

INTEGRATION OF THE FREELANCING IN THE MARKETING STRATEGY OF THE ORGANIZATION

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The economic crisis was a turning point for both Romanian organizations and HR activity, thus generating a series of negative effects on human resources management. The improvement of these negative effects is a duty of the HR department, whose role has evolved into that of a mediator of the necessary climate to achieve the performance, efficiency and optimal results. The present paper deals with freelancing, a subject with high degree of novelty in human resources, highlighting the key benefits of its integration in the activity of HR. To emphasize a healthy process of implementation, we will address successively managerial decision and resistance to change that occurs inevitably, the state of imbalance generated by change, and how we can finally get equilibrium through recognition and understanding the need for change. To reflect the phenomenon subjected to analysis, we performed a mathematical modeling of performance with human resources, the expenses for human resources, and we calculated the ratio performance – cost regarding the integration of freelancing in HR activity. This work brings finally a concrete solution to the great developments occurring in the human resources management, namely to ensure consistency between efficient human resource costs, ensuring a high motivation and human resource performance increasement.

Keywords: managerial decision, freelancing, performance, cost, mathematical modeling, optimization.

1. Introduction

The present work aims to bring to the fore an issue that will revolutionize HR departments managers, namely **the freelancing**. This topic is a new trend, a different approach, a possible dream also in Romania in terms of human resources. The defining feature of the work is just the **novelty character** to streamline the Human Resources, since this topic has not been studied, analyzed, and quantified in a scientific conceptual framework, and is helpful both for entrepreneurs and for organizations working for several years on the market in Romania.

2. Motivation for choosing the topic

The justification for the choice of the topic "*The integration of freelancing in the HR activity*" will focus on the presentation of the general aspects of the context in which the motivation for approaching the theme developed. The current financial and economic situation has brought many organizations in times of crisis, in which both general managers and HR department tried to find new ways to reduce costs with the also human resources, but also to keep its motivation so as to provide an extra performance on long term.

The motivation for approaching this theme focuses on the role of the human resources department, which currently has evolved into that of a mediator of the climate necessary to achieve the performance, efficiency and optimal results.

This department should exercise, especially today, an advising senior management position in the overall development strategy of the company.

Moreover, we must consider that recruitment of staff can be permanent and systematic, and can be achieved only when a particular need appears, as it is evidenced in the present study. Thus, the focus of motivation is given by freelancing's approach and analysis, an efficient recruitment process which involves resorting to temporary labor.

3. Elaboration of the research plan regarding the integration of freelancing in the HR activity**3.1. The current state of research on the integration of freelancing in the HR activity**

Currently, the concept of freelancing is addressed in a series of articles, but only from the user perspective (freelancer's) who practices it. Thanks to technological innovations and the change of the needs of the population, we see a growing number of people willing to work as freelance professionals who have acquired the status of freelancer. Moreover, there were public debates about the concept of "freelancer", with pros and cons about this alternative. However, currently there is no scientific article to define freelancing as a HR process, or to analyze and quantify it in terms of perspective for the organization and not as the person that practices it. At the moment there is a clearly defined context of implementation of freelancing in organizations, through the online platforms which offer the possibility to the freelancers to operate on the free labor market.

Whatever we choose as the HR department, be it employee, freelancer or entrepreneur, we will have both advantages and disadvantages.

3.2. Advantages and disadvantages of implementation of freelancing in the activity of HR:**Advantages of implementation of freelancing in the activity of the organization:**

- Cost-effectiveness;
- Reduce time allocated to administrative work;
- Maintaining a favorable climate for employees;
- Flexibility;
- Reduce costs with staff;
- Ability to continuously monitor them through screen shots 2;
- Ability to pay them the number of hours worked;
- Ability to recruit freelancers appealing to the largest database from existing platforms;
- The convenience with which the organization can lead to selecting a freelancer;
- Recourse to cheap labor and which can be easily negotiated;

Disadvantages of implementation of freelancing in the activity of the organization:

- Low level of internal data security;
- Lack of attachment to the employee as not belonging to the organization;
- Dependence on a platform that works online only;
- It can not be implemented in large companies (eg. Microsoft, Oracle, IBM) because they are based on an organizational culture where human resource is the main pillar;

At present, the technology in the freelance is supported by the existence of seven freelance platforms.

