

POSITION OF FREELANCE JOBS IN THE MARKETPLACE OF SLOVAK REPUBLIC

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Abstract: *The special mission professions of freelance jobs in economics of SR. A basic character eristic of freelance jobs as subjects with individual unique performances. The definition of freelance jobs from European Council of Liberal Professions. Matrix regulation of Organization of freelance job. Measuring and management of freelance job performances.*

Key words: freelance jobs, matrix regulation, ethics code, management of freelance jobs

1 Introduction

In literature of Slovak Republic and in abroad is large attention paid to different kids of enterprise (trades, capital and Personnel Company etc.) and we find a minimal part, which is intent to topic freelance jobs and their problems. Although during last few years we can see a **dynamic development of enterprise subjects in area of freelance jobs in Slovak Republic** [3].

This number of freelance job subjects is 12,7 times bigger approximately when we compare actual situation with year 1993 (in year 1993 – 1 172 freelance job subjects)¹. At present they present the important pillar of so-called **middle state and the subject for job creation** and on this basis the **important participant of economic space in Slovak Republic and European Union**.

In our article we are targeting on few **basic question of freelance job enterprise**, first of all on specificity of freelance job subject, of freelance job regulation, ethics side of freelance job business and problems of freelance job management.

2 Basic characteristic of freelance job

An apposite definition of freelance jobs (or liberal professions) presents European Council of Liberal Professions (CEPLIS): they're persons who have been adequate qualified into a specific profession, they provide intellectual services personally at own responsibility and independently on general behalf of their customers, clients and patients and entire society. Their profession practising is governed by fulfilment of certain moral and ethics requirements [7].

In area of freelance jobs we can define **constitutional attributes**, which enable their **definite separating from subjects who provide their activities on different basis**, e.g. trades etc. Next attributes are immanent for freelance jobs (FJ):

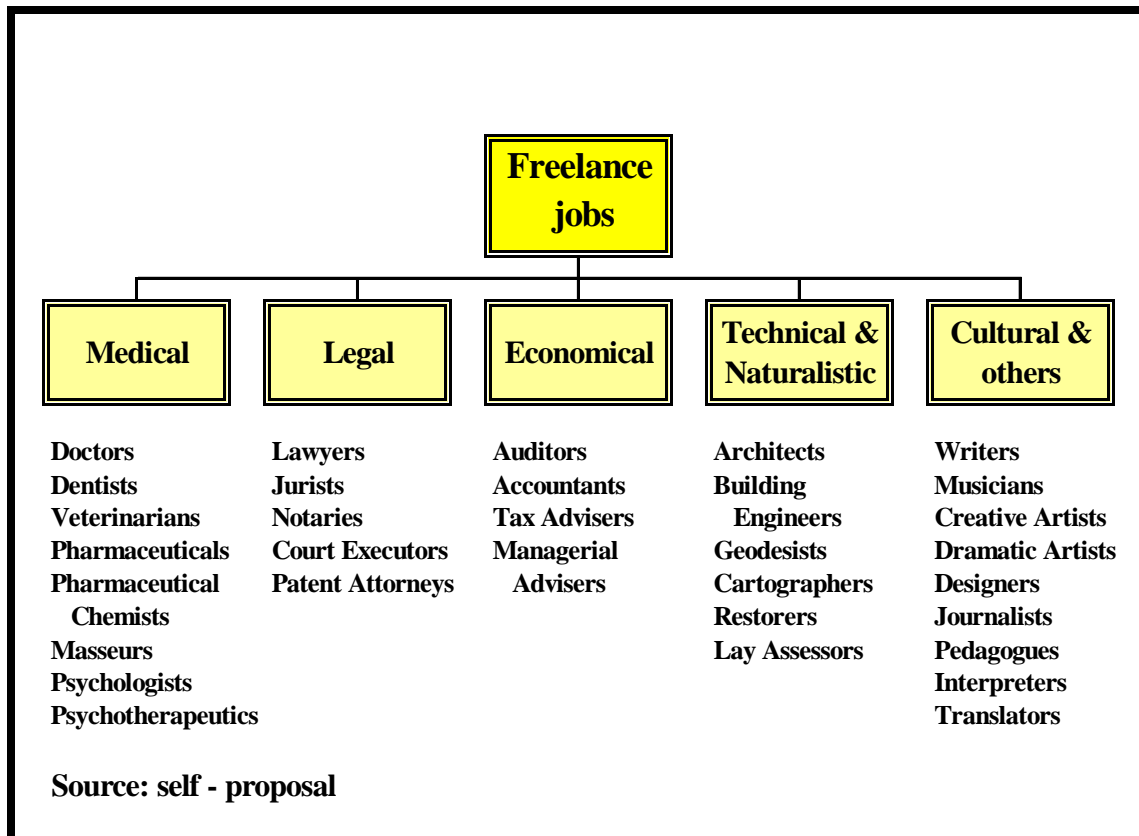
- A) FJ provide intellectual services
- B) FJ provide services personally
- C) High level of personal responsibility for his exercise of a profession
- D) Decision-making autonomy and self-regulation in working activities
- E) Economic autonomy and independence
- F) Sophisticated scientific-theoretical fundament and large experiences of profession
- G) Long-term taking pre-professional learning preparation and lifelong learning

