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Peculiarities of the Russian Freelance Market

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The technological revolution and development of information and communication technologies have resulted in post-industrial production in terms of network economy. This has led not only to the demand for new professions and the increasing importance of human capital, but also the emergence of nontraditional forms of employment such as freelance providing functional flexibility and efficiency at labour market. The author identifies peculiar features of freelance activities (advantages and disadvantages), studies the websites of the most popular Russian freelance marketplaces. The author has analyzed supply and demand for them, gender differences. The study is supplemented by the social survey of freelancers, graduates of the Siberian Federal District universities (325 respondents), which allowed to create the "portrait" of the Russian freelancer. The author's research has shown that the average level of labour potential is higher than 0.7 and is provided by the education and qualification level, innovation entrepreneurship characteristics and high level networking.

Keywords: information and communication technologies, networking, labour market, freelance, freelancer, labour potential, Mincer modified equation.

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Research area: economics.

Introduction

The development of modern post-industrial society is influenced by information and communication technologies providing network communication. The emergence of new forms of precarious employment with free distribution of working time, which on the one hand can be considered as an advantage increasing the productivity, but on the other hand, as a drawback, a factor providing the precarization of work.

Within the framework of the Krasnoyarsk Economic Forum 2016, the participants

discussed their vision of the 2030 Strategy, which states human capital to be one of the key areas, and considers the import of skills and personnel, mass government programmes of retraining for new occupations as one of the priority steps within the technological development. Globalization processes, awareness of the importance to preserve the environment, transition to the postindustrial society, growth of the middle class as a major social processes on the one hand, and development of information and communication

Table 1. Distribution of Duration of Job Search for Unemployed People in Russia, % (Based on the Data of the Federal State Statistics Service)

| Period | Duration of job search, months | | | | | |
|--------|--------------------------------|-------------------|-------------------|------------------|-----------------|--------------|
| | less than one | from one to three | from three to six | from six to nine | from nine to 12 | more than 12 |
| 2002 | 8.1 | 16.4 | 14.1 | 8.8 | 10.2 | 42.3 |
| 2008 | 14.0 | 20.8 | 15.6 | 7.6 | 8.8 | 33.3 |
| 2012 | 11.4 | 21.4 | 18.7 | 8.5 | 9.0 | 30.9 |
| 2014 | 12.3 | 21.9 | 17.0 | 10.2 | 10.5 | 28.1 |

technologies, the role of scientific and technical progress as a direct factor of reproduction, as significant technological factors on the other hand, have led to changes in the processes in all areas of economic activity, i.e. changes in the branch structure, management models and the workplace. This ensures changes in the functions of employees, the demand for new professions.

The Moscow School of Management SKOLKOVO and the Agency for Strategic Initiatives under the “Competences Foresight 2030” have organized the research to identify the demand for occupations in 19 sectors of the economy. More than 2,500 Russian and foreign experts took part in this research. The authors have determined new and changing professions and professions-retirees which are currently disappearing. Furthermore, ten supraprofessional competencies demanded in the economy of knowledge and interaction. This is systems thinking, interdisciplinary communication, project management, lean manufacturing, programming, robotics, intelligence, customer orientation, multilingualism and multiculturalism, work with people, work in conditions of uncertainty, artistic skills (Atlas novykh professii, 2014). Although the authors do not separately identify the knowledge of information and communication technologies, it is reflected in programming and robotics, provides interdisciplinary communication,

multilingualism and multiculturalism on the basis of networking. In our opinion, most emerging professions require that specialists use software tools. Change of functions of workers and created conditions of the network economy have led to the expansion of employment forms, change of working hours, blurring of territorial borders, increasing the flexibility of labour. Economic recession, restructuring of some industries and diversification of production leave the working-age population unemployed, which immediately occupies the niche of non-standard forms of employment. The official statistics shows the increase in the rate of employment (Table 1), which is clearly seen from the numbers of the first and the last columns.

Since 2002, the proportion of people seeking employment for more than one year decreased from 42.3 % to 28.1 %, and those seeking job for less than one month increased from 8.1 % to 12.3 %. The number of unemployed also decreases, while in 2005 their number was 5,242 thousand people, in 2014 only 3,889 thousand people. Thus, the labour market is functioning effectively and flexibly.

