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# Working Conditions on Digital Labour Platforms: Evidence from a Leading Labour Supply Economy

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# Working Conditions on Digital Labour Platforms: Evidence from a Leading Labour Supply Economy

**Mariya Aleksynska**
*IZA and FrDB*

**Anastasia Bastrakova**
*Kiev International Institute of Sociology*

**Natalia Kharchenko**
*Kiev International Institute of Sociology*

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**IZA – Institute of Labor Economics**

Schaumburg-Lippe-Straße 5–9
53113 Bonn, Germany

Phone: +49-228-3894-0
Email: publications@iza.org

www.iza.org

# ABSTRACT

## Working Conditions on Digital Labour Platforms: Evidence from a Leading Labour Supply Economy[1]

Online labour platforms matching labour supply and demand are profoundly modifying the world of work. Businesses use them to outsource tasks to a world-wide pool of workers; while workers can access work opportunities transcending national boundaries. Increasingly, workers are located in developing and transition economies. This paper is based on survey of online workers of Ukraine, which in 2013-2017 occupied the first place in Europe, and the fourth place in the world in terms of the amount of financial flows and the number of tasks executed by workers through online labour platforms. Focusing on working conditions of digital workers, the paper shows that while the majority of these workers are satisfied with their online work, a sizeable proportion faces risk of being in disguised or dependent employment relationship, works informally, and has a poor social protection. The earnings through the platforms are generally comparable to the earnings in the local labour market, but they do undercut payments for equivalent work that could have been performed in other countries. There is an important gender pay gap in online work. The paper also shows how these working conditions are shaped by both local and international business practices of posting tasks on such platforms. Based on these findings, it presents a set of policy reflections, both for Ukraine and for the future global governance in the world of digital work.

**JEL Classification:** J2, J3, J4, L2

**Keywords:** gig-economy, online labour, digital labour platforms, working conditions

**Corresponding author:**
Mariya Aleksynska
FrDB
84, rue de Varsovie
Colombes 92700
France

E-mail: maleksynska@gmail.com

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# Executive Summary

According to various sources, in 2013-2017, Ukraine occupied the first place in Europe, and the fourth place in the world in terms of work on online platforms that match labour demand and supply, as measured by the amount of financial flows and the number of tasks executed on such platforms. Ukraine also ranks first in the world in «IT freelance». It is estimated that at least 3% of the Ukrainian workforce is involved into online work. Eighteen per cent of Ukrainian white-collar office workers already tried digital work and would like to switch to it fully; one in two view it as additional source of income.

How did this quiet revolution come about? Who are these Ukraine-based digital workers? What are the conditions of their work? What consequences does digital work have for them, but also for the Ukrainian labour market and the society in general? What is the future of these new modes of work? This report strives to answer these questions. It is based on two surveys, a qualitative and a quantitative one, conducted by the Kiev International Institute of Sociology (KIIS) on request of the International Labour Office in September-December 2017. The surveys focused specifically on working conditions of online platform workers in Ukraine. Most of these workers refer to themselves as "freelancers". They find work through online platforms that is posted by clients from Ukraine and from other countries. The work can last from several minutes to several months, and does not give rise to an employment relationship. This means that conditions of work of "freelancers" remain outside the scope of labour regulation.

The results of the survey show that online platforms has transformed the modes of work and changed how work is viewed by both businesses and workers. Such transformations inevitably carry both a strong potential for benefitting the Ukrainian society, as well as considerable risks. A good understanding of such risks is important for creating responses for their management, in order to enhance the benefits of the work transformation brought about by the platforms.

The following key findings emerge:

- Online work is available to Ukrainian workers through over forty different platforms. These platforms include those serving mainly the Ukrainian market, but also those serving the post-Soviet, Russian-speaking markets and international markets. Some workers also regularly find work through online social networks.
- Workers of online platforms are generally young and have a very high formal level of education. 26% of them consider online platforms as their main source of income. Two thirds (67%) have only one platform through which they have worked most of their time in the last three months. Of those, 79% consider that they will be able to find alternative employment if the platform is closed.
- The main reason why workers choose online work is to gain additional income. Other reasons include preference to work from home, better pay on the platforms as compared to the offline world, and inability to find work elsewhere. The main

obstacles for finding work in the offline economy include the general lack of jobs and low pay.

- Nearly a third of respondents perform work exclusively for Ukrainian clients, while others work fully or partially for clients from abroad. 11% of freelancers have only one main client. Those with several clients, on average, work for 2 to 5 clients per month.
- The most popular type of work performed through online platforms is work with texts, copyright and rewrite (23%). The second place is occupied by IT (12 %). The most popular IT fields of specialization are website management and web programming.
- On average, freelancers spend about 30 hours per week on online work, which includes 22 hours of paid work and 8 hours of unpaid activities. At the same time, over 20% of workers work in excess of 48 hours a week – a percentage that is higher than in the total population. Online work is shifted toward evening time, and nearly one third of freelancers work nights.
- The majority of respondents (80%) receive project-based pay, while 12% receive hourly pay, and 8% receive other type of pay including salary-like transfers. Those who reported their income from online work earn monthly incomes that are, on average, slightly above the average gross wage in the country. However, since the gross average wage includes social security contributions, paid leave and payments in case of sickness, it cannot be said that online earnings are superior to offline earnings. Workers who consider online work as their main activity, and especially those working for foreign clients, have considerably higher earnings as compared to other online workers.
- There is an important gender pay gap in online work. Men earn 2.2 times more than women online, a gap that is considerably higher than in the Ukrainian offline economy. This gap can largely be explained by strong occupational gender segregation. As different tasks are also performed for different markets (some mainly for the local market, others for international markets), occupational gender segregation also translates into segregation by market served.
- 32% of respondents have experienced non-pay for their online work. Almost of half of these workers believe that the reason for this was clients' fraud.
- The majority of online workers (85%) pay a commission to the platforms to work. Many suggest that, in addition, their clients pay a commission as well. Overall, workers pay higher commissions and more often than their clients.
- Over half of the respondents (55%) claim that they have the ability to decide themselves how the work should be carried out, while another half are neutral or claim that such ability is absent. Often, this is because clients give detailed instructions on how to complete the work (46% of all respondents state that this is the case), or directly supervise work execution and control work processes (42% of all respondents).
- Work control varies. In the past three months, 36% of respondents had clients requesting that the workers be available during certain work hours either frequently or all the time; and additional 21% reported that clients requested workers' availability

even outside of regular work hours. Over a quarter (27%) of workers have to provide screenshots of the executed work, or have to install special software on their computers that enables the client to track working time. Overall, it is estimated that nearly a half of "freelancers" are in the grey zone of dependent self-employment or disguised employment relationship.

- 13% of the respondents perform tasks that are posted online mainly by intermediaries, rather than direct users. Another 19% believe that tasks are posted by both intermediaries and direct users. Intermediaries are often other "freelancers", including from third countries.
- Three quarters of online workers are informal. They are not registered with administration, and are not paying social security contributions. 45% are convinced that no registration is necessary. The rate of informality is higher among online workers than in the rest of the Ukrainian economy.
- Three quarters of online workers do not save for their retirement in any way. On average, general savings constitute 13% of their monthly earnings.
- The majority of respondents (63%) are not aware of any forms of cooperation between online workers.
- Half of the respondents (55%) are satisfied with their work online. The main reasons for satisfaction include flexible work schedule and possibility to work from home (34%). Those unsatisfied cite the lack of standards for pay and instability of income (16%).
- The vast majority of online workers (97%) consider that online work has an important future. 69% of respondents see themselves working online in 3-5 years time.
- Ukrainian online workers consider that their main competitors for online work are their compatriots. Such competition is perceived particularly strongly by women. However, IT specialists, who are predominantly male and oriented towards foreign markets, also acutely perceive competition with other countries (57%).

The study reveals the important opportunities that digital work provides for Ukrainian workers, but it also raises important questions on the sustainability of this work and of the future of the social model that it offers. In order to keep the Ukrainian leadership of online work, but also to make gains from it sustainable and equitably shared, there is clearly scope for an explicit governmental policy.

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## 1. Introduction

Technological developments are profoundly modifying the world of work, and Ukraine is no exception. According to various sources, in 2013-2017, Ukraine occupied the first place in Europe, and the fourth place in the world, in terms of the amount of financial flows and the number of tasks executed on online platforms (Forbes Ukraine, 2015; Graham et al., 2017; OLI, 2018). According to the same sources, Ukraine also ranks first in the world in «IT freelance». The IT freelance in Ukraine grew at a rate of 27% in 2017 alone (DOU.ua). Moreover, 18% of Ukrainian white-collar office workers already tried digital work and would like to switch to it fully; every second white-collar office worker views it as additional source of income (HH.ua, 2016).

Digital work became possible because of technological developments: an easier access to the internet throughout the country on the one hand, and the development of online platforms offering work on the other hand. It also became possible due to a set of other factors making Ukraine unique and distinct from other countries that are competing for the online work - for the better and for the worst. Ukraine is a country with a highly-educated labour force, possessing ample IT and language skills. Yet, the standards of living and earnings of Ukrainians remain relatively low, while unemployment, underemployment, and skill mismatches are high. The latest global economic recession was amplified by the deepest political changes that started in the country in 2013-2014. The Revolution of Maidan that resulted in the ousting of the previous president, the outbreak of a military crisis in the Eastern part of the country in early 2014, and the annexation of Crimea exacerbated the difficult economic and labour market situation. The country is also plagued by informality and poor law enforcement, which reduce not only work opportunities and the quality of existing jobs, but also the confidence in the functioning of social security systems and other public services. The combination of these reasons encourages workers to seek various work opportunities, including online. It also motivates particularly talented professionals to choose digital work in order to transcend local and national markets, and receive pay from abroad. And at the same time, Ukrainian workers are attractive to foreign clients of online platforms who can obtain good-quality work for a relatively low pay, yet keeping earnings from such jobs attractive enough to those who perform them. Digital workers from Ukraine are also often preferred by customers from Europe and America because of cultural proximity. Lastly, Ukraine is also located in the Eastern European time zone, which simplifies online communication of Ukrainian workers with post-Soviet and European clients, in contrast to workers from other regions, such as Asian countries.

As the phenomenon of online platform work is gaining importance, it also transforms the modes of work and changes the "work" is viewed by both businesses and workers – throughout the world, but also in Ukraine specifically. As such, it has profound implications for workers, for business models, and for societies. Workers are increasingly relying on themselves – whether willingly or not – to obtain the skills necessary to operate on the platforms, to find work and clients on the platforms, to develop their reputation and ensure the steady stream of work and income. With few "borders" in the online labour markets, they also search specializations in either local or global labour markets, adapting their knowledge and language skills to work possibilities provided by internationally and locally operating platforms. While many of them are indeed “free” freelancers, others are not, and for some, the opportunities that the new forms of work represent come with a heavy counter-weight of challenges in terms of competition for work, precariousness, and various forms of dependence on a client or a platform. In their turn, enterprises, whether international or national, are adapting their human research strategies to identifying workers with relevant skills rather than providing them with skills, and pooling them from worldwide labour market rather than from national markets.

Importantly, the role of the labour law is increasingly questioned, as it is often unclear whether it is the labour law of Ukraine, or of the country of origin of the tasks that should be applied, and how. Moreover, most of the time workers of online platforms posting tasks are qualified as “freelancers”, or “independent contractors”, which means that they find themselves out of the scope of the labour law. More often than not, they also work in an informal way, without contracts and without paying taxes or social security contributions. But these new modes of work do not mean that regulation becomes irrelevant: rather, work arrangements presented on the online platforms are governed by private, instead of public, rules, the rules set up by online platforms and by clients who post tasks. The interaction between public and private policies thus becomes a critical issue.

The objective of this report is to shed light on these changing patterns of work, on the working conditions and work trajectories of Ukrainian platform workers, the incentives that motivate workers to switch to this type of work, as well as advantages and challenges they see in this work. How much do they enjoy the benefits of the global digital revolution? Are these benefits equally shared, and what improvements can be made?

To this end, two representative surveys of platform workers – a qualitative and a quantitative – were conducted by Kiev International Institute of Sociology (KIIS) on demand of the International Labour Office (ILO) in September-December 2017. Both surveys were based on the questionnaires developed by the ILO, and which have been conducted earlier on major online platforms (Berg, 2016; Rani et al., 2017).

The surveys allow identifying several key issues regarding Ukrainian platform work. They provide a profile of Ukrainian digital workers, their conditions of work, and the consequences that digital work has for them. By doing so, they create a solid basis for policy changes that become pressing in order to ensure that this work is decent.

The results of the surveys are also of interest beyond Ukraine. Compared to existing studies in this new field of research, their novelty is to be representative of a country, rather than of a specific platform or type of task performed on online platforms. They also feature a series of novel findings, fostering our understanding of how international platforms operate more generally. As such, they allow placing Ukrainian digital workers in a broader international context, offering a wide perspective on the present and future of the digital work.

## 2. Work through Online Platforms: Key Issues

Platform work and work through applications have been gaining prominence in all parts of the world, and spreading to numerous sectors and occupations. According to some specialists, the global market for digital work was estimated at US$4.4bn in 2016 (Chew Kuek et al., 2015). The use of online platforms is also estimated to have grown by 25 per cent between 2016 and 2017 (Kassi and Lehdonvirta, 2016; OLI 2017).

Online platforms position themselves as intermediaries that match demand and supply of labour, putting in contact workers and clients. Clients – whether physical persons or companies – can post tasks, while workers can find those tasks that correspond best to their skills and their availability for doing work. As there are no boundaries in the online world, online platforms allow clients to reach out for the workforce worldwide, thus considerably increasing the supply of suitable candidates. Conversely, workers gain access to more work opportunities both locally and globally. The tasks that can be posted and executed vary tremendously in nature, spanning from "micro-tasks", requiring just a few minutes of time for execution and a relatively low level of skill (examples are writing reviews of a product, product categorization) to "macro-tasks", requiring a considerable time and skill for their execution (examples include website development). Some authors also speak about complex tasks, which are similar to continuous relatively high-skill work performed by firm employees or by a specialized contractor (Felstiner 2011).

