used data from activity we used available data from the Ukrainian State Statistical Office and Ukrainian State Laws as well as 10 other literature references.

Also, we performed a survey of experts in the food industry (18 experts - food industry specialists in Ukraine: JSC "Odesa loaf", JSC "Odessa Tinnitus Plant for infant food", PJSC "Odessaconditer", etc.) allowed to identify the main fears that prevent entrepreneurs from engaging freelancers for the work, and ways to solve them and explain their mythic or reality.

For the survey was selected method Delphi. At the first stage, the problem investigated in the survey was clearly formulated, and a questionnaire was compiled. The experts were asked questions about: the number of staff, the main problems that have the most significant impact on the activities of the enterprise, the peculiarities of the organizational structure of management, the experience of working with representatives of the freelance market, satisfaction with the result of such cooperation, the reasons for dissatisfaction with cooperation with freelancers, etc.

After receiving the initial answers to the questions, there were 2 more iterations of improving the wording of the questions and collecting expert opinions. As a result of the third iteration, answers were received that could be grouped, and the main trends that hinder the widespread use of freelancing in the functioning of the food industry in Ukraine were derived.

Additionally, the consistency of the opinions of the interviewed experts was analyzed using the entropy coefficient of concordance.

3. Results and Discussion

3.1 Investigation of the current state of employment at the enterprises of the food industry of Ukraine and the freelance market

The food industry is considered to be one of the priority and important sectors of the national economy. Semenenko in his work [1], notes that food industry share is 22% in the structure of sales of industrial products, 47% in the structure of of agro-industrial complex (AIC) income. In line with the technical and material support, the personnel of enterprises has an important role in food industry development. During the economic and political crisis in Ukraine, we observe a negative dynamics of the emigration of the working population from Ukraine, which forms a new tendency for the state to develop - a shortage of professionals and specialists in various spheres of life, including

industrial enterprises. Yet, in order to ensure competitiveness in a rather complex and rigid internal and external environment, businesses are finding new ways and vectors for their development.

Analysis of the number of the food industry enterprises in the dynamics (Table 1) shows that since 2010, there is an unstable dynamics, and after 2013 is characterized by a sharp deterioration of the quantitative composition of enterprises. The reasons for this were events in the East of Ukraine and the Crimea, which marked the beginning of a deep economic crisis throughout the country. This is especially noticeable in large enterprises and to some extent in the middle, due to the complexity of the organizational structure and the low level of flexibility and adaptability of enterprises to changing internal and external environments. As far as small enterprises are concerned, since 2014 there has been a tendency to increase their number.

This tendency also reflected on the personnel of enterprises. Considering from two aspects: the number of hired workers and employed, it should be noted the negative tendency for employment of staff (Tables 2, and 3). Their number decreases in enterprises of all sizes, which is explained both by a decrease in the number of enterprises themselves and by other factors: labor emigration, change in professional activity, etc.

Table 1. Number of food industry enterprises by size, units [2]

Year	Small	Middle	Large
2010	4553	1109	44
2011	4583	1106	63
2012	3928	1044	76
2013	4571	972	70
2014	3964	865	57
2015	4008	856	45

Table 2. The number of employed in food industry enterprises by their size, thousand people [2]

Year	Small	Middle	Large
2010	43,2	252,4	64,4
2011	40,9	244,3	81,6
2012	38,3	226,1	96,5
2013	40,3	215,7	93,3
2014	33,7	201,0	77,00
2015	32,7	193,4	57,3

Table 3. The number of employees at food industry enterprises by size, thousand people [2]

Year	Small	Middle	Large
2010	42,2	252,3	64,4
2011	39,7	244,2	81,6
2012	36,9	226,0	96,5
2013	39,0	215,6	93,3
2014	32,6	200,9	77,0
2015	31,5	193,3	57,3

In this aspect, the level of freelance in Ukraine was analyzed. The dynamics of the number of freelancers and their earnings is shown in Figure 1.

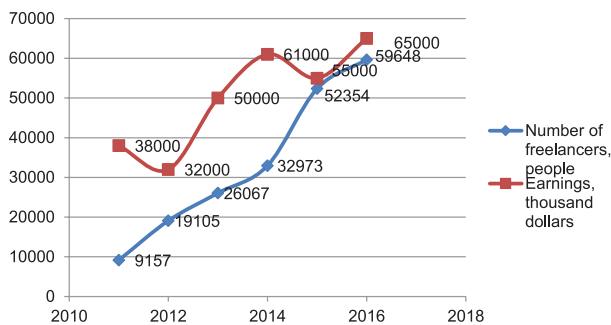


Figure 1. The number of freelancers and their earnings in Ukraine in dynamics [3]

Over the past 5 years, the earnings of freelancers has increased by 49%, and their registration - by 27.4%. The increasing in their earnings is explained by several factors: improving skills, improving the quality of services provided.