(see the Appendix. 1)

3.3. Identifying the problem regarding the integration of the freelancing in the HR activity

Integration of freelancing in the activity of HR responds to issues identified in the management of human resources, namely the ineffectiveness. The present research starts from general to particular, identifying a broad problem: human resource ineffectiveness and customizing its analysis on an organization that works on the market in Romania: SC Alex & Comp S.R.L. The problem identified is the inefficiency of a department, which entails negative side effects associated to the wages, which decreases performance for the entire department.

For identifying this problem, we used the cause-effect diagram (ISHIKAWA) which helped us to identify the problem in investigation and we highlighted the main causes that generated this issue. The economic crisis, poor remuneration system, demotivation of marketing department employees and not least the lack of financial resources are the main factors that contributed to inefficiency. (See Annex no. 2).

3.4. Purpose of research on the integration of freelancing in the activity of HR

Scope: Streamlining HR activities by implementing the freelancing in the sub-area of creation

Objectives:

- Reduction in personnel expenses by at least 30%;
- Maintain a minimum 40% performance with the current human resources of the marketing department;
- Increase the performance by at least 15% by implementing the freelancing in the sub-area of creation.

4. Case study on the implementation of freelancing in SC Alex & Comp SRL

4.1. Description of the Company

S.C. Alex & Comp SRL Galați is concerned with better quality, customer satisfaction, economic efficiency in all activities, constantly evolving to the market competitiveness demanded. Fierce competition as a result of European integration and the increasing complexity of services provided by SC Alex & Comp SRL Galați leaves room only for those who are able to ensure the application of a viable program to increase performance and quality, as evidenced by the success with which it has implemented and maintained the quality system. The strengths of the organization SC Alex & Comp SRL, to the requirements and claims of partners and customers are: the quality of services provided, the rigorous application of emerging technologies and maintenance of long-term performance of the company.

Given the objectives of the organization, the **decision** is the means by which these objectives are accomplished. Based on these objectives, the decision is the action which decides a certain line of conduct to achieve the objective, and that includes action, ways and means of achieving.

4.2. Managerial Decision on the implementation of freelancing in SC Alex & Comp SRL

In the management companies, the DECISION is the decisive element, the active expression, the most dynamic in exercising their functions. On how to develop and apply decisions depends largely the efficiency of activities taking place in the organization. Decision by the content, nature and role is the engine management, the ongoing process of harmonization of the objectives with the resources⁸⁷. The decision comes as a solution chosen by the manager aware of several possible options, and on the basis of material information to coordinate and regulate activities and their control and forecasting⁸⁸.

It also appears as a management decision process, in which a holder according to an analysis makes a choice that affects the behavior of other holders of positions and their contribution to the objectives.

4.3. Resistance to change, concerning the implementation of freelancing in SC Alex & Comp SRL

Kurt Lewin considers change as a dynamic balance of forces, which on the one hand are pressuring the change, and on the other hand determine resistance to change. So we made a force field analysis of LEWIN and noticed a state of imbalance caused by a number of factors such as fear of the new, fear of redundancy, opposition from certain employees.