Increasingly, online platforms transform the modes of work and change the way the concept of work is viewed by both businesses and workers. Such transformations inevitably carry both a strong potential for benefitting societies, as well as risks. A good understanding of such risks is important for creating responses that can mitigate and help manage them, thereby enhancing the benefits of the work transformation brought about by the platforms.

A growing literature documents development of the online, or "gig" economy, whereby workers perform "gigs", or online "tasks". De Stefano (2016) provides a rich overview of this literature, highlighting both advantages and challenges posed by work through online platforms. Some of his findings, as well as the findings of other authors, are summarized below.

One of the main benefits of the online work is that the supply and demand of labour no longer have boundaries and become unlimited. Moreover, they can be matched very quickly, thus minimizing the transaction costs and frictions in the labour markets (ibid; McKinsey, 2015). They allow businesses to have access to skills that they do not have and which would be very costly to have on a permanent basis. Also, they can use the workforce only for those tasks that they need, and discontinue the relationship once they are completed, thus allowing for a "scalable workforce" (ibid; Marvit, 2014).

In their turn, workers gain access to clients worldwide, "transcending the constraints of their local labour markets" (Graham et al., 2017). They can not only find work, but also better match their skills. This is especially of relevance for workers in rural areas where other job opportunities may not exist (Greene and Mamic, 2015; Narula et al., 2011). But this is also true for older workers, workers with health problems, workers otherwise facing discrimination (such as migrants) and who have difficulties finding employment, or for workers who wish to combine labour with other responsibilities including care for children and for elderly (Graham et al., 2017). As individuals can work when, where, and as much as they want (Harris and Krueger, 2015), they can also increase their sense of freedom and improve their work-life balance.

However, the key challenge associated with online work is that workers executing tasks through such platforms are treated as "freelancers", or "independent contractors", in other words, as self-employed persons providing services or goods (ibid; Van Doorn, 2017; Risak and Warter, 2015; Smith and Leberstein, 2015; Sprague, 2015). Thus, the vast majority of workers do not fall into the scope of the labour and social security law, provided by the country of origin of the client or of the worker. As such, workers are not enjoying any of the protections that are typical in an employment relationship, such as those in terms of working time arrangements including hours of work, holidays and sick leave, minimum wages, occupational safety and health, anti-discrimination, or maternity protection, to name a few (Rogers, 2015). Moreover, these workers have the burden of risks associated with this work and with the absence thereof, the burden that is not shared neither with their clients nor with the state.

The situation is all the more challenging for those workers who perform the main chunk of their activities for just one platform, or just one client on the platform, thereby becoming financially dependent on it. Some of the workers are invited by clients to work on specialized platforms where access is available only after passing a recruitment stage; they are then offered work at regular hours and for a regular pay. In other words, work through such online platforms may give rise to disguised employment relationships, as outlined in the ILO Employment Relationship Recommendation, 2006 (No. 198) – situations in which the relation between clients and workers contain features of an employment relationship, and thus must have fallen in the realm of the labour protections; but is not considered as such by the parties. For these workers, the advantages of flexibility linked to their self-employment status are mitigated.

Another challenge is informality. Many workers are not contributing to social security and are not registered as self-employed. As the size of the online economy is growing, the question of the sustainability of current social security schemes and adequate protection for workers becoms pressing: who is to provide in case of social risks, and on which basis?

The growth of an online economy also poses challenges on the global level in terms of the race to the bottom in labour costs and labour protections. While such race to the bottom has long been the case with the outsourcing of production to the developing countries, the online economy substantially accelerates it. It also allows the race to the bottom to take place in those sectors and occupations where it did not exist previously, including IT, various text processing and translating services, data analysis, marketing, financial services, and research. Specialists from different countries compete with each other for the same jobs, often offering work at the monetary rates prevailing in their countries and reflecting the cost of living in their country. In turn, clients can often practice not only price setting but also "labour arbitrage", buying labour where it is cheaper, and thus disempowering workers of price-setting (Graham et al., 2017). Fierce competition makes many workers practice price dumping and even work for free, especially when they are entering the online labour market and are willing to trade their rating and improve their visibility. Competition on the global level also means that many workers have to put many hours into an unpaid search of work, and work long hours in order to earn a decent living, thus compromising the "flexibility" and "work-life balance" of the online economy (Aloisi, 2015; Cherry, 2009; Eurofound, 2015; Felstiner, 2011).

Last but not least, the growth of the online economy poses challenges to the overall relevance of labour law and public regulation more generally. This is because most of the platforms not only designate workers as independent contractors through the terms of service agreements, and thus minimize the public regulation (Lehdonvirta, 2016), but also because each platform establishes its own rules with which workers and clients must comply. They are also usually free to modify them unilaterally at any time (Van Doorn, 2017), as well as they are free to close down workers' and clients' accounts (Aloisi, 2016). Thus, increasingly, there are shifts observed from public to private regulation, with unclear consequences for the overall welfare.

To better understand the working conditions of online workers and their implications, the ILO conducted the first survey of workers operating on two major US-based platforms in 2015. The results of the survey were published as a working paper (Berg, 2016), and also fed into the ILO 2016 report "Non-standard Employment around the World: Understanding Challenges, Shaping Prospects" (ILO, 2016a). These results highlighted how many workers on the online platforms appreciated the opportunity to work on the platforms, and that for some, it was the only means of accessing the labour market. At the same time, platform workers reported very low earnings from the platform work, and highlighted various risks, notably the risks associated with non-payment of wages. Importantly, all of them are classified as self-employed workers, meaning that they do not enjoy any protections embedded in the labour law. A second ILO survey was conducted in early 2017 on five micro-task platforms operating across the globe, as a follow-up and an extension of the first survey (Rani et al., 2017; ILO, 2018). The survey respondents came from 72 countries. The study highlighted particular vulnerability of workers performing micro tasks.

These first ILO surveys sparked new questions begging for more in-depth answers. On the one hand, they opened interest for replicating the survey in other parts of the world, and extending them to other types of platforms, such as those specialized in macro tasks. On the other hand, they also generated interest in obtaining more detailed information about trajectories of online workers, such as their previous work history, and the way they are building careers through platforms. Also, the first surveys suggested that some of the clients do not post tasks occasionally, but rather do so on a regular basis, making online work central to their organizational strategy. They use platforms as a first step to find a worker, and afterwards offer work to him (or her) directly, bypassing the platform; and yet the relationship also remains outside of the employment relationship status in the vast majority of cases. Very often it remains informal and invisible.

The surveys conducted in Ukraine at the end of 2017 sought to increase understanding of these new forms of work. The country was chosen because of its leadership of online work, including in macro tasks. The surveys were designed to be representative of online work done by digital workers in the country, rather than on a specific platform or a specific type of task. They aimed at gaining a better understanding of working conditions of digital workers, but also of the operational modes of online platforms.

## 3. Platform Work: Ukrainian Context

Ukraine is a lower middle-income Eastern European country[2] with a population of 44,7 million people (as of 2016)[3]. Several reasons make Ukraine particularly prone to the development of platform work. Some of these reasons are internal and rooted in Ukraine's current economic and political situation. Others are the reasons that make Ukraine particularly different from other countries in which platform works develops rapidly.

In 2018, Ukraine will mark its 27th anniversary of independence. Since the collapse of the Soviet Union, significant changes have taken place in both the political system and the economic structure of the country, with different rounds of economic and social reforms, often undertaken in a context of political and economic crisis. These changes have been accompanied by long-standing structural challenges, including uneven economic growth and employment creation, wage arrears, important skill mismatches in transiting from the planned to the market economy, low productivity, high share of informal economy and undeclared work. On top of these challenges, Ukraine was badly affected by the global economic recession. After a modest recovery from a sharp decline in 2009, Ukrainian economy recorded almost zero growth in 2012 and 2013.

Late 2013 and 2014 were the start of the deepest political changes of the last quarter of a century, with the Revolution of Maidan that resulted in the ousting of the previous president, the outbreak of a military crisis in the Eastern part of the country in early 2014, and the annexation of Crimea. These events had profound economic and social consequences. According to the State Statistics Service of Ukraine, real GDP plummeted by 6.8 per cent in 2014 and by further 9.9 per cent in 2015. The country's unemployment rate increased by two percentage points to reach 9.6 % in 2014. In the regions directly affected by the military crisis, the unemployment rate increased, from 9.1 to 14.4 per cent in Donetsk oblast and from 8.4 to 15.3 per cent in Lugansk oblast from 2014 to 2015. At least 1.8 million persons were internally displaced between 2014 and the end of 2017[4]. The national currency hryvnia was devalued by almost 200 per cent between February 2014 and December 2015, leading to a wide-spread over-indebtedness of dollar mortgages/consumer credits and inflation growth of 124.9% in 2014 and 143.3 % in 2015. In March 2014, in order to secure IMF bail-out, a severe economic austerity package was introduced, including, among other measures, a freezing of public sector salaries, raising the cost of public services for households, and reduction of various social benefits. Employment adjustment also has taken form of widespread reduced hours, unpaid leaves, and wage arrears, which more than tripled between 2014 and 2015[5]. According to various estimates, in 2015, the standard of living for the average person was lower than in 1991[6].

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[2] According to the World Bank: http://www.worldbank.org/en/country/ukraine.

[3] Unless stated otherwise, the first three paragraphs of this section are based on ILO (2016b).

[4] UNHCR, 2017.

[5] Del Carpio et al., 2017.

[6] Del Carpio et al., 2017.

This situation, coupled with the spread of internet and technologies (notably the development of online platforms for work, and of financial pay systems), made it natural for many Ukrainians to turn to the online world to seek opportunities for gaining income, whether main or additional. The online markets are also easily reachable by Ukrainians: Ukraine has almost a universal literacy rate, and a high formal education completion rate[7]. According to the 2017-2018 World Economic Forum's Global Competitiveness Report (Schwab, 2017), Ukraine scores 16th out of 134 countries in terms of tertiary education enrollment rate, and 27th in terms of quality of math and science education, though it has been noted by some commentators that formal schooling has not been producing skills that are relevant for a Ukraine's labor market[8]. In addition to formal diplomas, languages also have an important bearing for accessing work through internet. Russian remains the country's second main native language after Ukrainian, with the majority of Ukrainians being able to speak it. This allows Ukrainians to access Russian-based and or Russian-language platforms that cover the whole post-Soviet space. This also allows them to access various social media groups including those set up by Russian-speaking migration networks across the world. The next language key for platform work is English. According to some sources, the country occupies 47th place out of 80 in terms of English language proficiency[9]. While it fares poorer in English than most of the European countries, and also than China or India (some of the main competitors for online work), it nevertheless has a decent potential for accessing English-speaking markets.

In addition, Ukrainians are also often preferred by online clients from European and Anglo-Saxon countries to workers from other countries. Often cited reasons for such preference include cultural proximity, which allows Ukrainians to successfully work with clients who represent both companies from the Fortune 500 list and numerous small and middle-sized businesses from English speaking countries.[10] Ukraine is also located in the second time zone, which simplifies communication with post-Soviet and European clients, as compared to other regions, such as Asian countries.

As a result of these political, economic, and social forces, the size of the digital market in Ukraine sky rocketed between 2008 and 2018, and especially between 2013 and 2018. According to a survey led by a large human resources company, by 2016, nearly every fifth Ukrainian white-collar office worker had tried digital work and would like to switch to it fully; 48% view it as additional source of income (HH.ua, 2016). IT sector alone, one of the largest sectors of digital freelance, grew at a rate of 27% in Ukraine in 2017 (DOU.ua, 2018). On the digital work platform Upwork.com alone (previously Odesk and Elance), from 2012 to 2017, nearly 180.000 Ukrainians registered, earning $262 million over the same period (AIN, 2017).

[7] OECD, 2012; Coupé, 2015.
[8] Del Carpio et al., 2017
9 EF EPI, 2017.
10 Forbes Ukraine, 2015.

Interestingly, unlike in some Asian countries, the growth of the online work has been taking place in the absence of any explicit governmental policy which would encourage this activity. Only in 2016 a new law (№4496) marked the first step towards decreasing administrative barriers for the export of services and somewhat simplified the legal procedures for doing business as online entrepreneurs. This law was a move towards legalizing the online freelance activity, which previously fell outside the scope of legal regulation (Ain.ua, 2017). Still, many freelancers struggle to understand cumbersome administrative rules and monetary regulations for cashing money for their work from abroad. For example, Ukrainian foreign currency regulation disallows money transfer through intermediaries (and online platforms are often seen as such), and in case of direct transfers from a client it requests immediate partial conversion of foreign currency into the local currency. In addition, one of the largest online payments systems for online money transfer that is utilized by many platforms, PayPal, was not operating in Ukraine at the time of the survey, presenting a considerable financial barrier for cashing money earned on the platforms. Thus, it can be said, that the observed growth of online work has been happening in spite of, rather than as a result of explicit governmental efforts to promote this type of work. Also, it is private actors, including owners and representatives of online platforms, as well as the workers themselves, who have been promoting online work, including through organization of seminars around the country explaining how platforms work, or by setting up various social media groups.

As of today, Ukrainians are accessing digital labour market through a variety of platforms, both international, regional, and local. Table 1 provides an overview of some of the most popular platforms among Ukrainian digital workers. While estimating the overall size of the digital market is difficult, Table 1 nevertheless shows its importance both from the point of view of employment and financial depth. As of March 2018, there were at least half a million registered workers from Ukraine on 6 platforms alone. This represents roughly 3% of the employed population (estimated at 16.2 million people on January 2016). While on some platforms, only about a quarter of these workers is active, and some workers are registered on several platforms, this nevertheless is only a tip of the iceberg. Indeed, the survey on which this report is based revealed that Ukrainian workers operated through over 40 platforms and also through various groups on social networks. The fact that ten years ago this phenomenon virtually did not exist also confirms its high potential.