¹ Own research

- H) High level of qualification and competency
- I) Confidential relation with client
- J) Own specific culture of institutionalised work
- K) Own generally accepted catalogue of standard profession ability
- L) Own code of conduct for special profession

3 Classification of freelance jobs

According to the aforesaid constitutional attributes of freelance jobs we can define next types of freelance jobs Picture 1:



Picture 1: Classification of freelance jobs

If we compare names of freelance jobs and their contents we can find out that **scope of employment of individual profession is different** in each country generally, although **its substance is identical** in all countries of the world.

From the point of **special mission professions of freelance jobs in economics** of the world has given care to **morals and ethics problems** still more frequently and more erudite. On this basis we would like to dwell to the application of ethics principles in area of freelance jobs.

4 Characteristic of professions

Ethics of freelance jobs is a professions ethics. The word “professions” has been used in such different contexts and so differently defined the original concept has become confused and watered down to the point of virtual meaninglessness. We need to clarify the term carefully to understand **the significance of maintaining ethical behaviour in critical segment of society** [6].

The literature and common usage have recognized certain specific characteristics. In general, we can agree that **freelance job as a profession** has the following:

- A) A clearly defined field of expertise, which distinguishes members of the profession from all other careers.
- B) A period of prescribed education or training which precedes entry into membership.
- C) A selective process of entry into the profession, restricting its membership to those qualified.
- D) Procedure for testing and licensing, generally approved by state agency under guidance from the profession itself.
- E) A dedication of profession to social service, meeting obligations to the society and performing services other groups are not capable of offering.
- F) Correlatively, substitution of service for income and wealth as the primary motivation of members, plus high-quality service regardless of fees received.
- G) Provision of adequate services for the indigent or those in extremis, generally without charge.
- H) The application of differential fees for the same service to different clients, according to circumstance of ability to pay.
- I) A set of self-governing rules, inculcating a high code of ethics in relationships among members and in behaviour towards the society, and requiring provision of service at high levels of competence.
- J) Means of self-surveillance and application of penalties for misbehaviour or negligence of member.

5 Regulation of enterprise subjects in area of freelance jobs in SR

A definition of regulation expresses substance of regulation as **a restriction in area of economic competition** among representatives of freelance jobs and their enterprises one another. Causes of regulation in a sector of freelance jobs are defined as **prevention of free market failure of freelance jobs** in the view of following characteristics:

- **Competition types in the freelance job marketplace**
- **Providing public estate**
- **Existence of externalities**
- **Access to information**

A main argument for regulation system functioning is inherent **in assurance of quality of providing services and protection of receivers these services and overall public**.

Ethics principles of conduct and globally whatsoever activity of freelance job has been codified **in individual norms of matrix regulation**.

5.1 Law system regulation:

- **International right of worldwide signification** – a level of general application of right, e.g. General Declaration of Human Rights, Pacts of Human Rights, rules system of World Trade Organization etc.
- **Communitarian right of EU** – communitarian law relating to freelance jobs, e.g. direction and instruction Council for legal form of enterprises, labour law etc.