Problem Statement

Freelancers as a new category of workers appeared in Russia with the development of the network economy. The most significant research was performed by L. Sargun, D.O. Strebkov and A.V. Shevchuk (Sargun, 2010; Strebkov,

Shevchuk, 2009), but studies should be systematic to accumulate and perform statistical analysis of the freelance market. It is quite interesting how the freelance has been developing in our country, highlighting distinctive features, determining strengths and weaknesses of telelabour, identifying the factors that affect the level of wages of freelancers.

Theory

As noted by U. Beck, “the sequence of the modernity development produces new social configurations” (p. 5) typical for the postindustrial society, in future “significant separation of the system of full employment from the system of flexible, multiple, individual part-time employment” is predicted (p. 87) (Beck, 2000). The predominant part of the modern labour is less and less attached to stable jobs in organizations. Due to changes in socio-labour relations, the traditional employment model involving termless employment contract, specific employer, well-defined qualification gets fuzzy. New forms of interaction of labour market subjects have emerged: flexible and non-standard resulting in reduced social security and increased vulnerability of employees. Thus, non-standard forms of employment have become the norm of modern life.

An example of non-standard forms of employment can be called “фрилансерство” (freelance). Freelance is literally translated from English as a freelance, independent worker or freelancer. In scientific terminology, the concept of a freelancer still does not have a synonym. D.O. Strebkov and A.V. Shevchuk give the following complete definition: “an independent highly qualified professional who is not a regular staff member and is not included in traditional labour relations and carries out their services to various customers on the market, not being a

subcontractor of the only customer” (Strebkov, Shevchuk, 2009). E.M. Afanaskina, A.I. Bezrukova, L. Sargun, V.S. Kharchenko and others are of the same opinion (Afanaskina, 2015; Bezrukova, 2013; Sargun, 2010; Kharchenko, 2012). The researchers note that freelancers’ work differs by its implementation in the field of high-quality services, a large proportion of them are in information and knowledge-intensive fields. According to V. Kharchenko, 64 % of freelancers have University degrees, 6% of them have two degrees of higher education (Kharchenko, 2012).

Employment potential of freelancers is quite high, according to our calculations it is equal to the average level of 0.777 (Aletdinova, 2015). The same components of the labour potential can be seen as advantage and disadvantage of their work (Table 2). The average level of group indicators of health and working conditions reaches 0.51. This is due to the lack of preventive measures (92.3 % of the respondents allocate such time not more than three times a year), unlimited length of the working day. It is impossible to accurately calculate the average length of time by sick leaves, because employees almost do not take them. Freelancers are developing their culture, improve education and competencies independently and individually.

Freelancers have high labour mobility: their activity is quite specific due to the work with new people with different demands, and it provides them with high adaptability under constantly changing conditions. The level of innovation- entrepreneurial component is quite high. New projects developed by freelancers lead to innovations. Entrepreneurial activity characterizes not just development of innovations, but also entrepreneurial skills, which are quite high among the respondents.

Thus, the appearance of freelance in Russia should be associated with the development of

Table 2. Advantages and Disadvantages of Freelance Employment

| Components of freelancer's labour potential | Description of peculiarities | |
|--|--|--|
| | Advantages | Disadvantages |
| Health and working conditions | Flexible work schedule, independent distribution of holidays, vacation duration Independent distribution of working hours allows to allocate time to visit medical centres and have preventative medical procedures | Unlimited working hours, sitting for long periods in front of the computer Vacation duration, the number of days off depend on the scope of work performed Lack of payment of sick-leave, no health insurance provided by the employer (including compensation for injury, disability in the workplace) No requirement of registration of the sick-leave (as a subconscious signal of danger to health), frequently met combination of the work place and home resulting in fulfilling their duties in a disabled state |
| The development of culture, education and competencies | Independent allocation of working time allows to plan cultural tourism at their discretion Working with a large number of customers, networking, coverage related areas in solving problems lead to the development of intercultural and network communication, tolerance, expanding horizons High competition at the labour market, non-trivial, non-standard tasks require not only high-level competencies but also their constant growth, acquiring new competencies | Organizations are not investing in increasing the levels of culture, education and qualifications, the accumulation of competence The lack of continuity and mentoring |
| Labour mobility | High labour mobility is achieved due to the use of information and communication technologies. Freelancers often search for customers via the Internet Allows to combine freelance work with regular employment on the basis the permanent employment contract | High labour mobility leads to non-uniformity in the scope of projects, irregularity of income |
| Innovative and entrepreneurial activities | The development of new projects often leads to innovations | Any innovative and entrepreneurial activities have high risks |

information and communication technologies, it provides flexible functioning of the labour market, but has not only advantages, but also disadvantages.