***Table 1. Leading platforms for digital work in Ukraine***

| ***Platform*** | ***Plat-form's Origin*** | ***Completed orders / Financial flows (from start)*** | ***Registered users (Ukrainian-based workers, unless stated otherwise)*** | ***Main langua-ges*** | ***Examples of tasks / fields of specialisation*** |
|---|---|---|---|---|---|
| Freelance hunt.com | UKR | As of March 2018: 312.549 tasks | Workers:<br>2015: 60.000.<br>March 2018: 165.280<br>Clients:<br>March 2018: 101.426<br>(including non-Ukrainian) | RU | Programming, design/art, audio/video, optimization (SEO/SMM), architecture and engineering, mobile applications, administrating, outsourcing and consultancy, translation, work with texts |
| Kabanchik.ua | UKR | As of March 2018: 534.418 | Workers:<br>June 2017: 31.945 | RU, UA | Typing, data input, copywriting, filling website content, creating presentations, web and mobile applications |

| | | | | | |
|---|---|---|---|---|---|
| | | tasks | March 2018: 50.714<br>Clients:<br>2018: 206.631 | | development, design, Internet advertising, web design, etc. |
| Freelance.ua | UKR | As of June 2017: 19.165 | June 2017: 49.707<br>March 2018: 84.074 | RU, UA | 3D graphics, animation, art, architecture/interior, audio/video, outsourcing and consulting, design, engineering, management, mobile applications, training and counselling, promotion (SEO, SMM), translation, polygraphics, programming, website development, advertising and marketing, networks and information systems, texts, flash, photography |
| Upwork.com | USA | 2012-2017: USD 262 mln | New registrations:<br>2011: 9.157<br>2012: 19.105<br>2013: 26.067<br>2014: 32.973<br>2015: 52.354<br>2016: 59.648 | EN | Web development, mobile development, design and creation, writing, virtual assistance, customer service, sales and marketing, accounting and consultancy |
| Freelance.ru | RUS | N/A | June 2017:<br>788.056 (all registered, including non-Ukraine).<br>11.130 from Kyiv and Donetsk | RU | Engineering, photography, music/sound, IT and programming, management, marketing and advertising, outsourcing/consulting, graphic design, company branding, advertising/presentations, art/illustrations, web design, texts, industrial design, media design/animation, translation, flash, video, 3D graphics, architecture/interior, game development/graphics, teaching |
| Fl.ru | RUS | N/A | As of March 2018: 1.000.000 (all registered, including non-Ukraine) | RU | Website development, texts, design, art, programming, outsourcing and consulting, translation, audio/video, game development, advertising and marketing, photography, animation and flash, engineering, 3D graphics, training and consultations, architecture/interior, optimization (SEO), management, polygraphy, mobile applications, networks and information systems |
| Weblancer.net | RUS | N/A | As of June 2017: 122.071 (all registered, including non-Ukraine) | RU | Website administration, architecture, engineering, audio, video and multimedia, web design and interfaces, web programming, graphics, photography, polygraphy and identity, programming software and systems, website promotion (SEO), texts, translation, administration and management, tutoring, economics, finance and law |
| Freelancer.com | AUS | As of March 2018: 13.519.966 orders (globally) | Workers and clients:<br>As of March 2018:<br>27.518.342 (globally);<br>15.506 (workers from Ukraine). | EN | Websites, IT & software, mobile phones, computing, writing content, design, media, architecture, data entry, amin, engineering, science, product sourcing, manufacturing, sales & marketing, business, accounting, human resources, legal, translation, languages, course work |

Note: Information freely available on the platforms and collected by the authors of the report.

As the growth of online work continues, it is important to understand its consequences for workers and for the Ukrainian society. Because the work through internet is rarely subject to any labour law, including Ukrainian, it is also important to examine the extent to which the de facto working conditions can be considered as being in line with the existing regulations.

At the time of writing this report, Ukraine has ratified all fundamental and governance (priority) ILO Conventions[11], as well as 59 out of 177 technical conventions[12]. The list of

[11] International labour standards are legal instruments drawn up by the ILO's constituents (governments, employers and workers) and setting out basic principles and rights at work. They are either conventions, which are legally binding international treaties that may be ratified by member states, or recommendations, which serve as non-binding guidelines. Out of 189 ILO conventions, eight conventions are considered as "fundamental", covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. These principles are also covered in the ILO's Declaration on Fundamental

ratified international labour standards has been extended by the recent ratification of the Conventions No. 155 in 2012, No. 117 in 2015, and No. 102 in 2016[13] (ILO, 2016). As part of the Government Action Plan for 2015-2019, the ratification of eight more ILO Conventions[14] is being considered to implement the European Social Charter (ibid).

Many of these international labour standards are reflected in the Ukrainian labour legislation. For example, the minimum wage is set by the Law of Ukraine "On Wages" of 1995. The minimum wage had been at least annually reviewed by the Government until December 2013 when it was frozen as part of austerity measures. A new important increase occurred in 2017, when it was doubled. The Law of Ukraine "On leave" of 1997, fixes annual leave for full-time workers at 24 calendar days, but may be higher for workers in some industries. Most of other working conditions are regulated by the Labour Code, which was drafted in 1971 and amended only marginally over the years. For example, it fixes the weekly limit on hours worked at 40 hours, regulates overtime and night work, including by special categories of people, such as youth, mothers with children below the age 3, and workers with disabilities. While the Labour Code still includes many pre-transition features, labour reform has remained relatively low on the agenda of succeeding governments. More generally, further progress is necessary to ensure better enforcement and compliance with the legislation.

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Principles and Rights at Work (1998). The eight conventions are: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), Right to Organise and Collective Bargaining Convention, 1949 (No. 98), Forced Labour Convention, 1930 (No. 29), Abolition of Forced Labour Convention, 1957 (No. 105), Minimum Age Convention, 1973 (No. 138), Worst Forms of Child Labour Convention, 1999 (No. 182), Equal Remuneration Convention, 1951 (No. 100), Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

There are also four conventions designated as "priority" instruments, thereby encouraging member states to ratify them because of their importance for the functioning of the international labour standards system. They are: Labour Inspection Convention, 1947 (No. 81), Employment Policy Convention, 1964 (No. 122), Labour Inspection (Agriculture) Convention, 1969 (No. 129), Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144).

Other conventions are referred to as "technical" conventions.

[12] Full list available at ILO NORMLEX: http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102867

13 C102 - Social Security (Minimum Standards) Convention, 1952 (No. 102) - 06 Jun 2016; C117 - Social Policy (Basic Aims and Standards) Convention, 1962 (No. 117) - 10 Dec 2015; C155 - Occupational Safety and Health Convention, 1981 (No. 155) - 04 Jan 2012.

[14] C088 - Employment Service Convention, 1948 (No. 88) C097 - Migration for Employment Convention (Revised), 1949 (No. 97) C157 - Maintenance of Social Security Rights Convention, 1982 (No. 157) C168 - Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) C171 - Night Work Convention, 1990 (No. 171) C173 - Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173) C181 - Private Employment Agencies Convention, 1997 (No. 181) C189 - Domestic Workers Convention, 2011 (No. 189).

## 4. Surveys' Description

In September-December 2017, on request of the International Labor Office, the Kyiv International Institute of Sociology (KIIS) carried out two surveys – a qualitative and a quantitative one – on working conditions of online platform workers in Ukraine.

### 4.1 Qualitative survey

The qualitative survey consisted in conducting six focus group interviews covering 49 respondents (Table 2) and eight in-depth individual interviews (Table 3) with individuals who regularly work through online platforms. Respondents were engaged using three methods: drawing on the KIIS Ukraine-wide representative database; by identifying prominent online workers on various online forums and establishing direct contacts with them; using a snowball method. The recruiters received a list of selection criteria and used their social networks to find participants who fit the required characteristics. The target group of the study were individuals who complete macro and micro tasks using online platforms, and have at least 2 years of experience of such work. The guides for the focus groups and individual interview of the study was developed by KIIS in close cooperation with the International Labor Office.

The focus groups were conducted both in Russian and Ukrainian (usually the mix of languages was used within each group, with respondents speaking in the language of their choice). The respondents were selected to also be representative of the main language in which they work, as well as the tasks performed in terms of length and type of task. Thus, about half of the respondents performed lengthier tasks (macro tasks), with jobs that usually necessitate over one week of work, and comprised the following activities: web development, software development, software and game testing, website promotion, website design, apartment design, translation from foreign languages, paper writing. The other half performed tasks that usually necessitate less than one week of work and include activities such as logo design, business card design, banner design, photo processing, copywriting, typing, data input, website content management, interview transcription, information search on the web, remote tutoring, writing articles, translations from Russian to Ukrainian and the other way around, and other unskilled work. Some of these tasks can be seen as "micro" tasks studied in other contexts, while some others can rather be classified as "meso" tasks (Felstiner, 2011). Their main feature is that they are similar to casual work, often literally being work "for an hour".

***Table 2. Focus Group Discussions: Sample Description***

| Focus Group | Region | City | Type of tasks done by the target group | Main working language | N participants |
|---|---|---|---|---|---|
| 1 | Central | Kyiv | Macro tasks | English | 8 |
| 2 | Central | Kyiv | Micro tasks | English, Russian, Ukrainian | 8 |
| 3 | Eastern | Kharkiv | Macro tasks | Russian, Ukrainian | 8 |

| | | | | | |
|---|---|---|---|---|---|
| 4 | Eastern | Odesa | Micro tasks | English | 8 |
| 5 | Western | Lviv | Macro tasks | English | 9 |
| 6 | Western | Lviv | Micro tasks | Ukrainian, Russian | 8 |

***Table 3. In-depth Interviews: Sample Description***

| No. | City | Type of tasks | Main working language |
|---|---|---|---|
| 1 | Brovary | Macro tasks | English |
| 2 | Bila Tserkva | Micro tasks | Russian or Ukrainian |
| 3 | Bila Tserkva | Macro tasks | English |
| 4 | Vinnytsia | Micro tasks | English |
| 5 | Zaporizhia | Macro tasks | English |
| 6 | Zaporizhia | Micro tasks | Russian or Ukrainian |
| 7 | Zhytomyr | Macro tasks | English |
| 8 | Nikopol | Micro tasks | English |

## 4.2 Quantitative survey

The quantitative survey was conducted in November-December 2017. It targeted 1000 respondents of the age 18 and older, residing continuously in Ukraine, and identifying themselves as workers performing work through at least one internet platform for pay in the 12 months preceding the survey. To reach this target, a larger number of respondents was sampled. Overall, 1009 questionnaires with no missing responses on the socio-demographic part of the questionnaire were retained. In case of unclear answers or missing information, the respondents were also contacted by phone to fill in the missing information; about a third of participants were followed-up this way. All 24 regions of Ukraine were covered, including the capital city and settlements of different type and size. The surveys were offered in Ukrainian and Russian.

The participants were recruited using three methods:

- Spreading information about the survey through three leading online platforms providing work in Ukraine: *Kabanchik.ua, Freelancehunt.ua, Upwork.com* (Ukrainian representation). The survey was posted on these online platforms and also the information about the survey was communicated to the registered users of the platforms by email. The link to the survey was also advertised on a specialized Facebook group *Befree – freelance for Ukrainians*. 75% of all respondents were recruited this way.
- Selecting participants from an online panel, InPoll, which provides access to active users of the Internet from all over Ukraine, and which have been recruited previously during other regular offline surveys conducted by the Kyiv Institute of Sociology. 17% of all respondents were recruited this way.

- Snow-ball techniques, which allows reaching out for individuals otherwise difficult to reach or engage. 8% of all respondents were recruited this way.

Two supervisors were regularly overlooking the progress in survey completion. Quality control also included automatic checking of respondent's IP address and cookies to avoid multiple response by the same individual. The survey also included a series of logical checks and warning messages inviting to correct illogical answers.

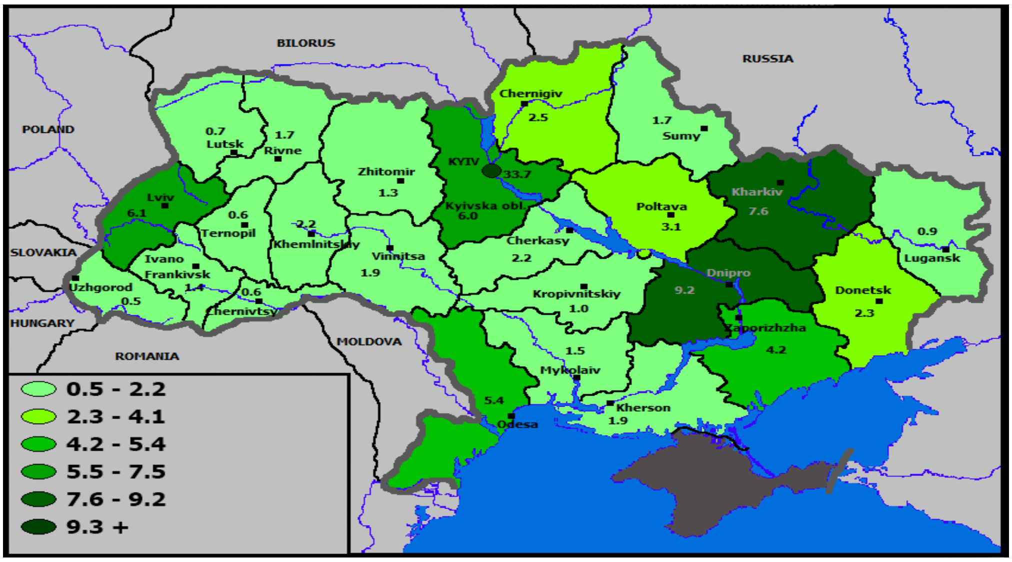
On average, it took about 30 minutes to complete the survey. Participants were offered a small remuneration at the end of the survey (40 UAH, or approximately 1,5 USD). This remuneration is four times the value of the current minimum wage in Ukraine (hourly minimum wage was 19,34 UAH), and double the average wage of the country. Offering this remuneration helped ensure that the sample is representative. Nevertheless, it might have not been sufficient to attract very high-paid workers, such as those oriented towards foreign markets (and earning an average hourly wage of 16-20 USD: Graham et al., 2017). Such workers took part in the survey rather because they were interested in participating. Thus, presented results, especially in what concerns pay, can be seen as lower-bound estimates. They also present the same limitation as any other survey following "river sample", a sampling technique in which survey respondents are invited to participate via the placement of ads or online invitations.