The dynamics of key indicators of the freelance market development in Ukraine in recent years suggests its rapid growth and development. The breakthrough was the adoption in 2016 of Law No. 4496 [4], which abolished administrative barriers to the export of services and simplified the legal procedure for doing business for freelance entrepreneurs. Thus it has become another advantage for Ukrainian freelancers in cooperation with foreign employers. Its key aspects are [5]:

- For the exporting company, it is no longer necessary to sign written agreement with the wet seals with the customer and to check it in the bank. A contract for the provision of services (for example, for the development of software) can be concluded on the fact of electronic mail, by making a public offer, in electronic form, on the fact of invoicing and payment.
- Banks are prohibited from requiring the translation of the contract into Ukrainian language, it will be enough to provide documents in English, and they themselves will be engaged in translation.
- Prior to the adoption of the law, the invoice for accounting was not the primary document, but now it will become such. This will facilitate both the accounting itself and the communication with the tax inspection.
- Banks will be able to identify export operations, but currency control over exports of services is eliminated. To confirm that this is an export service, the bank may require an invoice.

This aspect first of all concerns the information technology - IT sphere. After all, domestic web designers,

programmers, copywriters actively co-operate with foreign companies of various spheres of business, including representatives of the food industry. This allowed Ukraine to be brought to the forefront of the world's freelance arena, ahead of the United States, India and the Philippines.

The world freelance market, according to experts from the world's largest freelance platform "Upwork", has a steady growth in which, by 2020, freelancers will account for 60% of the world's labor market, and the market for remote work will reach 46 billion dollars. Today, 34% of the US workforce is temporary, freelance employees (freelancers) or work remotely. It is expected that by 2020 - 2025 their number will reach 40 - 50% [6]. The number of independent experts (freelancers) in the EU-28 increased by a quarter (24%) from 7.7 million to 9.6 million between 2008 and 2015 [7].

3.2 The main aspects of freelance in the food industry

To a greater extent, the services of freelancers are used by small and middle enterprises, including the food industry. Because of the limited capacity of both financial and legal, it is not expedient to expand the staff or recruit employees with additional functions that they are not familiar with.

Observations show that transfer of routine services reduces business costs by at least 10%, increases time for managerial and strategic decision-making, increases the value of a business and its financial results [8].

The functions that are worth and possibly transferring to the freelancer should include:

- Accounting and tax calculation;
- Marketing communications (online and offline);
- Legal support of activity;
- HR-management;
- Information systems and database management;
- Management of logistics and delivery of products.

The list of business processes can be expanded or vice versa narrowed depending on the specifics of the activity of a particular enterprise. Without the above mentioned functions, it is difficult to imagine a stable and efficient activity of the modern food processing enterprise. Their presence requires the creation of appropriate departments or the inclusion of at least one staff member in the staff, which requires additional material and technical costs, which is not always appropriate in times of crisis.

The conducted research [9, 10, 11 and 12] allowed finding out the expediency of attracting to the work of food industry companies' freelancers (Table 4).

Table 4. The expediency and in expediency of attracting a freelancer depending on the business process of the food business

Business process	It is advisable in cases ...	It is NOT advisable in cases ...
Organizational	Overload of control apparatus; The need to increase the level of adaptability of the enterprise to a changing environment; Ineffective work of specific departments (marketing, sales, purchases, etc.)	The complexity of providing organizational infrastructure for establishing effective activities and relationships between freelance and customer services (especially in the case of remote freelance work)
HR	Lack of specialists specializing in the peculiarities of work at food industry enterprises; Lack of ability to provide personnel training	Lack of reliable freelancers
Financial	The need to save money on creating new departments and additional staffing posts	An increase in costs associated with the fact that the cost of manufacturing on its own is less than the price of the offer on the market
Production	High level of production costs; Shortage of equipment for work on resource-related operations	Potential monopoly of a possible freelancer

The involvement of freelancers in the main business processes of the food business has both advantages and disadvantages. The benefits of freelance for the food industry are:

- Using of special equipment, knowledge, skills, technologies of the process of production of food products, depending on its specificity (the most characteristic for complex technological processes of food production: milk, bread and bakery products, oil-fat, etc.);
- Reduction of company costs at all levels of management (this aspect is relevant for the food industry as a whole);
- Increase of the investment attractiveness of the enterprise (especially important within the framework of the state sector of the economy for the maintenance of national producers and farmers, which is the supplier of raw materials for many enterprises of the industry);
- Release of internal resources of the enterprise for other purposes (during the time of high competition and rather rapid technological progress, it is important for a modern enterprise to ensure the ecologically clean and safe production of food products, use of modern equipment, attracting leading specialists and new production technologies);
- Reduction of risks associated with the implementation of the business process at each stage of production (relevant for the food industry in the whole industry);
- Decreasing of the influence of uncontrolled factors, lack of agricultural raw materials (this aspect is especially important for bakery enterprises, dairy and canning factories, and others);
- Increasing the quality of the products or services received by focusing the company on its core business (concentration of top management of the enterprise for strategic purposes, analysis of the current supplier market, competitors, consumers, and

maximum concentration on improving the quality of food products).