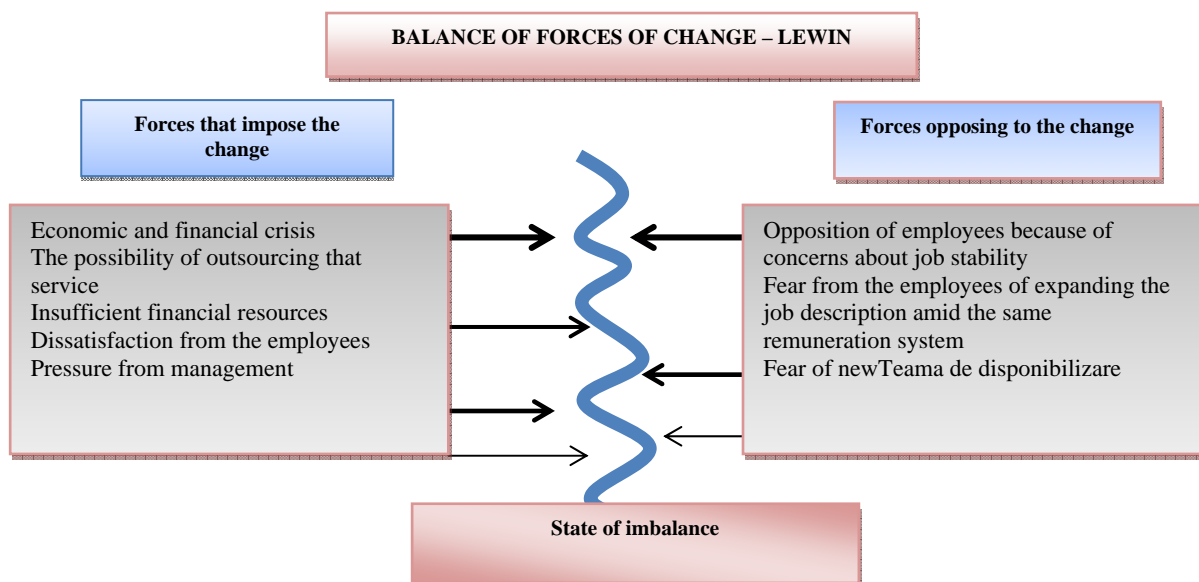


Fig. 1. The balance of forces of change

⁸⁷ Terry Connolly, Hal Arkes, Kenneth Hammond, *Judgment and Decision Making. An Interdisciplinary Reader*, (2nd) Cambridge University Press, 2000, p. 4-5

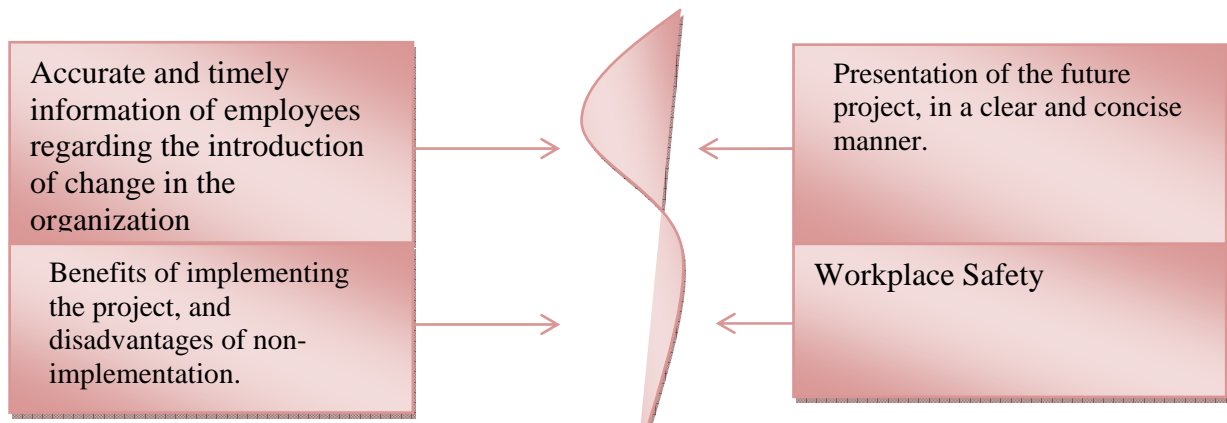
⁸⁸ Gh. Gh. Ionescu, E. Cazan, A.L. Negruța, *Modeling and optimization of management decisions*, Publishing House Dacia, Cluj Napoca, 1999, p. 102-103

Planning the change involves establishing a series of actions designed to change behaviors of individuals and groups, the structural configuration and management reorganization and methods.