# 5 Key findings of the surveys: Socio-demographic profile of platform workers

## 5.1. Distribution of respondents by region and type of settlement

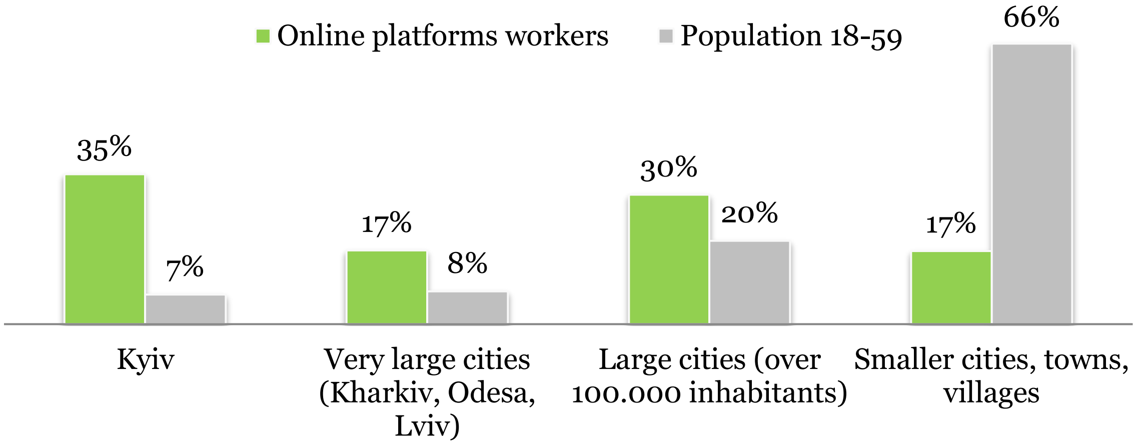
Workers of online platforms are found in every region of Ukraine (Figure 1). Most of them are concentrated in Central Ukraine. Even when excluding the capital city Kyiv, Central region is leading in terms of the percentage of freelancers, together with Southern region (20% and 22%, respectively). Platform workers are somewhat less represented in Western Ukraine (14%), and least represented in Eastern Ukraine (11%), which is suffering from the armed conflict.

***Figure 1. Distribution of online platform workers by region of residence (percentage of respondents in each oblast)***




The spread of online platform work is related to the level of urbanization. The distribution of platform workers by settlement size is considerably different from the distribution of the general population (aged 18-59). According to the results of the quantitative survey, the majority of the surveyed platform workers (83%) live in cities with the population of more than 100,000 residents, among which the most represented are Kyiv, Kharkiv, Odesa and Lviv, which together comprise 52% of the surveyed workers. Only 10% of the respondents live in medium-sized cities, 4% in small towns and urban-type villages, and 3% in rural areas (Figure 2).

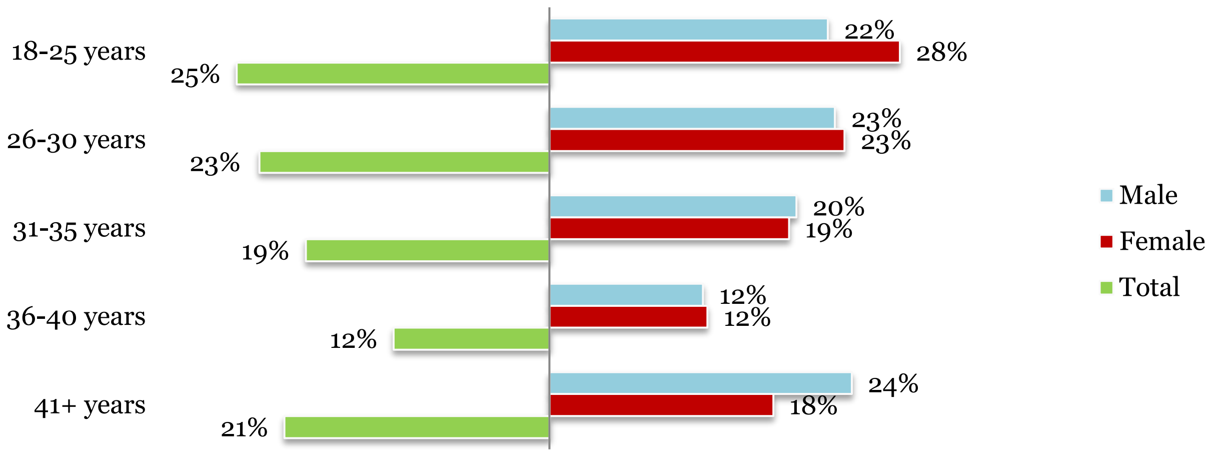
*Figure 2. Distribution of online platform workers, compared to the total population of Ukraine (18-59 years) by settlement size*




### 5.2. Sex and Age Characteristics

In the quantitative survey, the fraction of men and women among platform workers is approximately equal, standing at 52% and 48%, respectively (Figure 3). While both sexes are equally represented in the 26-30 age group, there are slight gender differences among younger and older groups. Among the youth (18-25), there are considerably more women than men; the situation is reversed in the older group of 41+.

*Figure 3. Distribution of online platform workers by sex and age*




In general, youth dominate online work in Ukraine: two thirds of workers are below the age of 36. The average age of a platform worker is 33.

Out of 57 participants of the qualitative survey, 27 are men and 30 are women, continuously residing in Ukraine. The youngest respondent was 20, and the oldest was 62, with 27 respondents falling into the 20 to 29 age group; 15 falling into the 30 to 39 age group, and the rest being 40 years of age or older.

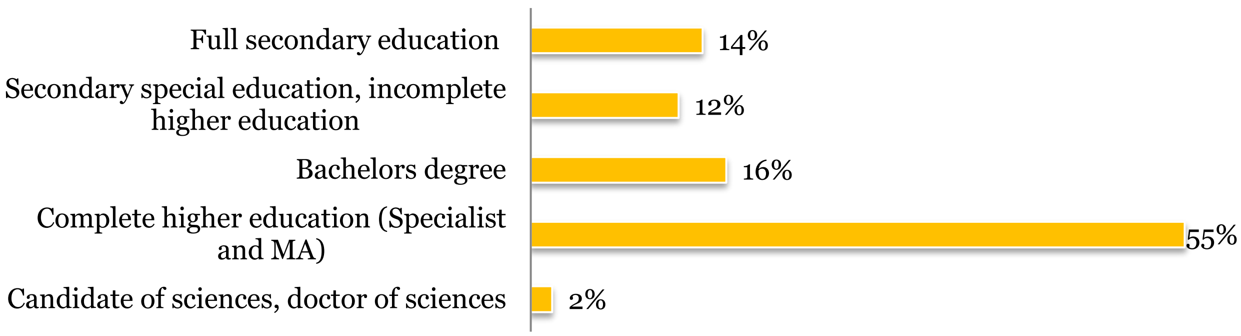
### 5.3 Level of Education

Ukrainian platform workers are highly educated. The vast majority (73%) have basic undergraduate degree or complete higher education; moreover, the overwhelming majority report having either a specialists or a Masters, in addition to a bachelor's degree. Two percent have PhDs (Figure 4).

A quarter of respondents (25%) are continuing their studies at the moment, with a half of them (48%) studying outside of formal education system, through different trainings and specialized courses. The list of fields of study for the most recent degree demonstrates a wide variety and does not exhibit any prominent pattern.

In addition to formal diplomas, speaking foreign languages has an important bearing for accessing work through internet, for the types of tasks performed, and for the choice of a platform. Russian remains the country's second main native language after Ukrainian, with the majority of Ukrainians being able to speak it. This allows them to access not only the Ukrainian market of online work, which often operates in Russian, but also the whole post-Soviet space, and especially the Russian market. The next language key for platform work is English. Over 18% of respondents stated that they spoke English at an upper-intermediate or higher level (though only 2% are fully proficient), and another 41% state that their level of English is intermediate. As will be shown further, English-speaking respondents clearly orient themselves towards international platforms. Also, the qualitative survey revealed that the majority of respondents who worked on longer duration, macro tasks reported having at least an intermediate level of English. In contrast, among individuals doing short, micro tasks, more than half did not speak English at all or only at the beginner level; and the rest of them reported only intermediate level of English.

***Figure 4. Distribution of online platform workers by education***

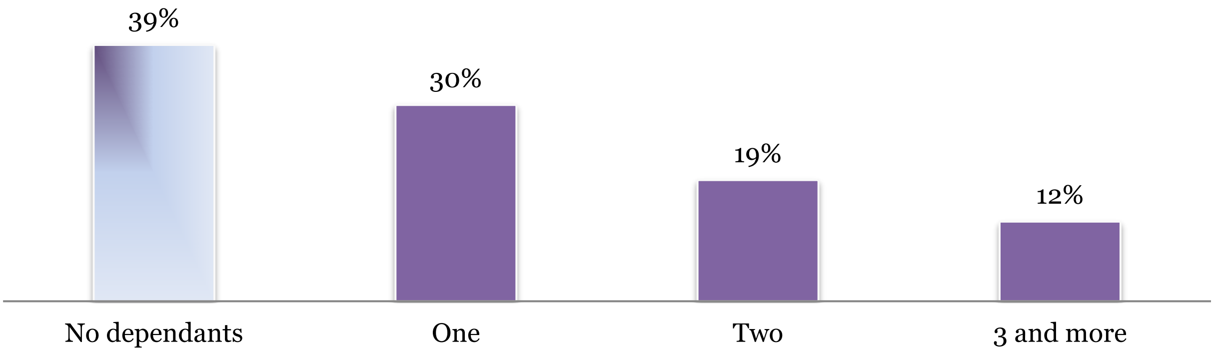



### 5.4 Marital Status and Household Characteristics

Half of the respondents were married (49%) at the time of the survey, another 11% lived in couple. Twenty-eight per cent have never been married, 10% were divorced, and 1% were widowed. The average household size of platform workers was 3 individuals, which is above the national average of 2.58 individuals (State Statistics Service of Ukraine, 2012). Eleven per cent of respondents live alone, 28% percent live in households of 2 people, 20% in households of 3 people, 20% in households of four people. Households of 5 and more people make up 12% of the total number. Almost a half (46%) of platform workers have children in their households: 30% have one child, 12% have two children, 4% have three or more children. 54% of respondents live in households without children.

A considerable fraction of households (42%) includes adults who, to some extent, depend financially on the respondents – a feature specific to Ukraine and Post-Soviet countries due to population ageing. Most of them (93%) are supported uniquely by the respondents' work income; in other words, these respondents are the primary earners. Taking into account both children and dependent adults, the average number of dependents per one household is 1.1, and only 39% of the respondents live in households without any dependents (Figure 5).

***Figure 5. Distribution of respondents' households by the number of dependents***




## 5.5 Health

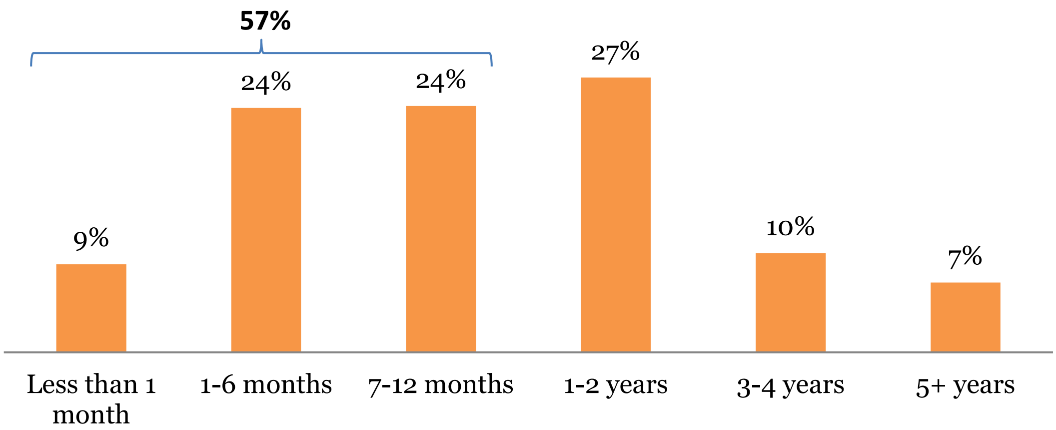
Given the age of platform workers, most of them do not have any health-related complaints. Half of them (49%) report that their health is fair, 37% believe that their health is good, and 8% claim it is very good. Only 6% of the respondents report having poor health, and 1% of them are in very poor health. Despite this, almost a fifth (18%) of the platform workers currently have a physical or mental health condition or illness lasting or expected to last 12 months or more. This proportion is twice as high as among workers surveyed on US-based platforms (Berg, 2016), and reinforces the idea that online work can enlarge labour market options for such individuals in important ways. For 38% of respondents reporting such a long-lasting health condition, these health problems indeed limit their ability to do paid work, and in addition, for 70% their condition reduces, to some extent, their ability to carry out any day-to-day activities. Not surprisingly, these workers are also more likely to rely on platform work as their main source of income (28.5%) than workers without health conditions (25.8%) as their disability may preclude them from working outside the home; though differences are not large.