Among the disadvantages that must be taken into account when working with or with freelancers, one should consider:

- The lack of professionalism of the freelancer can lead to a decrease in the efficiency of business processes of production and sales (due to the specifics of work with food and limited expediency, unprofessionalism and lack of responsible approach of freelancers will lead to possible losses and impairs the image of the enterprise itself);
- The complexity of the rapid response to unforeseen critical situations and the increased time to resolve them through the specifics of the work of freelancers (often the main cooperation with them is remotely through the means of Internet communications - imperfection or inaccessibility of communication complicates the speed of decision-making);
- Availability of risks of violation of property conservation, preservation and leakage of information of a confidential nature (for food business enterprises with knowledge-intensive processes, research laboratories, information on their own developments, possible innovations, research results it is especially important to preserve their own assets. Special attention should be paid to the security service In case there is no relevant department or specific responsible person in the enterprise, the control should be at the level of top management);
- High turnover of both staffed and involved staff (it is quite difficult to create an appropriate organizational culture in the presence of the involved employees, which would create the conditions for a "single strong team" for employees, with a high probability of conflict situations among staff and freelancers because of the lack of a single position and the vector of enterprise development).

Yet, with all the benefits and possible shortcomings of cooperation with freelancers, the human factor is important - not all top managers or business owners are ready to pass on some functions, especially those relating to finance, product manufacturing processes, delivery or brand building, and the image of their company.

According to the results of the survey, the main problems that interfere with top management or food business owners to work with freelancers were formulated, and ways of their solution and overcoming (Table 5).

3. Conclusions

- The study of the main aspects of freelance is devoted to the work of domestic and foreign scholars, including experts-practitioners: economists, recruiters, marketers, etc. But nevertheless, the importance and role of freelance on the more global level - at the level of development of the state as a whole - is often noted. Positive fact is the possibility of reducing unemployment of the population. To the negative - the imperfection of

the legislative framework, this leads to a lack of registration and subsequently non-payment of taxes. Thus, a significant role in the formation of the freelance market and the main - the positive influence of the state on its development - is allocated to the state and its interest and support is no longer new forms of cooperation between workers and employers.

- The food industry today is at a rather complicated stage of its development. Modern tendencies dictate all new conditions of existence and functioning in the market both external and internal. That is why the issue of strategic development of an enterprise that is not always given due attention due to routine and everyday functions executed by top managers and business owners is topical.

- Food industry is one of the priority sectors of the national economy. That is why the state must take into account the trends that have developed in its development and respond as quickly as possible to ensure stable conditions for its functioning.

Table 5. The main problems hindering cooperation with freelancers in the food industry

The main problems for attracting a freelancer or outsourcing company	Explaining the problem and ways to solve it
<p>An employee who is not part of staff is not responsible for poorly done work</p>	<p>If an employee is in the staff of the enterprise, in case of non-fulfillment of his / her functions or poor-quality performance, the enterprise may charge a fine, lay a reprimand or apply other measures specified in the employment contract or regulated by the Labor Code.</p> <p>In the case of an outsourcing company involvement, all the key terms of cooperation are regulated by a legally enforceable agreement. In this case, it is important to have a highly qualified lawyer.</p> <p>In the case of attracting a freelancer, the risk is somewhat of a concern. It is only possible to minimize it if it has established itself as a responsible and professional person.</p>
<p>High risk of disclosure of commercial secrets</p>	<p>At the domestic enterprises, the conditions of non-disclosure of commercial secrets of the enterprise are rather rarely discussed and documented.</p> <p>In the case of contracting with an outsourcing company, the company is insured against such cases, especially if the company has already established itself on the market.</p> <p>When engaging freelancer, his reputation is especially important and in what circumstances you have applied for his services.</p>
<p>Insufficient level of control, because the freelancer or outsourcing company works remotely</p>	<p>The main condition for the freelancer or outsourcing company is the remoteness of the work. The cooperation is carried out with the help of modern means of communication, provided by the Internet.</p> <p>The business owner should not control the progress of the business process. He should see the result and analyze it. If the process is accompanied by well-defined actions, the absence of breaks in terms of execution of work and fines, no additional control is required.</p> <p>In this case, freelancers and outsourcing companies should provide the employer with maximum information on their work and action plan.</p>

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