To get the steady state at work necessary to ensure efficiency it was considered effective the successful introduction of a shift towards improving the imbalance in the organization analyzed, namely:

- identifying individuals affected by the changes and reasons for any opposition;
- identifying individuals who should be involved in planning the change.

Actions that lead to achieving the steady state:⁸⁹



OBTAINING THE STEADY STATE

Fig. 2. Force field analysis (LEWIN, 1951)

4.4. Recognizing and understanding the need for change by implementing freelancing in SC Alex & Comp SRL

Looking at the diagram forces of change we concluded that we must recognize and understand the need for change. Clear and profound perception of the need for change by managers is indispensable for the organization change process. Therefore, one of the most important aspects is the understanding of the organization's staff, managers and subordinates, of the need for change.

Staff organization must be helped to understand that the current organizational structure should be adapted to new requirements and challenges of the market, the current marketing department is performing in this formula and urgent measures must be taken for the efficiency.

5. Characteristics, indicators and parameters concerning the implementation of freelancing in SC Alex & Comp SRL

5.1. Mathematical modeling human regarding resource performance in the marketing department

Mathematical modeling in the present study wants to bring forth an approach that shows superior benefits that can be obtained throughout the marketing department by implementing the freelancing in the sub-area of creation. **We performed a random mathematical modeling simulation.**

Thus, in the last 6 months, the marketing department has had four major tasks. Through a mathematical calculation we will achieve economic successive simulations on four major tasks using the following notations:

- N**- number of employees in the marketing department
- x** – number of employees who form a team, where $x \in \{0,1\}$
- K** – total number of employees working on the task i
- P_i x_i** – value obtained by the employee x at the task i
- P (MK)** – performance of the marketing department
- E (P (MK))** – expected performance (the peak reached)
- P_i (x_i)** – average performance on k tasks

⁸⁹ Adaptation of the Human Resources Management, Volume 4, Power, leadership and change, The Open University Business School, CODESC, Publishing House OPEN PRINT SA, Bucharest, 2002

Following the notations presented, we will consider that the performance of the marketing department is a coefficient dependent on three variables as follows:

$$P(MK) = f(N, K, P_i x_i)$$

$$P(MK) = \frac{\sum_{i=1}^N P_i(x_i^k)}{N} \quad (1)$$

$$P_i(x_i^k) = \frac{\sum_{k=1}^K P_i(x_i^k)}{K} \quad (2)$$

Because the department has: $N = 1 + 1 + 1 + 1 + 1 + 2 + 2 + 2 + 2 \Rightarrow N = 13$

Table n. 1

Task n. 1 – The current situation with two permanent employees

Employees in the marketing department	Value Attributed *	Coefficient	Value obtained (1)
X1 – Marketing Manager	1	P1x1	0.958
X2 – Team leader Creation	1	P1x2	0.437
X3 – Team leader PR	1	P1x3	0.563
X4 – Team leader Advertising	1	P1x4	0.801
X5 – Team leader IT	1	P1x5	0.605
X6 – Employee Creation 1	1	P1x6	0.503
X7 – Employee Creation 2	1	P1x7	0.432
X8 – Employee PR 1	0	P1x8	0
X9 – Employee PR1	1	P1x9	0.521
X10 – Employee Advertising 1	0	P1x10	0
X11 – Employee Advertising 2	1	P1x11	0.721
X12 – Employee IT 1 (Web + Maintenance)	0	P1x12	0
X13 – Employee IT 2 (Integration)	0	P1x13	0
	/	/	5.541