# 6. Key findings of the surveys: Online work and working conditions

## 6.1 Getting started: experience of online work and reasons for choosing "freelance"

Platform work is new for many respondents, with more than half of them (57%) working on platforms for less than a year. A little more than a quarter of freelancers have one to two years of experience in platform work. Only 7% can be considered experienced platform workers with more than five years of platform work experience (Figure 6). In contrast, participants of the qualitative survey were somewhat more experienced. On average, they had worked for 3 years on platforms, with a recorded maximum of ten years.

***Figure 6. Distribution of online platform workers by experience, quantitative survey***



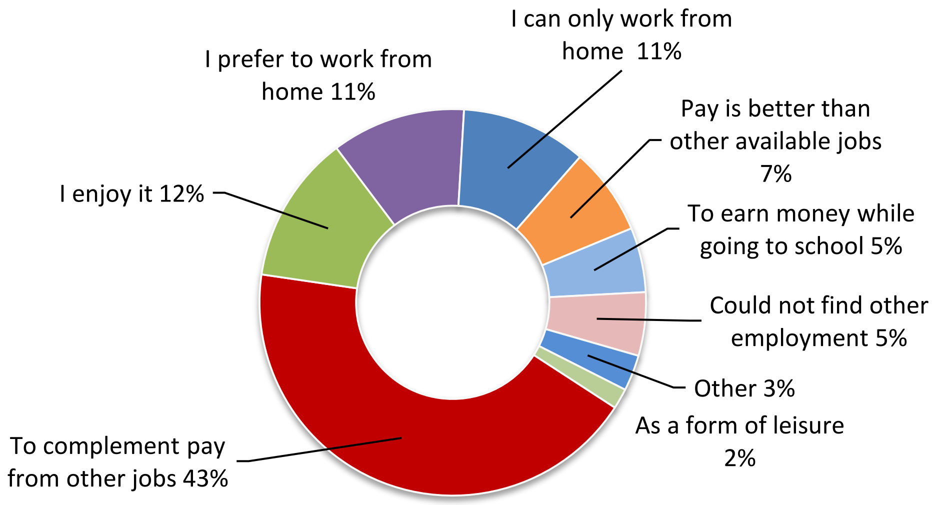

One fifths (19%) of the respondents to the quantitative survey are also new to platform work when judged by the number of performed tasks: in the whole period of their platform work they did 10 or fewer tasks. One fifth (21%) of the respondents have the experience of completing more than 25 tasks in their history of platform work. Among them, half completed over 100 tasks. A large share of respondents (44%) could not estimate how many tasks they completed.

The main reason why people work on online platforms is their desire for additional income. This reason was cited by 43% of respondents (Figure 7). Only 12% of respondents do platform work because they like it. Another 11% prefer to work from home, and another 11% can only work from home. Other reasons included the possibility of making more money through online work than in the offline economy (7%), combining this work with education (5%), or doing this work because they could not find other employment (5%). Only 2% said that they consider platform work as a form of leisure. These findings are very similar to the ones reported by Rani et al. (2017), whose survey covers workers from over seventy countries. These findings are also confirmed by the qualitative survey respondents, who often evoke a mixture of reasons:

> *The reason is very trivial. It is working with foreign clients. Therefore, it means higher income. Easy income. And convenient. (Lviv, macro tasks).*

*Until 2010, I had my own company, I was the director and founder of a publishing house and an advertising agency. The crisis of 2008 came, we somehow survived for a year, and in 2010, we shut down. I started doing freelance, working with the former clients of my company. I started working as a designer. Then, in 2013, the revolution started, the crisis, and the number of clients fell almost to zero. I needed to eat something, to get money from somewhere, and I remembered that there were freelance platforms and that I could make some money there. (Brovary, macro tasks)*

***Figure 7. Online platform work motivation***




According to the respondents who do platform work because they prefer working from home, the main reason is the flexible schedule and comfort of working from home, which was mentioned by almost three fourths (74%) of those who answered this question in the quantitative survey. Other, less widespread reasons include the need to look after children or sick family members (9%), not having to commute (9%), health problems (4%) and the feeling of independence provided by working from home (4%).

*It's always been very difficult for me to go to work, to wake up in the morning. And I've always dreamt, I've looked for ways out, to avoid doing that. For 7 years now, I don't go to work and I have a free schedule. (Lviv, micro tasks)*

Of those who can only work from home, the majority (83%) do it because they look after a child or a sick family member. Another 17% experience problems with their own health which limit their ability to work outside their homes:

*I work as a freelancer since I got a disability status, I could not walk anymore. (Lviv, micro task)*

*I just did not feel I could to go to work after the pre-stroke condition. I have two children, I had to survive somehow. And a friend of mine just gave me a hint that I could also earn money from home. (Odesa, micro task)*

According to the respondents who do platform work because they could not find other employment, the biggest obstacles to finding other jobs are the lack of jobs in the area where they live and the fact that the pay offered for other jobs is too low. Each of the two options was picked by 31% of the respondents. About 10% mentioned that discrimination and skill mismatch prevented them from finding alternative work.

*The reason for switching to freelance is simple. We don't have any economy, so we need to use other economies. I mostly only work for foreigners. (Kyiv, macro tasks)*

*I was, probably, to some extent, forced to switch to freelance. Because after 35, actually, I started to be banned everywhere. Wherever I would look for work, I would be, basically, rejected. Well, based on different justifications, actually. At some places, I would have too much knowledge, at some places I would be overqualified. That is, I was kicked out, the system kicked me out, and I realized I needed to do my own thing. (Kyiv, macro tasks)*

Several respondents of the qualitative survey also evoked personal fulfilment as an important reason for doing platform work. Moreover, the vast majority evoked bad management experienced in their previous jobs that they wished to escape.

*I am very concerned about making a difference in this life. I mean, it's cool to have money, but money is not my main motivator as of now. Freelance allows to put some ideas to practice. For example, you can start doing something for free, some work that is not fixed, and if you screw up, there's no one who will punish you for that. (Lviv, micro tasks).*

*The reason why I started working in freelance was the difficult economic situation in the country, when, one by one, companies where I worked started to lose ground and, in the end, shut down. At the same time, I started looking for a new job, until I concluded that it is more peaceful and more interesting to write. I used to work in direct contact with people, and I started to get tired of that. So I started to write commissioned texts and receive money for them, while planning my work schedule by myself and not submitting to often stupid orders of the higher management at physical firms. (Zaporizhia, micro tasks)*

*It's not like the West. In Ukraine, the craziness of bosses is unlimited. (Odesa, micro tasks).*

## 6.2 The variety of platforms and markets for online work

The qualitative survey and the desk analysis allowed identifying several leading platforms on which Ukrainian freelancers work. A list of twelve platforms was presented to the respondents of the quantitative survey, asking them to assess how familiar they were with these platforms. The list included Ukrainian-based (local market), Russian-based (meso-market), and English-language platforms (international market)[15], representative of micro and macro tasks. The list also included one fake platform, to check how much attention the

[15] The dichotomy is not very precise, as some of the international platforms may be posting tasks in English and Russian for example.

respondents were paying to the question (Table 4). The respondents who stated that they worked on this platform were dropped from the analysis.

***Table 4. Knowledge about and experience of working on various platforms***

| Geographical Area | Type of task | Platform | Have not heard about the platform | Heard but have not worked | Worked for less than 50 hours | Worked for over 50 hours | Knowledge | Work experience |
|---|---|---|---|---|---|---|---|---|
| Local | Micro | Kabanchik.ua | 15% | 13% | 41% | 31% | 85% | 72% |
| Local | Macro | Freelancehunt.com | 69% | 18% | 7% | 6% | 31% | 13% |
| Local | Mixed | Freelance.ua | 61% | 27% | 9% | 3% | 39% | 12% |
| Local | Mixed | globalfreelance.ua | 82% | 13% | 4% | 1% | 18% | 5% |
| Meso | Mixed | fl.ru | 71% | 18% | 7% | 4% | 29% | 11% |
| Meso | Mixed | Weblancer.net | 71% | 19% | 7% | 3% | 29% | 10% |
| International | Mixed | Freelancer.com | 45% | 31% | 18% | 6% | 55% | 24% |
| International | Macro | Freelance.com | 47% | 33% | 14% | 6% | 53% | 20% |
| International | Macro | Upwork.com | 66% | 19% | 10% | 5% | 34% | 15% |
| International | Micro | Amazon Mechanical Turk | 79% | 17% | 2% | 2% | 21% | 4% |
| International | Micro | CrowdFlower | 85% | 11% | 3% | 1% | 15% | 4% |
| Unreal | Unreal | Clockworker | 85% | 9% | 5% | 1% | 15% | 6% |

On average, Ukrainian respondents know about four different platforms among those listed, with about a third knowing about one platform only, a third knowing about two to five platforms, and a third knowing about six to twelve platforms. The best known platform is Kabanchik.ua. Though this result may seem unsurprising because this platform actively helped in recruiting respondents to the quantitative survey. Nevertheless, the results of the qualitative survey also confirm the finding that this platform is the one with which Ukrainians are the most familiar. On average, there are no major differences in awareness about various platforms among men and women, localities, or areas in Ukraine. The only difference is age: younger freelancers are much more knowledgeable about the variety of platforms.

In addition, about 27,7% of respondents knew and worked on other platforms that were not on the proposed list. In total, over three dozens of other platforms were mentioned, and included such platforms as the Russian-based advego.ru, kwork.ru, text.ru, work-zilla.com, toloka.yandex.ru, etxt.ru; Ukrainian-based olx.ua; and international fiverr.com. Several respondents also indicated that they get their work through social networks (including specialized groups on Facebook.com, Odnoklassniki.ru and VKontakte.ru).

The most popular platforms among the qualitative survey respondents recruited outside of the platforms were kabanchik.ua (20 respondents), freelance.ua (13), freelancehunt.com (8), advego.ru (6), fl.ru (6), upwork.com (5), weblancer.net (5), freelance.ua (4), olx.ua (4), work.ua (5), doit (2), rabota.ua (2). Quite a few also talked about very narrowly specialized platforms:

*Translators café and Translators town. Those two websites are exclusively for translations. There are over 40 languages, and they are exclusively for professional translators. This is a kind of work that interests me. And on those platforms it takes you less time to find a client (Lviv, macrotask).*

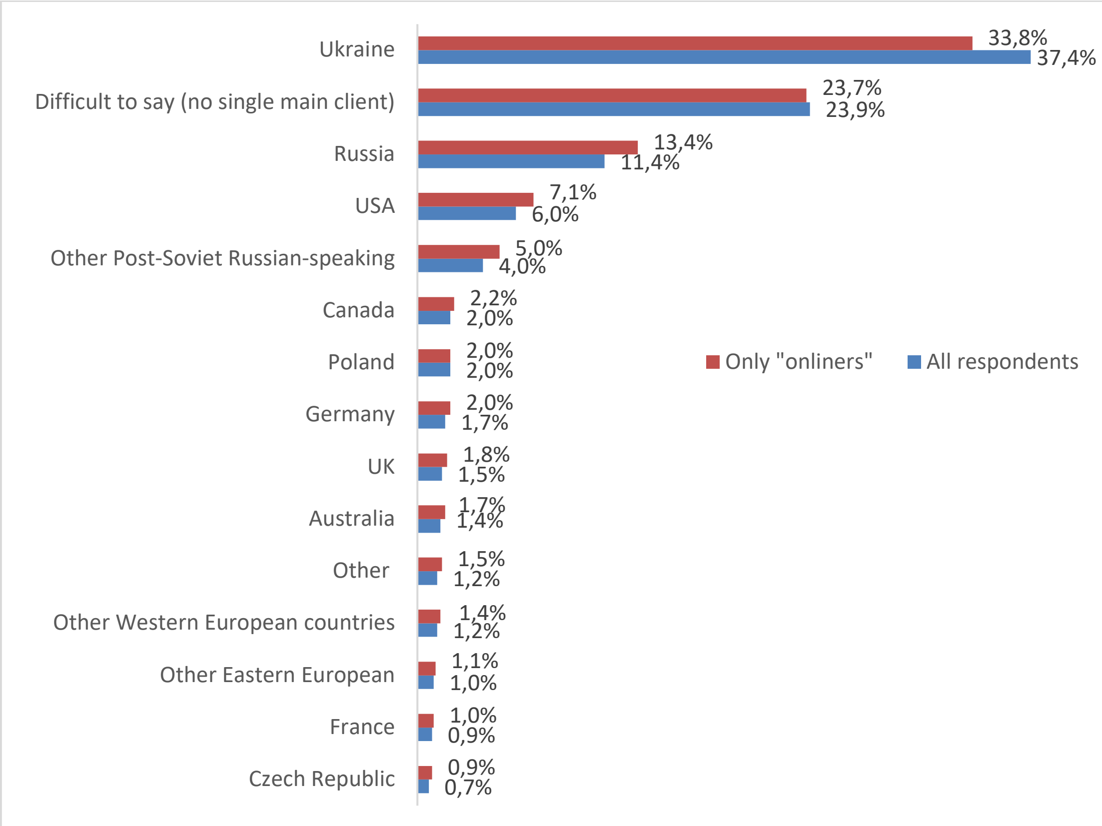
*There was this website, exclusively for writing dissertations. Exclusively for scientists… (Lviv, macrotask).*

On average, freelancers have experience of regularly working on two platforms (54% responded that they have experience mainly with one platform only, and all others have experience with more than one platform). In addition, 62% of respondents stated that they worked on one platform exclusively over the last month. This seems quite conservative, given awareness by Ukrainians of available platforms. But given that in order to get work, one has to build a reputation on the platform by performing a large number of tasks, workers become attached to specific platforms. Also, some clients may post work on several platforms, which means that for a worker with a certain profile and specialization, the same work may be available through different platforms, and it does not make sense to register everywhere.

Respondents were also asked how much of their work was done for clients outside of Ukraine during the last year. The question appeared to be sensitive, as half of the respondents preferred not to specify the answers. Of those who responded, 31% did all of their work for Ukrainian clients exclusively, and 4% performed work for international clients exclusively, with the majority of respondents having their work done for both Ukrainian and foreign markets.