- **State right** – system of state law relating to freelance jobs, e.g. special law for concrete freelance job, Commercial Code, Law of income tax etc.

5.2 Professional organization regulation:

- **Rules of obligatory professional association** – licence model
- **Rules of voluntary professional association** – certificate model
- **Code of conduct for special profession** – detailing ethics behaviour on principles professional standards and European ethics values [2].

An organization, which represents the system and processes of unified regulation and ethics standardization in European Union is **European Council of Liberal Professions (CELIPS)** [7]. Their members are:

- **European monoprofessional organization** (only one freelance job profession) - federations and associations
- **European interprofessional organization** (several freelance job profession) - federations and associations.

The unified regulation and ethics standardization is important for identical aims of customers, clients and other receiver target group of services and products of freelance jobs in European Union countries:

- Comparable high quality of services and products
- Ethics way in the enterprise of freelance jobs on the basis of their special position in economics.

This complicated form of regulation poses claim for system all activities of freelance job enterprise subject, first of all ethics, rendition of services, accounting and management, that are **based on law-abidingness** – thereby is conditioned the competitive advantage **of freelance job enterprise subject on the market of Slovak Republic**.

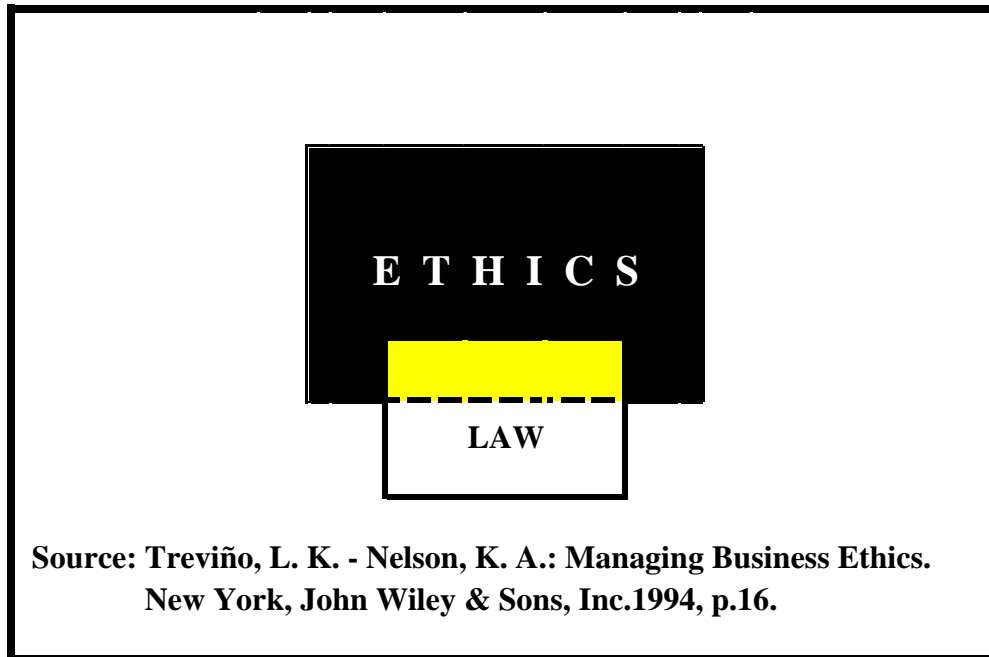
6 Definition of the competitive advantage conditions of freelance jobs in SR

Competitive advantage conditions of freelance jobs are with regard to their special mission in an economy contingent on relevant factories as quality of produced services and commodities, level of management and observance ethics code.

6.1 Code of conduct

6.1.1 Ethics and law system

Above-mentioned segments of **law system represent ethics minimum**, not only for freelance jobs members but also for all inhabitant of state. The relationship between ethics and law contains following Picture 2:



Picture 2: Relationship between ethics and law

If we think of **the law as reflecting society's minimum norms and standards of business conduct**, we can see that there is a great deal of overlap between what's legal and what's ethical. Generally speaking, most people believe that law-abiding behaviour is also ethical behaviour.