Methods

To study freelance in our country within the scope of this work, the author used:

1. Statistical analysis of the websites of Russian freelance marketplaces;

2. Interview method as an examinational method of sociological research to develop a "portrait" of a modern freelancer.

3. Regression analysis of Mincer's modified equation to identify the influence of freelancers' features on the level of their wages.

Discussion

The author had studied the websites of the most popular Russian freelance marketplaces,

analyzed the supply and demand for them, gender differences. The Internet labour market requires freelance professionals in the following areas: 3D graphics; IT and programming; art/illustration; architecture/interior; outsourcing/consulting; web design; video; graphic design; engineering; marketing and advertising; media design/animation; management; music/sound; training/consulting; translations; graphic design; industrial design; game development/graphics; advertising/presentation; texts; corporate identity; flash; photos.

The analysis of the most popular websites of freelance marketplaces by the scope of offers is reflected in Table 3.

The areas listed are reflected on each of these websites, but some fields contain only few job offers, which allowed us to outline the most popular ones in Table.3.

The major freelance marketplace is <https://www.fl.ru>. The amount of projects is about 38.5 thousand. Table 3 shows only four websites, while at other websites the number of proposals did not exceed 60.

Table 4 was completed in accordance with the data of the websites in Table 3.

Estimate of the share of men and women demonstrates that there are gender differences that are typical for the considered fields of activity. Overall, this proportion was 77.95 % and 32.05 % (calculated by the author basing on the data collection as of December 14,2015 from the top websites listed in Table. 3).

The selected websites also provide job offers, they are ready to conclude a temporary employment contract, and sometimes even attract a permanent job. Thus, freelancers are mostly men (77.9 %) working on the basis of temporary employment contracts. Most job offers are represented in the following fields: web design, IT, programming, marketing and advertising, graphic design, website development, design and art, translations and texts, outsourcing and consulting.

The study is complemented by the survey of freelancers, university graduates in the Siberian Federal District, which helped to create a “portrait” of the Russian freelancer. The survey polled 325 respondents (Table 5).

Table 3. Characteristics of Job Offers at Popular Freelance Websites (as of December 14, 2015)

| Website URL | The amount of hosted projects | The most popular offers of freelancers |
|---|-------------------------------|---|
| https://freelance.ru/ | 3,822 | Web design IT and programming Marketing and advertising Graphic design |
| https://www.fl.ru | About 38,500 | Website development Design and art Texts Advertising and marketing Outsourcing and consulting |
| https://allfreelancers.su/ | More than 2,000 | Website development Design and art Texts Advertising and marketing Outsourcing and consulting |
| http://www.freelancerbay.com/ | 192 | Website development Translations/Work with texts Programming |

Table 4. Gender Differences of Freelancers Depending on the Employment Sector (as of December 14, 2015)

| The most popular spheres of employment for freelancers | The proportion of men, % | The proportion of women, % |
|--|--------------------------|----------------------------|
| Web design | 81.54 | 18.46 |
| IT and programming | 98.65 | 1.35 |
| Advertising and marketing | 75.61 | 24.49 |
| Graphic design | 92.31 | 7.69 |
| Website development | 88.33 | 11.67 |
| Design and art | 83.78 | 16.22 |
| Translations/Work with texts | 52.63 | 47.37 |
| Outsourcing and consulting | 71.05 | 28.95 |

Table 5. General Characteristics of respondents

| № | Feature | Description |
|---|--|-------------|
| 1 | The average length of work experience as a freelancer | 3.3 years |
| 2 | The average age | 27.7 years |
| 3 | The number of simultaneously delivered projects | 1.34 |
| 4 | The average maximum length of absence of projects | 14.5 days |
| 5 | The share of respondents wishing to have only permanent job | 2.46 % |
| 6 | The proportion of freelancers having no other work (net freelancers) | 37.23 % |
| 7 | The proportion of freelancers living in Russia | 92.93 % |

The average length of work experience as a freelancer is 3.3 years, while the maximum value is 12 years. The average age of the respondents is 27.7 years, the maximum was 52 years. The number of simultaneously delivered projects is highly dependent on employment and the scope of the project. The correlation between the duration of projects and lack of experience of freelancers is direct, makes 0.83, indicating a high correlation. This can be attributed to existing client base and portfolio. Net freelancers are those respondents who have no permanent place of work. Their share among the respondents amounted to 37.23 %, the rest of the freelancers are undergraduate students, post-graduates; employees who have signed employment contracts on a regular basis in different organizations, considering freelance as additional income or temporarily unemployed.