In addition, when asked about the exact country of origin of their clients, 37% of the respondents stated that their main clients are located in Ukraine (Figure 8). Excluding those respondents who use platforms to find tasks to be performed in the offline world (such as car repair services), 33.8% of respondents stated that their main client is located in Ukraine. About 13 % of respondents have their main clients in Russia, and additional 5% in other post-Soviet Russian-speaking countries. Another 13% have main clients in English-speaking countries (of which over half are in the USA, and others are equally split between Canada, Australia, and the UK). Other responses were split between France, Germany, other Western European countries, Poland, Czech Republic, and other Eastern European countries. About a quarter of respondents had difficulties answering this question, most likely because they do not have one main client. A third of respondents also explicitly marked that they have several main clients whose location is mixed (they chose up to three locations). Summing up, many Ukrainians are striving to diversify their work, with at least 40% reaching out to non-Ukrainian markets.

***Figure 8. Country of origin of the main client***




Note: "onliners" are those who use platforms to find work to be performed online (ex: writing a customer review). In contrast, "offliners" are those who use platforms as an intermediary to find work performed in the offline world (ex: car repair). As shown below, there are only a few "offliners" in the survey, as most of them also use platforms to do "online" tasks.

## 6.3 Type of work: sectors, occupations, and skill match

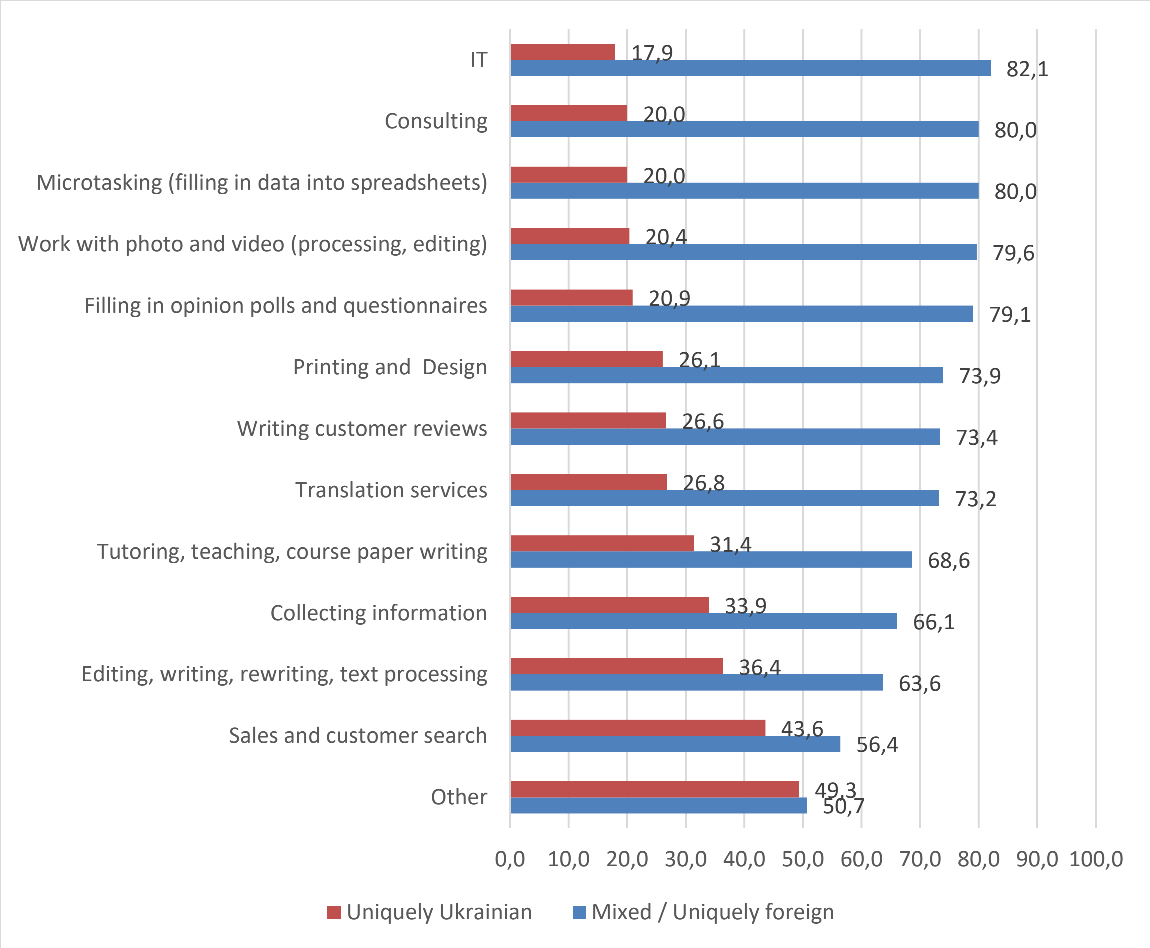
In general, the most popular sphere of platform work *in the last three months* was working with texts, copywriting and rewriting (23% of all respondents). Most of this work consists of tasks of relatively short duration. The second most popular field is IT (12%). Other popular fields of activity are filling in opinion polls and questionnaires (8%); sales, photo and video (6% each); microtasking including collecting and processing information (5% each); design, translation and consulting (4% each). Teaching and tutoring services were provided by 3% of the respondents; 2% wrote reviews. Twenty-two percent worked in other fields, including doing online tasks through the platforms but also offline tasks, thus using use platforms as an intermediary to find work performed in the offline world. Such online tasks include illustration, animation, advertising, accounting services, architecture. Offline tasks include providing household services, cleaning, construction, renovation services, courier services, making and repairing clothing and furniture, car maintenance, etc. In other words, some respondents use platforms in order to find work that is performed in the offline world and unrelated to digital work. As multiple answers were possible, it is still true that respondents who use platforms to find work offline are also doing parts of their tasks online.

These findings are mirrored in the qualitative survey. According to it, the most popular areas of work were working with texts (13 participants), doing relatively large translations from English/Polish and other foreign languages into Russian/Ukrainian and the other way around (12), graphic design (9), website and social network groups promotion (12), website development (6), web programming (4), writing theses, course papers, and large texts (4), but also tutoring, website content management, apartment design, software and game testing.

There is a strong gender segregation in terms of performed tasks. IT is strongly dominated by men (88% of IT workers are male). Other male-dominated spheres are design, sales, and video/photo (with 61%, 68%, and 64% of men in each field respectively). In contrast, women dominate translation (74% of it is done by women), other types of work with texts (72%), review writing and completing polls and questionnaires (61%), teaching and tutoring (70%), and microtasking (55%).

In addition, there is also a strong task segregation along the market served (Figure 9). Over 80% of workers specializing in the IT sector, consultancies, and microtasking have at least some clients who are non-Ukrainian. Moreover, the largest share of respondents who have all of their work done exclusively for foreign clients is in IT (18%), confirming the Ukrainian leadership in the IT "freelance" globally.

***Figure 9. Market served, by type of tasks performed***




A closer analysis of IT tasks reveals that the most popular areas are website creation and maintenance. 45% of respondents in the IT fields worked in web programming and 41% in HTML/CSS-coding. Other areas included testing (23%), programming for mobile platforms, for PC/Mac, vector (9% each), programmed microcontrolling (4%), modelling and 3D graphics (3%), and system programming (2%). A fifth of the freelancers who worked in IT also did other tasks. IT tasks are mainly performed by responders aged 26 to 40. As for regional tendencies, they are minor, except for Kyiv, which is distinguished by higher participation in PC/Mac programming, modelling and testing, and Southern Ukraine, where vector graphics is more popular. Most of the freelancers involved in IT live in large cities and the capital.

In addition to the questions about their main fields of work in the recent 3 months, respondents were also given an opportunity to mention the kinds of tasks they performed *over the whole period* of their platform work. The most popular field turned out to be sales, customer search and customer service — three quarters (76%) of platform workers worked in this field at some point in time. However, comparison with their current activities demonstrates that after they tried themselves in this field, most platform workers changed their field of work. One third (36%) of the respondents worked in text editing, writing, copywriting and rewriting. The third most popular field was collecting information, while IT occupied only the fourth place.

Indeed, the qualitative survey confirms that “shopping for tasks” and search for one’s own niche is quite common among online workers. Many start with very easy microtasks, mainly low-paid and mostly not corresponding to their educational background. It is once they understand how the platforms operate that they start looking for (and obtaining) tasks that match their skills better.

*My first task was to deliver flowers to a girl who had a birthday. I tried, there was nothing difficult in it. (Kyiv, micro tasker, former school teacher)*

Importantly, the majority of respondents perform jobs in the fields unrelated to their formal training. Also, when asked about the level of their skills in relation to the requirements of the tasks they have completed in the recent 3 months, 33% said they needed further technical training, 23% believed that they needed to improve their English to access more and better jobs, and 10% believe that their skills are more advanced than necessary for doing the tasks on the platforms where they have worked. Only 31% believe that they have a perfect match of skills to perform work on the platforms on which they usually work, and workers with 1-2 years of experience are most represented in this group. The most heterogeneous group is workers who performed mainly editing and writing tasks: their share is the largest among workers claiming to have the best match of skills, as compared to workers performing other tasks; but also their share is the largest in the group of workers who believe that they have skills more advanced than necessary, and among those who need to improve their English. Recalling that these tasks are performed mainly by women, it may be stated that over-education, and perhaps a certain deskilling on the platforms, is most experienced by women. Interestingly, in the group of workers who would need more technical training in order to access more and better jobs, IT specialists represent the largest share.

The majority of respondents of the qualitative survey also stated that they were constantly working on improving and developing their skills and learning. Mostly this is done through their own initiative. Only one respondent mentioned that a client once sent him to do training and paid for it. In order to improve their skills and competence, workers use a variety of tools. They mainly include open online learning tools, though are not limited to them.

*I study, I constantly try to improve. Now especially… Because I see that I will make more if I acquire certain skills. I mean online courses, online video courses freely accessed on YouTube. About testing, automatization, coding. Dig into it, study for the rest of my life. (Kharkiv, macro tasks).*

*I study on my own at my own initiative. In order to improve my qualification and enlarge the spectrum of the work that I can do. I do it on my free time. Usually it’s online resources: websites, youtube, udemy. As of today, I try to enlarge my knowledge on search optimization. (Nikopol, macro task)*

*It’s been a while that I started learning new tools and technologies while creating websites for others. Because just sitting and learning something without being paid for it is sad. My methods of learning new technologies include reading electronic books, specialized forums, exchanging experience with other programmers. (Bila Tserkva, macro task).*

## 6.4 Working time

One of the particular features of online work is that many workers have to spend a considerable amount of time regularly searching for tasks and for new clients, researching requesters through online forums, improving and renewing their online profile, performing qualification tests, earning qualifications, communicating with requesters or clients, leaving reviews and asking clients for reviews, and recuperating remuneration for performed tasks. In contrast to wage employment, these activities are unpaid.

The question asked to assess the time spent on platform work in an average week of the past year caused considerable difficulties for platform workers. In total, 53% of the respondents could not estimate the time they spent on paid tasks, and 48% could not or did not want to estimate the time they spent on unpaid work. It seems that the work practices vary so much that they are barely generalizable. Indeed, the respondents of the qualitative survey noted that some tasks can take an hour, and others may take months. Some workers combine very long-term projects with shorter ones.

*A long task takes three months, and the shortest 20 minutes. (Kyiv, macro tasks)*

*It depends. I can do some tasks in a day. But there are other projects that I've been involved in for a second year in a row now. (Lviv, mixed tasks)*

*There are orders for an hour, and others for half a year. (Bila Tserkva, macro tasks)*

*Most often, the tasks are small, literally for an hour. But they are not the main source of income. About once in a quarter I get tasks for 2-4 days of work, and I make money on those. (Vinnytsia, macro tasks)*

*Making, say, a logo for some simple company which is just being created. It can take about 2 hours, depending on what they want. You just talk to the client. And a large task, if you take working hours, it can be, roughly speaking, 3-4 days. (Lviv, micro tasks)*

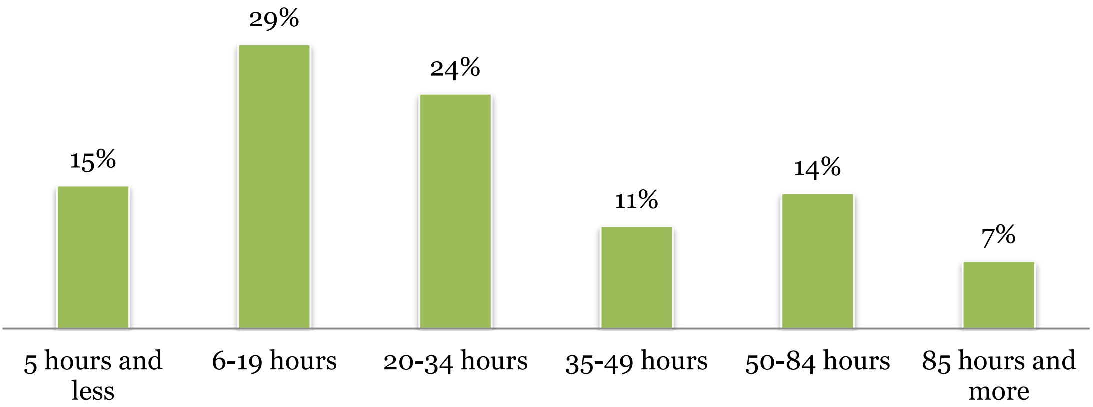
Quite a few simply do not count their working time, especially when work is combined with surfing on the net, leisure, or other activities including family responsibilities.