But, there are **many standards of conduct agreed upon by society that are not codified in law**. For example, conflicts of interest of a free enterpriser may not be illegal, but they are generally considered to be unethical in our society and are commonly covered in codes of ethics. So, **the domain of ethics includes the legal domain, but extends beyond it to include the ethical standards and issues that the law does not address**.

6.1.2 Code of conduct position in enterprise subject of freelance job

⇒ **The need for codes:**

The need for codes to guide conduct is seen in a **continued willingness of individuals and organizations to deceive** or even to lie in communications, in negotiations, in advertising, and in politics, undercutting honesty in conduct.

The individuals enter business with less than extensive exercise in decency. They easily become involved in efforts to “rip off” the system, which leads to crime and **unethical behaviour within organizations**. This is costly in terms of economic efficiency, social advance and personal improvement.

The absence of ethical training is seen in the programmes of schools, interest bees, the teaching in churches and finally, in the examples at home. Entire families and particularly children spend much time in front of television, where dubious conduct is condoned or seen as “successful”, rather than in the pursuit of elevating ideas or traits. **Only inculcation of concepts of social cohesiveness and responsibility in the exercise of individual creativity can reinforce ethical conduct and this task is the responsibility of the family and its supportive institution – the school, the university, the church, and so on.**

⇒ **The basic characteristics of a code:**

Several characteristics of codes require substantial discussions within the company before an orientation can be agreed upon. They extend from the purposes, through the means of composing the code, to its provisions, administration, implementation, and publication.

⇒ **Purposes:**

A number of purposes can be addressed by a code of conduct and several of them simultaneously.

The big group of purposes of the code is **to achieve public recognition for orientation of the company as expressed in the code**, eliciting a more favourable response from potential customers, suppliers, governments, or the community. This group of purposes would likely lead to publication of code and wide dissemination.

It would be “internal” only if addressed to a free entrepreneur or his workers for their behaviour with each other and outsiders.

It is addressed to public or potential customers; the purpose is to inform them of what behaviour to expect from company officials. The purposes will alter the way in which the code is written and presented.

⇒ **Code Objectives:**

More specific objectives for a code would relate to what it is that a free entrepreneur (or his workers or association members) are to do in pursuit of the overall objectives of organization. For example:

- Provide an opportunity for creative work, opening channels for individual development, expression, and initiative;
- Elicit a service orientation on the part of management (a free entrepreneur) both within the company and outside the community;
- Encourage managers (a free entrepreneur) to seek ways in which the company as a whole could make contribution to community life;
- Elicit a leadership orientation on the part of management;
- Elicit a higher performance – performance that is ethical (morality in action), for performance that achieves desired objectives, without doing so in acceptable ways, in not acceptable performance.

⇒ **Composition of the Code:**

The selection of purposes and objectives and specific provisions that support them will be affected by positions of those writing the code. Thus, the procedure itself signals some of the intent of the association or company of freelance job profession.

The code should be made a “living document” through the addition of revision or addenda as needed. They signal that the code is responsive to the changes orientations or values of society or changes in the culture of the company or association of freelance job profession.

Finally, the style of presentation gives important signals as to the nature and orientation of the code.

⇒ **Provisions:**

The first decision with reference to the provisions themselves is whether or not they should be specific or general, simple or detailed, guidelines or rule.

Regardless of this orientation, an early provision in most codes is a declaration of adherence to "high ethical principles" and an assertion that managers (free entrepreneurs) are to act more ethically than required by law.

This often accompanies a provision, which stipulates that member is to comply with relevant laws, which is minimum behaviour.