* The value attributed = 1 \Rightarrow The employee x is working on the task i * The value attributed = 0 \Rightarrow The employee x is not working on the task i

$$P_i x_i = \frac{\sum_{k=1}^K P_i(x_i^k)}{K} \quad (3)$$

$$P_i x_i = \frac{0.958 + 0.437 + 0.563 + 0.801 + 0.605 + 0.503 + 0.432 + 0 + 0.521 + 0 + 0.721 + 0 + 0}{9}$$

$$P_i x_i = 0.61$$

$$P(MK) = \frac{\sum_{i=1}^N P_i(x_i^k)}{N} \quad (4)$$

$$P(MK) = \frac{0.958 + 0.437 + 0.563 + 0.801 + 0.605 + 0.503 + 0.432 + 0 + 0.521 + 0 + 0.721 + 0 + 0}{13}$$

$$P(MK) = 0.42$$

Table n. 2

Task n. 2 – The current situation with one permanent employee in the sub-area creation

Employees in the marketing department	Value Attributed	Coefficient	Value obtained (2)	Arithmetic average (1)+(2)
X1 – Marketing Manager	1	P2x1	0.947	0.952
X2 – Team leader Creation	1	P2x2	0.503	0.470
X3 – Team leader PR	1	P2x3	0.510	0.536
X4 – Team leader Advertising	1	P2x4	0.643	0.722
X5 – Team leader IT	1	P2x5	0.645	0.625

X6 – Employee Creation 1	1	P2x6	0.523	0.513
X7 – Employee Creation 2	0	P2x7	0	0.216
X8 – Employee PR 1	0	P2x8	0	0
X9 – Employee PR2	1	P2x9	0.489	0.505
X10 – Employee Advertising 1	0	P2x10	0	0
X11 – Employee Advertising 2	1	P2x11	0.542	0.631
X12 – Employee IT 1 (Web + Maintenance)	0	P2x12	0	0
X13 – Employee IT 2 (Integration)	0	P2x13	0	0
	/	/	4.802	5.171

$$P_j x_i = \frac{\sum_{j=1}^K P_j(x_i)}{K} \quad (5)$$

Where:

P_j = arithmetic average of the performances of the employee x for the previous and current task

$$P_j x_i = \frac{\frac{P_{1x1} + P_{2x1}}{2} + \frac{P_{1x2} + P_{2x2}}{2} + \frac{P_{1x3} + P_{2x3}}{2} + \dots + \frac{P_{1x12} + P_{2x12}}{2} + \frac{P_{1x13} + P_{2x13}}{2}}{8}$$

$$P_j x_i = \frac{0,952 + 0,470 + 0,536 + 0,722 + 0,625 + 0,513 + 0,216 + 0 + 0,505 + 0 + 0,631 + 0 + 0}{8}$$

$$P_j x_i = 0.64$$

$$P(MK) = \frac{0,952 + 0,470 + 0,536 + 0,722 + 0,625 + 0,513 + 0,216 + 0 + 0,505 + 0 + 0,631 + 0 + 0}{13}$$

$$P(MK) = 0.39$$

Table n. 3

Task n. 3 – The situation with one employee and one freelancer in the sub-area of creation

Employees in the marketing department	Value Attributed	Coefficient	Value obtained (3)	Arithmetic average (1)+(2)+(3)
X1 – Marketing Manager	1	P3x1	0.961	0.955
X2 – Team leader Creation	1	P3x2	0.743	0.561
X3 – Team leader PR	1	P3x3	0.549	0.540
X4 – Team leader Advertising	1	P3x4	0.776	0.740
X5 – Team leader IT	1	P3x5	0.618	0.622
X6 – Employee Creation 1	1	P3x6	0.512	0.512
Z2 – Freelancer Creation 2	1	P3x7	0.672	0.368
X8 – Employee PR 1	0	P3x8	0	0
X9 – Employee PR2	1	P3x9	0.513	0.507
X10 – Employee Advertising 1	0	P3x10	0	0
X11 – Employee Advertising 2	0	P3x11	0	0.421
X12 – Employee IT 1 (Web + Maintenance)	0	P3x12	0	0
X13 – Employee IT 2 (Integration)	0	P3x13	0	0
	/	/	5.344	5.392