*Only public servants and bosses are counting hours! (Odesa, micro task).*

*I can do a bit of work while cooking borsch. Then I check my kids' homework and work a bit again. (Odesa, micro task).*

Based on the sub-sample of 473 respondents of the quantitative survey who were able to indicate the time they spent, the following findings emerge. On average, respondents spent a total of 30 hours per week for online work. Of those, 22 hours were spent on paid work (actual work on the tasks they were paid for), and 8 hours were spent on unpaid activities. In other words, the average ratio of paid to unpaid work is 73% to 27%. But even within this group, the diversity of working time is important: while 68% of respondents work for less than 34 hours, 21% work for over 50 hours per week, with 7% working in excess of 85 hours. In other words, only 11% of respondents work a comparable number of hours to regular wage employees (Figure 10). Moreover, the percent of workers with excessive hours (over 48) is much higher among the online workers than among the total population of Ukraine (estimated at 11%: ILO, 2016b).

***Figure 10. Total time spent on online work (paid and unpaid) in a typical week***



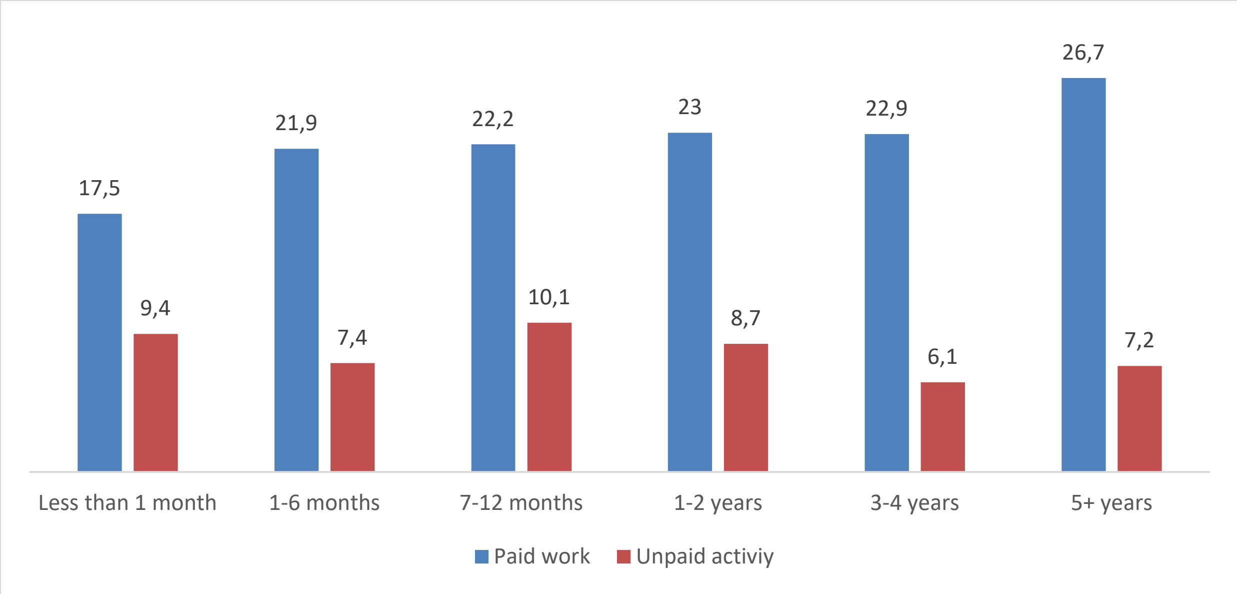

*I can spend one or two hours on search, and sometimes a full day. To find something that I'll like. And then I'll spend 5-6 hours per day to work. But sometimes I would look for a full week, and then work on it for 2-3 weeks. (Lviv, macro tasks).*

*On average, I work for 8 hours, like ordinary people. At the same time, I have fewer hours of "pure" working time, I cannot do without pauses, because otherwise my brain might boil. One of the disadvantages of working as a programmer is the overwhelming difficulty of tasks. I spend 10-20 minutes in the morning to look for a job, monitor job websites, answer emails, other options. (Bila Tserkva, macro tasks)*

*I may spend a lot of time to install a certain programme. Out of 100% of the productivity, 30% is wasted on installation. (Lviv, macro task).*

The time spent on online paid work increases with the experience of online work, pointing out to a professionalization of this activity and possibly switching away from the offline work (Figure 11). Interestingly, the time spent on non-paid work peaks towards one year of experience, also signifying that workers probably are becoming more serious about strengthening their profile in order to fully establish themselves on the market. However, the time spent on unpaid activities remains important even for very experienced online workers and does not diminish as fast as could have been expected. Possibly, more experienced freelancers also prefer to look only for the projects that they would be very interested in, and also because they learn to do their work faster.

***Figure 11. Time spent on online work (paid and unpaid) in a typical week, by experience***




*I can spend either an hour on the search… Well, on the search of a project that would be interesting for me, because I rarely take projects which I am not interested in anymore. Usually it can be two hours, but I can also look for that project for three days without finding it. And the main work takes 10-12 hours, it depends. (Lviv, macro tasks).*

*In the beginning I had more paid work. I'd jump on a task and would take time to do it. So I would spend more time to work than to look for work. (Kyiv, macro task).*

*When you are just starting, you are spending a lot of time. And then you get it, and for the work that used to take you 10 hours you can spend just 3 or 4. (Odesa, micro task).*

In addition, the respondents were asked how many different days per week they work online. Those who were able to generalize the time they spent on platform work (¾ of the respondents) can be divided into three groups: a) *employment that is regular* (21%), which involves working 5 days a week; b) *employment that is casual* (53%), which is intensive (3-4 days a week) for 28% of workers and moderate (1-2 days a week) for 25% of the respondents; c) *excessive employment* for 6-7 days a week that characterizes 26% of the respondents, with one seventh of the respondents working on every day of the week.

Moreover, 25% of respondents (based on 782 observations), stated that they work for over 10 hours a day at least once a month. Those platform workers who have more workdays per week also work more intensively: workers reporting over 50 hours of work per month work at least 4 day a month for 10 hours or more.

Platform work is shifted towards evening time (Table 5). In general, 62% of the respondents usually work from 6 to 10 p.m., and 52% work in the afternoon, from 12 a.m. to 6 p.m. Two times fewer freelancers work in the morning and late at night (27% and 30%, respectively). Approximately the same patterns hold irrespectively of whether platform work is the main job or an additional source of income, although the latter individuals work considerably less in the afternoon. It is notable that 34% of women worked at nights, in contrast to 27% of men, and this is irrespective of the presence of children in a household. Evening work is also predominant among youth. The night work can be partly explained by the location of the main client: respondents worked more frequently at night if the main client is in a very different time zone.

Respondents were also asked whether they can afford to take a week-end or holiday time at any time. Interestingly, while many stated that they enjoy freelance for the freedom it brings, and many picture it as a possibility to work from any place and any time, only 29% stated that they can afford holidays at any time. In addition, over two thirds either could not afford time off at any time, or would have difficulties taking it. Also, over half of respondents stated that they could not afford not to work for 4 weeks in a year (the period largely corresponds to the legal length of the annual leave in the country).

Those who can't afford taking holidays are either constrained by income or they do not know when the projects will arrive. Sometimes, they may be reluctant to take prolonged time off because they do not wish to lose customers.

*I am not planning my holiday time, everything is planned for me. Because my main job [in addition to freelance] is in the country side. We have a huge vacation time, 56 days. But the problem is that I don't have money to pay for any vacation, that's the real thing. (Lviv, micro task).*

*I can take a limitless vacation. To become a beggar. (Odesa, micro task)*

*I have plenty of free time, but it often happens that I start planning something and then, hop, new work arrives. (Lviv, micro task).*

*For example, I have all kinds of situations when I need a week of time, when I have to go somewhere, or a few days. But for longer… I have days off several times a year, from 3-4 days to a week. And I can go to the Carpathian Mountains, I can go for the weekend. (Lviv, micro tasks).*

*I did not take vacation this summer. I found a client in May and he kept me very busy. When I reach 6 months with him, I'll ask him if I can take one week off. (Zhytomyr, macrotask).*

***Table 5. Time intervals during which most of the platform work is performed***

*(total larger then 100%, because it was possible to select several intervals)*

| | | Morning (5:00 a.m. - 12:00 p.m. / 5:00 - 12:00) | Afternoon (12:00 p.m. - 6:00 p.m. / 12:00 - 18:00) | Evening (6:00 p.m. - 10:00 p.m. / 18:00 - 22:00) | Night (10:00 p.m. - 5:00 a.m. / 22:00 - 5:00) |
|---|---|---|---|---|---|
| **All respondents** | | **27%** | **52%** | **62%** | **30%** |
| By sex: | Male | 29% | 53% | 68% | 27% |
| | Female | 25% | 50% | 56% | 34% |
| By age (years): | 18-25 | 23% | 45% | 70% | 31% |

| | | | | |
|---|---|---|---|---|
| 26-40 | 26% | 53% | 58% | 33% |
| 41+ | 36% | 55% | 62% | 23% |
| Platform work - main work | 34% | 69% | 63% | 34% |
| Platform work – additional work | 25% | 46% | 62% | 29% |
| Presence of children: No children | 24% | 53% | 64% | 30% |
| Have children | 31% | 50% | 59% | 30% |
| Main client time zone: close (+ 2 hours) | 28% | 52% | 61% | 29% |
| far (USA, Canada, Australia) | 33% | 58% | 64% | 38% |

Moreover, it is not unusual to combine work with leisure.

*I generally try not to tie myself to a certain time, space and so on. And I actually encourage everyone to do the same. I had a precedent, we traveled in other countries and worked at the same time […]. Well, we traveled in different ways. The longest period of travels we had was 1.5 month. But we managed to travel around 5 countries. From time to time, we stayed in some country and, basically worked there, in fact. Freelance allows you, in general, to continue working on projects wherever you are. (Kharkiv, macro tasks)*

However, this may not always be easy to do, if work from home is more convenient:

*-One of the advantages of freelance is that you can go to Thailand in the winter and work from there.*
*-Have you ever used this opportunity?*
*- Once, but it was not Thailand, it was my dacha near Zhytomyr.*[16] *My specifics is that I need huge monitors for work, and it's not convenient for me to work with a notebook (Brovary, macro task).*

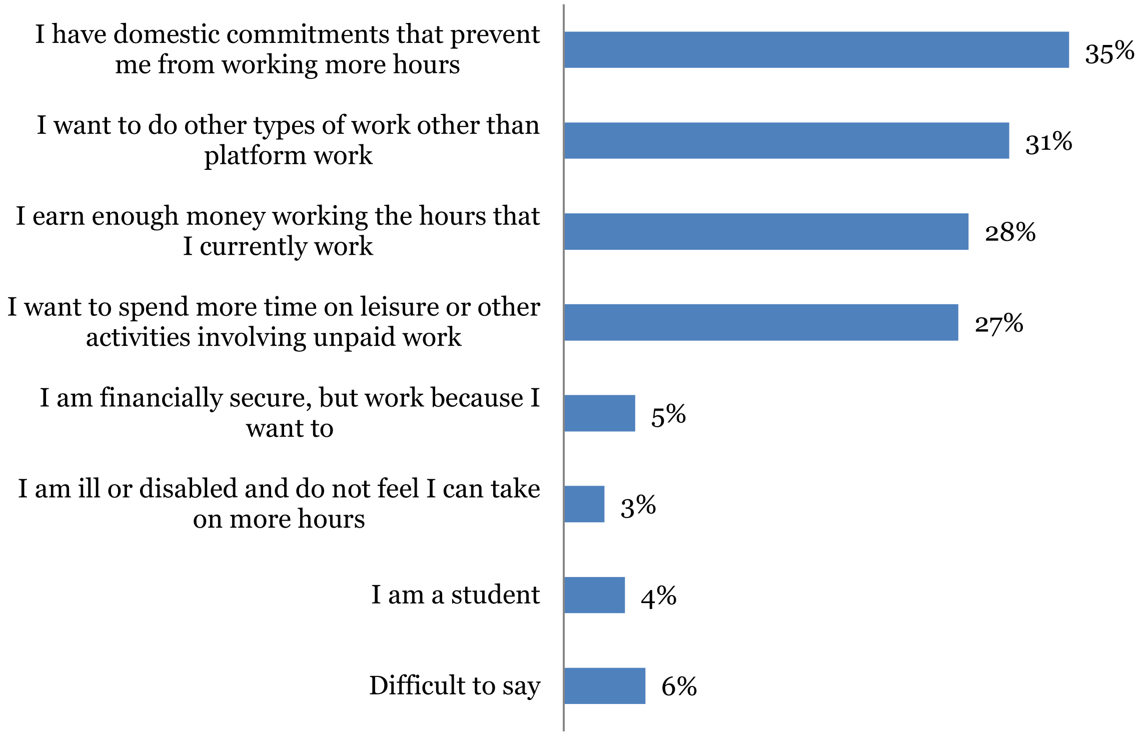
The majority of platform workers are interested in doing more work than they currently do, both online (77%) and offline (59%). In both cases (87% of respondents), on average, respondents would like to have 15 more hours of work per week. For those who do not want to increase their workload, the main reason is that they do not have extra time, primarily because they have household duties (childcare and household chores), other offline jobs, but also because they are satisfied with current income and current workload, or desire to dedicate more time to leisure or other unpaid work (Figure 12).

***Figure 12. Reasons of reluctance to increase time spent on online platforms***

*(Calculations on the sub-sample of those who do not want to do more work online (n=144)*

[16] A city in Ukraine, about 2,5h drive from Brovary.

*Why would you not like to be doing more platform work?*




## 6.5. Pay and commissions

In general, only about a quarter of respondents consider online platform work as their main source of income. 74% have another main income source, either from a job in the offline economy in which they are employees or business owners; or from their relatives, social benefits, and rent (as discussed in section 7).

Considering platform work, the vast majority of respondents (80%) have a project-based pay, and 12% receive an hourly pay for their work. The remaining 8 % are remunerated in other ways, including receiving advance pay for several projects and salary-like pay in case of long-lasting cooperation.