To determine the effect of education, gender, general experience and experience as a freelancer on the level of wages we had conducted the empirical research (Table 6). Among 325 respondents one questionnaire was defective. The calculation of regression was carried out according to Mincer’s modified equation:

$$\ln w_i = a_0 + a_1 h_i + a_2 s_i + a_3 l_i + a_4 p_i + \varepsilon_i.$$

We used the following notation:

h_i – the level of i – respondent’s education, in years;

s_i – the level of general i – respondent’s work experience, in years;

l_i – the i – respondent’s experience of working as a freelancer, in years;

p_i – the gender of i – respondent (dummy variable: 2 – male, 1 – female);

Table 6. Indicators of the Regression Analysis for Mincer's Modified Equation

| Indicator | The coefficients | | | | |
|--------------------------|------------------|--------|--------|--------|--------|
| | a0 | a1 | a2 | a3 | a4 |
| Non-standard coefficient | -0.408 | 0.112* | 0.036* | 0.072* | 0.716* |
| Standard error | 0.573 | 0.036 | 0.004 | 0.010 | 0.113 |
| Standard coefficient | – | 0.113* | 0.422* | 0.361* | 0.219* |
| T – statistics | -0.712 | 3.257 | 8.212 | 7.025 | 6.360 |
| Relevance | 0.477 | 0.001 | 0.000 | 0.000 | 0.000 |

* – 1 % relevance.

ε_i – the remainder of the equation.

The coefficient of determination equals 0.621, Fisher's criterion (F) – 130.81. All coefficients are statically significant.

Let us give the interpretation of the calculations. The standard of education payout is 11.2 % for each year of education. The increase in the total work experience by one year increases wages by 3.6 %. The experience of working as a freelancer increases the level of wages by 7.2 % in the first case. Men earn 11% more than women under the same conditions.

Conclusion/Results

Thus, the peculiarities of the Russian freelance market include:

– the specific proposals in the areas of web design, IT, programming, marketing and advertising, graphic design, website development, design and art, translations and work with texts, outsourcing and consulting;

– significant gender differences;

– the ratio of net and regular freelancers 1:2.7;

– the portrait of a freelancer: the average age of the respondents is 27.7 years, the average work experience as a freelancer equals 3.3 years, the number of simultaneously delivered projects is 1.34, the maximum duration of absence of projects is 14.5 days.

Educational and qualifying, networking, innovation and entrepreneurial factors in the activities of freelancers are the basis of their high competition.

The level of wages is influenced by education (years of education), 11.2%, experience of working as a freelancer, 7.2% and to the lesser extent the general experience, 3.6%. The increment of the labour potential of freelancers is the foundation for efficient and flexible functioning of the domestic labour market.

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Особенности российского рынка труда фрилансеров

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Научно-техническая революция, развитие информационно-коммуникационных технологий привели к переходу к постиндустриальному производству в условиях сетевой экономики. Это привело не только к спросу на новые профессии и росту значимости человеческого капитала, но и к появлению нетрадиционных форм занятости, таких как фрилансительство, обеспечивающее гибкость и эффективность функционирования рынка труда. Автором выделены особенности деятельности фрилансеров (достоинства и недостатки), проведено исследование сайтов наиболее популярных российских фриланс-бирж. Проанализированы спрос и предложения на них, гендерные различия. Исследование дополнено социологическим опросом фрилансеров – выпускников вузов Сибирского федерального округа (325 респондентов), который позволил создать «портрет» российского фрилансера. Проведенное автором исследование показало, что средний уровень трудового потенциала выше 0,7 и обеспечивается образовательно-квалификационными, инновационно-интрапренерскими характеристиками и высоким уровнем сетевого взаимодействия.

Ключевые слова: информационно-коммуникационные технологии, сетевое взаимодействие, рынок труда, фрилансительство, фрилансер, трудовой потенциал, модифицированное уравнение Минцера.

Научная специальность: 08.00.00 – экономические науки.