$$P_j x_i = \frac{\frac{P_{1x1} + P_{2x1} + P_{3x1}}{3} + \frac{P_{1x2} + P_{2x2} + P_{3x2}}{3} + \frac{P_{1x3} + P_{2x3} + P_{3x3}}{3} + \dots + \frac{P_{1x13} + P_{2x13} + P_{3x13}}{3}}{8}$$

$$P_j x_i = \frac{0,955 + 0,561 + 0,540 + 0,740 + 0,622 + 0,512 + 0,368 + 0 + 0,507 + 0 + 0,421 + 0 + 0}{8}$$

$$P_{jxi}=0,65$$

$$P_{jxi} = \frac{0,955 + 0,561 + 0,540 + 0,740 + 0,622 + 0,512 + 0,868 + 0 + 0,507 + 0 + 0,421 + 0 + 0}{13}$$

$$P(MK)=0.$$

Task n. 4 – Situation with 2 freelancers in the sub-area of creation

Employees in the marketing department	Value Attributed	Coefficient	Value obtained	Arithmetic average (1)+(2)+(3)+(4)
X1 – Marketing Manager	1	P4x1	0.972	0.959
X2 – Team leader Creation	1	P4x2	0.752	0.608
X3 – Team leader PR	1	P4x3	0.676	0.574
X4 – Team leader Advertising	1	P4x4	0.777	0.749
X5 – Team leader IT	1	P4x5	0.622	0.622
Z1 – Freelancer Creation 1	1	P4x6	0.785	0.580
Z2 – Freelancer Creation 2	1	P4x7	0.674	0.444
X8 – Employee PR 1	0	P4x8	0	0
X9 – Employee PR1	1	P4x9	0.623	0.536
X10 – Employee Advertising 1	0	P4x10	0	0
X11 – Employee Advertising 2	0	P4x11	0	0.315
X12 – Employee IT 1 (Web + Maintenance)	0	P4x12	0	0
X13 – Employee IT 2 (Integration)	0	P4x13	0	0
	/	/	5.881	

$$P_{jxi} = \frac{0,959 + 0,608 + 0,574 + 0,749 + 0,622 + 0,580 + 0,444 + 0 + 0,536 + 0 + 0,315 + 0 + 0}{8}$$

$$P_{jxi}=0.67$$

$$P(MK) = \frac{0,959 + 0,608 + 0,574 + 0,749 + 0,622 + 0,580 + 0,444 + 0 + 0,536 + 0 + 0,315 + 0 + 0}{13}$$

$$P(MK)=0.4$$

Conclusion of mathematical modeling for the performance of the human resources in the marketing department: Following the simulation performed on the 4 major tasks we calculated the performance obtained for the entire marketing department, both with N - number of employees in the marketing department and with K- total number of employees working on the task i. At the simulation, we obtained in the task 4 the highest value (0.67) which shows that the introduction of two freelancers in the sub-area of creation works best.