One group of provisions relates to numerous activities inside and outside the institution, and is included according to its priorities or the kinds of activities **in which it is engaged.**

Provisions for association or company code are suggested by following subjects:

- Customer relations
- Political participation and contributions
- Side payments to customers or suppliers
- Individual personnel relations
- Product protection, safety, packaging, labelling, and quality
- Advertising - accuracy, advocacy, institutional
- Consumer promotions
- Industry leadership
- Service to employees
- Community relations and contributions
- Industrial espionage
- Supplier relation
- Proprietary information and information disclosure
- Protection of company property
- Accounting for company funds
- Environmental protection
- Relationship with the news media
- Responsibility for adherence to the code-personal and observance by others
- Penalties for non-compliance

⇒ **Dissemination of the Code:**

Expectation concerning the nature and strength of the response to the code are signalled by the **method of dissemination or communication.**

Dissemination of the code has a different effect if it is limited to certain levels within the organization – distributed to managers (free entrepreneurs) or officers and not to employees, or to all full-time employees but not to part-time workers.

A difference exists in the communication of the intent of the code when it is disseminated with covering letters that are condemnatory of past behaviour – as compared to exhortation of good behaviour with compliments for par excellence.

⇒ **Administration of the Code:**

The code is merely a piece of paper with words if penalties for non-compliance are not applied. In fact, it is probably worse to have a code that is seen **as not being implemented – or from which some are expended – than not to have one at all.**

Several difficult problems exist in the administration of codes, and they need to be faced. Some of them can be alleviated by **establishing a "conduct committee", or ombudsman, to which various people would report their problems** and which in turn would report to superiors and obtain authority to seek out specific evidence, as needed.

The processes of surveillance and enforcement have a necessary **internal purpose of maintaining the validity of the code and establishing a high morale within the company or association of freelance job profession**. They have an **external purpose of precluding regulation from community or governmental authorities**, by demonstrating that internal rules are in fact being complied with.

The problems in administration arise from the process of surveillance itself. Procedures for surveillance and judgment must obviously lead to the application of penalties, and a procedure is required for making the “penalty fit the crime,” so that all members are convinced that justice is available and will be carried out.

Important is the solution of a question regarding the extent to **which the procedures of enforcement are to be kept private and results secret**.

Finally, there are bound to be differences in interpretations of the provisions, necessitating a **procedure for clarification and for determination of “appropriate judgement”**.

6.2 Management in enterprise subject of freelance job in SR

A. Management position

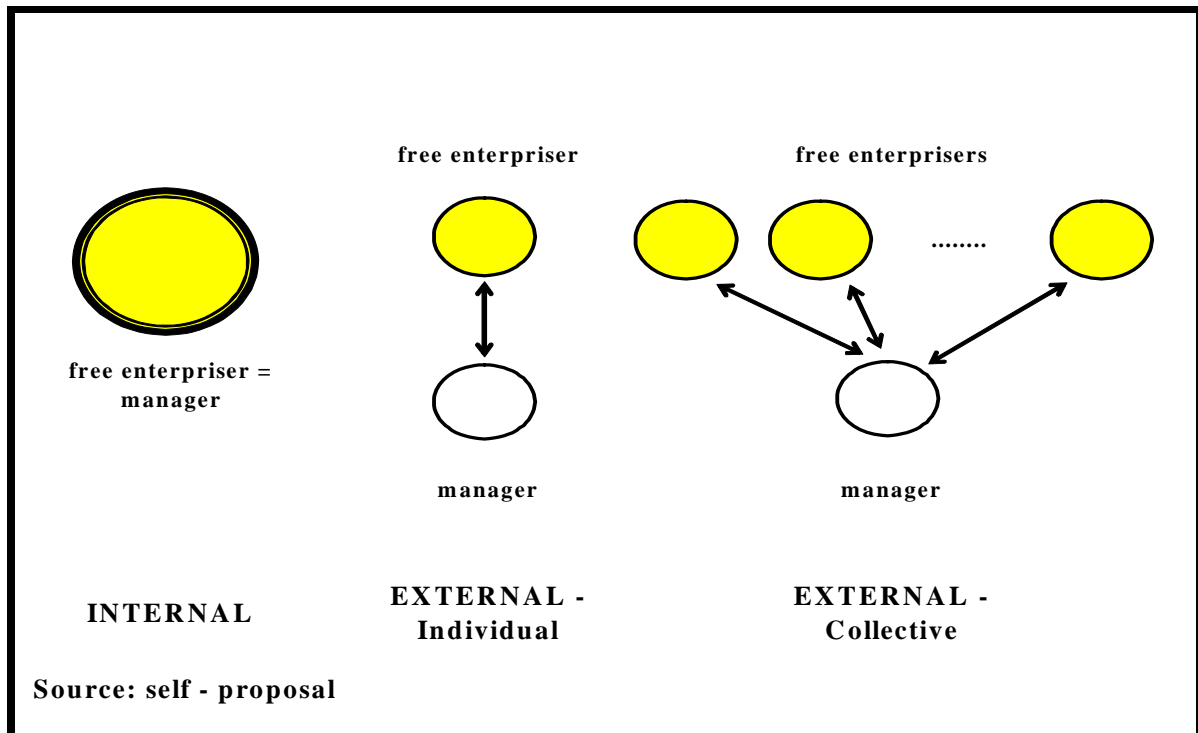
Not only ethics principles of conduct also whatsoever activity of freelance job have been codified **in individual norms of regulation**.