6.1. Mathematical modeling of human resource expenditure in the marketing department

$$C_{MK} = C_{MKF} + C_{MKV}$$

C_{MK} represents the marketing expenses in the sub-area of creation

C_{MKF} represents the fixed costs of marketing

C_{MKV} represents the variable expenses of marketing

$$C_{MKV_0} = C_{MKV_{x_6}} + C_{MKV_{x_7}} + C_{MKV_{x_2}}$$

where

$$C_{MKV_{x_6}} = C_{MKV_{x_7}} = C_{MKV_{x_2}}$$

Where C_{MKV_0} represents the initial variable expenses of marketing (2011), for the sub-area of creation

$C_{MKV_{x_6}}$ - variable expenses for Employee Creation 1

$C_{MKV_{x_7}}$ - variable expenses for Employee Creation 2

$C_{MKV_{x_2}}$ - variable expenses for Team Leader Creation

$$C_{MK}VF_r = C_{MK}V_{x_2} = \frac{C_{MK}V_0}{3}$$

$C_{MK}VF_r$ – variable expenses with the freelancer

Cost Calculation for one year

$$\begin{aligned} C_{MK}F_1 &= 86016 + C_{MK}F_{x_2} \\ C_{MK}F_0 &= 86016 + C_{MK}F_{x_2} + C_{MK}V_0 \\ C_{MK}F_1 &= 29459 + C_{MK}F_{x_2} \end{aligned}$$

* if the salary of x_2 (team leader creation) is not increased

Where: - 86 016 represents the expenses with the salaries for a year for the two employees from Creation (see The profit and loss account, Annex 4)

-29 459 represents the expenses with the services for a year for the two freelancers.

$$\begin{aligned} C_{MK1} &= 29459 + C_{MK}F_{x_2} + \frac{C_{MK}V_0}{3} \\ \Delta C_{MK} &= C_{MK1} - C_{MK0} = \left(29459 + C_{MK}F_{x_2} + \frac{C_{MK}V_0}{3} \right) - \left(86016 + C_{MK}F_{x_2} + \frac{C_{MK}V_0}{3} \right) \\ \Delta C_{MK} &= -56557 \Rightarrow \Delta C_{MK} < 0 \Rightarrow \text{reducerea costurilor} \end{aligned}$$

Conclusion of mathematical modeling of cost: We analyzed the fixed and variable marketing expenses in 2011 and 2012 respectively and obtained a negative value for the coefficient ΔC_{MK} which shows a reduction in marketing expenses in 2012 compared to 2011 with 56 557.

6.1. Mathematical modeling regarding the performance-cost ratio of the human resource within the Department of marketing

$$\begin{aligned} \alpha &= \frac{PMKT1}{\frac{C_{MK0}}{12} * 1,5} \\ \beta &= \frac{PMKT4}{\frac{C_{MK1}}{12} * 1,5} \end{aligned}$$

α - ratio performance / cost at the initial moment (2011)

β - ratio performance / cost at the present moment (2012)

1,5 represents the duration of time (6 months) / number of tasks

$$R\ P/C = \frac{\frac{86016}{12} * 1,5}{\frac{29459}{12} * 1,5} = \frac{\frac{0,42}{10752}}{\frac{0,41}{3682,37}} = 0,5$$

Conclusion of the mathematical modeling regarding the ratio performance- cost: The result of the ratio P / C at the initial moment (2011) reported to calculation of the P / C at present (2012) may be subunitary (favorable for entering the 2 freelancers) or over unity (favorable for maintaining the 2 employees). The result of the ratio performance - cost is subunitary with a value of 0.5 which shows that the introduction of the two freelancers in the sub-area of creation of the marketing department is a favorable decision.

6. Conclusions and proposals

Future trends in human resource management can make permanent changes on the labor market. Thus, employers will increasingly rely on foreign talent, or fixed-term employment, whether it is temporary employees or contractors to achieve business goals in a strategic manner and with long-term performance. However, employers should not expect temporary workforce to perform like company veterans, 'within hours'.

Overcoming the crisis and ensuring the success can be achieved through a strategic decision through innovative solutions such as freelancing by increasing the performance and not least by improving communication with employees regarding the current strategy of the company.

The future projections of the present scientific papers consist of legislative proposal ferenda regarding the fiscal responsibility for both freelancers and employer. Please note that at this time there is no legal framework to regulate the activity of the freelancers in relation to their obligations to the State.

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