At first sight appear to be the management advanced in this area of freelance jobs, because a **free enterpriser and his family are dependent on profitability of freelance job** and he tries to be successful.

But the reality is different - management in the sector of freelance jobs is only minimal. It's orientated to statutory duty: **accounting, tax** and when is necessary to change old gadget or car is concentrated to **purchase of new investment**.

An information system (EXCEL, ACCES...) in position management instrument is used only secondarily (e.g. auxiliary calculation, check calculation...).

In the sector of freelance jobs we can find following management systems Picture 3:



Picture 3: Management systems in the sector of freelance jobs

a) Internal:

An entrepreneur - representative of freelance job, is identical with expert for management. This system is used by freelance jobs of economic character: auditors, accountants, tax advisers and managerial advisers.

In this case the entrepreneur uses own education and qualification not only for resources of income but for his own activities.

There are most frequently used management tools, as price calculation, budgeting of operating cost and investment planning.

b) External:

- **Individual** - an entrepreneur - representative of freelance job, is different with expert for management, his activities are orientated only to subject of his freelance job enterprise. Management inheres in activities requested from law.

According to the very easy explanation: one free enterpriser has to place under contract one expert for accounting, insurance and tax.

This system is used by medical, legal and partial technical and naturalistic freelance jobs.

- **Collective** - a free enterpriser is different with expert for management, but in this case several free enterprisiers use services one expert for management. This expert is mediated by an association of special freelance job. Most frequently it is used a contracting cooperation between a free enterpriser and a manager through an association by cultural and partial technical and naturalistic freelance jobs.

B. Recommendation for improvement of management

A solution of more advanced management in the sector of freelance jobs we find in following recommendation for **implementation external system**:

- **Elimination of knowledge gaps**, fear of contact and general doubtfulness and mistrust of management from side of a free enterpriser
- **Elaboration of conception** fundament for management system
- **Common development** (manager and free enterpriser) of economic and uneconomic objectives
- **Application of easy method of calculation** for: price, operation, activates and their comparison and **of budgeting** for operating cost, investment and their comparison (detail methodology is elaborated in textbook “Kalkulácie a rozpočty” by author team G. Dubcová, A. Foltínová, M. Kupkovič, M. Rajňák, M. Tóth) [4].
- **Preparation of well-arranged easy reports** for management purposes, with detail budgeting tax income and expenses (detail reports preparation contains a part in textbook “Controlling” designated for management of freelance jobs) [2].
- **Utilisation of an information system** (accounting IS, EXCEL, ACCES...) which will be adequate to size of the firm a subject of enterprise.

1 Conclusion

At present, but also in the next future enterprise subjects of freelance jobs will strike trough inland market EU new fields of action. First of all new large challenge find freelance jobs in area information and medical, advisory, technical freelance jobs. However freelance jobs pay the dearness in form of accelerating competition for these new changes.

This real fact requires perfection of state professional and communal right and also support from education system, first of all from universities side in Slovak Republic.

The primary interest has to achieve a high level of freelance jobs quality in Slovak Republic so that they could be competitive in the marketplace EU. It is concerned dominant the procuration for equalization of backward freelance jobs kinds to level of the most mature EU countries.

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