*There are two types of pay, per hour and fixed. Fixed pay is when you negotiate with the client about the amount of work, you can set up so-called milestones, that is, intermediary stages, and the client will pay for each stage separately.*
*But you can also get per-hour pay, that is, the client gives you a task, and you do it (Brovary, macro tasks)*

When asked in which currency the respondents prefer to speak about their earnings, 17% chose US dollars, 3% chose Russian rubble, and 3 % chose Euros. The remaining 78% chose to speak in Ukrainian hryvnas. One hundred percent of respondents filled in answers to this question. In contrast, the question about actual earnings is very sensitive, also the answers may be difficult to generalize, explaining why 49% could not, or chose not to, provide an estimate of their typical weekly earnings. Those who responded indicated that their average earnings were 1878 UAH per week, or 7512 UAH per month (Table 6). As of December 2017, this was equivalent to 260 USD per month. This was also slightly above the national average gross monthly wage of 7479 UAH, and slightly more than twice the monthly minimum wage. Given that the average working time, including paid and unpaid activities, is 30 hours, it is clear why platform work is an attractive activity. However, when making comparisons between online platforms earnings and salaries in the offline economy, it is important to remember that the gross salaries of waged workers also include deferred compensation in terms of social security contributions for retirement. Also, importantly, waged workers get payments when they are sick and while they take annual leaves. They may also get overtime payments. Overall, thus, such general comparisons of earnings from online work over-estimate their value as compared the salaries of waged workers.

*My hourly rate is 9,5 USD per hour, I work 40 hours a week, but sometimes less. I earn a bit less than 1000 USD [a month]. After 3500 UAH [equivalent to 132 USD; on my previous job as an engineer], this is a very good pay.*

*(Zhytomyr, full-time macro tasker)*

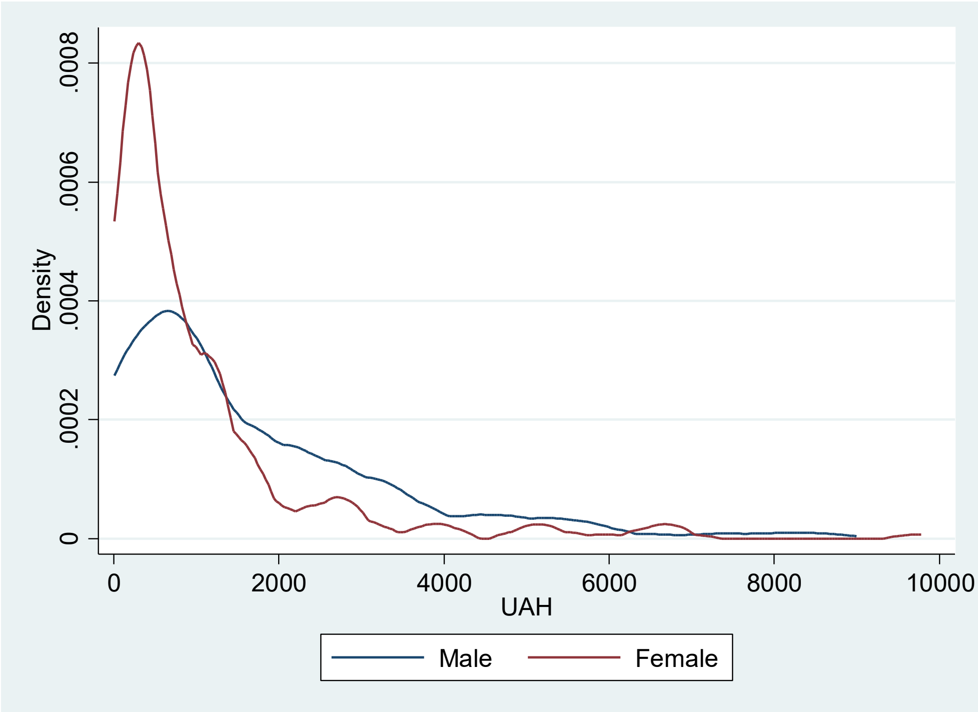
An unexpected finding is an important gender gap in pay: average male earnings are 2.2 times higher than average female earnings. This gap is substantially higher than the gender pay in the offline Ukrainian economy, estimated at 23,7% in 2014 (ILO, 2016b). This gap is observed along the whole earnings distribution (Figure 13). Verification of what stands behind this difference suggested that it is not the number of hours worked (men work only slightly more hours online, on average 32 hours per week in contrast to 26 hours for women). Rather, it is the segregation into different types of activity, and the fact that male-dominated activities are more oriented towards foreign markets which pay more, while female-dominated activities are more oriented towards local market which pays less. For example, out of thirteen survey respondents with weekly earnings above 10.000 UAH (about 380 USD), nine were male and nine in IT (of whom eight male, and five with more than half of their work or all of their work done exclusively for foreign clients).

The highest earnings are reported by those who consider online work as their main activity (3160.6 UAH per week); those working on tasks that require over 5 days of work (3611.9 UAH per week), and especially those who work primarily with foreign non-Russian clients (7782.9 UAH per week). Online workers mainly working with Ukrainian clients on average have earnings similar to average wages in the offline economy.

| | Number of observations (Valid N) | Mean, UAH | Median, UAH | Std. Deviation, UAH | 5% Trimmed Mean, UAH | 5% Trimmed Mean, USD |
|---|---|---|---|---|---|---|
| **Total** | 512 | 1878.4 | 800.0 | 3681.2 | 1283.4 | 48.3 |
| By sex: Men | 256 | 2595.3 | 1100.4 | 4674.7 | 1831.4 | 68.9 |
| Women | 256 | 1161.4 | 500.0 | 2066.6 | 907.01 | 34.1 |
| By age: 18-25 | 150 | 1672.3 | 700.0 | 2866.2 | 1186.4 | 44.6 |
| 26-40 | 266 | 2202.8 | 903.0 | 4502.8 | 1440.8 | 54.2 |
| 41+ | 96 | 1301.3 | 633.8 | 1658.6 | 1059.6 | 39.9 |
| Online work is the main activity | 153 | 3160.6 | 1449.6 | 5489.7 | 2216.9 | 83.4 |
| Online work is an additional activity | 359 | 1329.5 | 700.0 | 2351.6 | 1005.2 | 38.1 |
| Region: Western | 77 | 2595.7 | 1000.0 | 5921.9 | 1561.3 | 58.7 |
| Kyiv | 156 | 1891.0 | 1000.0 | 3080.3 | 1410.3 | 53.0 |
| Central | 102 | 2019.8 | 500.0 | 4274.7 | 1262.3 | 47.5 |
| Southern | 123 | 1553.0 | 700.0 | 2377.6 | 1163.7 | 43.8 |
| Eastern | 54 | 1292.8 | 567.1 | 1844.3 | 1004.2 | 37.8 |
| Settlement type and size: Capital | 164 | 2046.4 | 1000.0 | 3487.7 | 1467.7 | 55.2 |
| Large city (Kharkiv, Odesa, Lviv) | 92 | 2095.5 | 1000.0 | 4548.3 | 1404.6 | 52.8 |
| City (100 000 +) | 177 | 1809.5 | 500.0 | 3948.9 | 1118.3 | 42.1 |
| Small town or village | 79 | 1430.9 | 600.0 | 1925.6 | 1165.3 | 43.8 |
| Experience: Less than a year | 293 | 1343.7 | 500.0 | 2454.5 | 954.8 | 35.9 |
| Over a year | 219 | 2593.6 | 1000.0 | 4774.5 | 1800.1 | 67.7 |
| Origin of main client: Ukraine | 191 | 1261.9 | 500.0 | 1896.6 | 962.3 | 36.2 |
| Post-Soviet countries | 45 | 2138.1 | 1335.3 | 2456.3 | 1831.7 | 68.9 |
| Other countries | 24 | 7782.9 | 2670.5 | 10889.0 | 6466.8 | 243.2 |
| Task duration: 5 days and shorter | 346 | 1365.0 | 700.0 | 1938.2 | 1075.9 | 40.5 |
| Over 5 days | 91 | 3611.9 | 1500.0 | 6736.3 | 2399.3 | 90.2 |
| Using platforms to do online (digital) tasks | 415 | 1920.5 | 792.0 | 3777.3 | 1554.9 | 58.8 |
| Using platforms to do offline tasks | 97 | 1673.5 | 900.0 | 3138.9 | 1190.6 | 45.1 |

***Table 6. Average earnings during a typical work week on online platforms***

***Figure 13. Distribution of earnings by sex***




Note: (N=499. Cut off 13 respondents with earning above 10.000 UAH per week)

The qualitative survey also confirms that workers doing macro tasks tend to concentrate at the higher end of the earnings distribution, while earnings of micro-taskers are rather evenly distributed (Figure 14). On average, the earnings of qualitative survey respondents are higher than those of quantitative survey respondents, reflecting at least partly their greater experience with working online.

Indeed, the quantitative survey respondents with over one year of experience of platform work earn more than novices (2593.6 UAH versus 1343.7 UAH per week). This is related to the fact that initially many workers try out different, usually very easy, tasks not corresponding to their level of education, in order to understand how platforms work before they find their "niche" of specialization:

*[First jobs were] Low-paid. Those were low-budget projects for which the users of the freelance platform were ready to hire a person without experience (at the platform). They cost pennies, and in terms of time and effort were rather large-scale. (Vinnytsia, macro tasks)*

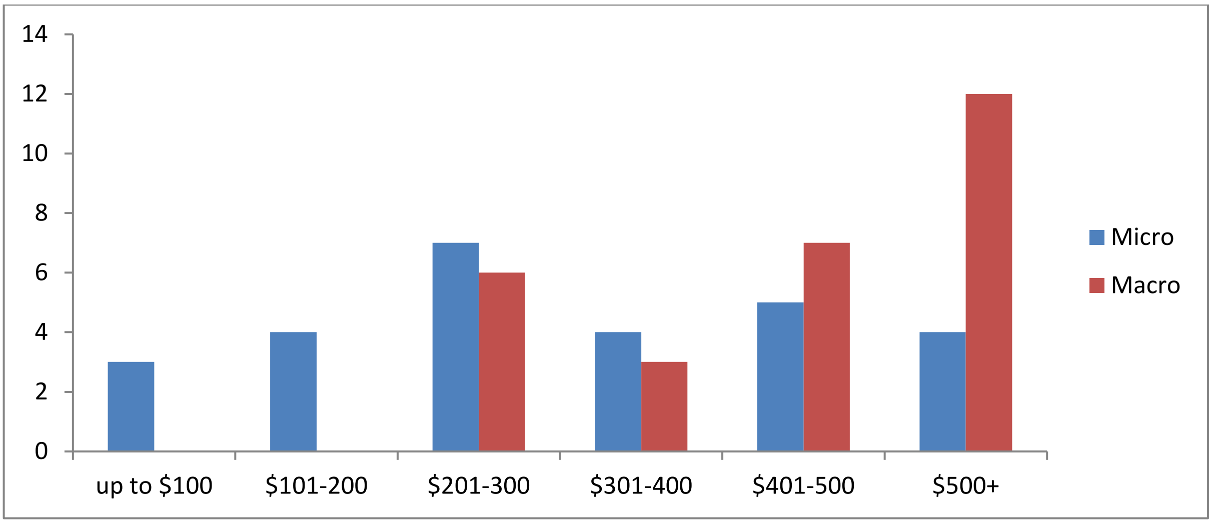
Several workers noted that at the beginning of their experience, they had difficulties estimating how much time they would need to complete a task, and how much they could charge for their work.

*[For my first task], I agreed for a lump-sum, and then I understood that I under-estimated it. But really super under-estimated. I worked for a week and then refused to continue. Have not finished. (Lviv, macro task; male)*

*Now I realize that those first tasks, the ones that I did through the platforms, I underestimated them that's for sure (Lviv, macro tasks; female)*

*Well, I was lucky. I found a client right away. He somehow found me literally immediately at Advego and asked if I wanted to fill in his website, write articles for him. The articles were about heavy machines. Excavators, cranes and so on. I was glad that the job was online. Because I don't think that he would have trusted a sophomore girl with writing that. I started working, getting into the topic. In a while, I realized that it was a lot of work, and that I could look for copywriters who would write and work as subcontractors. Then he gave me another website to fill, about a country house. And then I realized that he's already paying me too little, and started looking for more serious commissions. (Kharkiv, macro tasks)*

***Figure 14. Monthly earnings of online workers doing micro and macro tasks; number of respondents of the qualitative survey***




Importantly, poorer outcome for less experienced workers may partly be driven by their own behavior, as they try different methods of positioning themselves in the market. Such methods, whether deliberately or unwittingly, include performing tasks for free, undercutting existing rates, or trading earnings for ratings:

*I would agree with a client that I would do the work for less, and that he will give me a great comment. (Lviv, micro task)*

*I asked clients explicitly to write me a review. [...]My first projects were for free. Well, the first tasks. But clients would give me a star (Lviv, macro task)*

- *Have you decreased your asked rate for the first tasks?*
- *Oh yeah, we practiced dumping. (Lviv, macro task)*

Nearly all of the participants of the qualitative survey said that the money they earn is not enough for them and that they would like to increase their income. But there were some respondents who said that the money they make is totally enough for them.

*Yes, totally. And if you take into consideration the level of peacefulness, convenience and absence of extra social contacts, which suits me very much as an introvert, then it's even more sufficient. (Bila Tserkva, macro tasks)*

In order to receive their monetary reward, the respondents use various payment systems: money being transferred on their mobile phone rather than a bank account; applications and programs such as Yandex Wallet, Privat 24, Pioneer, SWIFT, PayPal, WebMoney, Qiwi. Sometimes the respondents get paid for their work in cash. Those respondents who work for foreign clients mentioned that sometimes they keep the money on their account on the platform, and cash it when they go abroad (sometimes once or twice a year).

*If you want to know the truth, I have not withdrawn a penny yet for my work [after 6 months of full-time work]. All my money is still on the account of the platform. I am saving to make one big purchase, and I live from the money I saved earlier. […] Next time I go somewhere on holiday, someplace where there are cash machines where I can withdraw in foreign currency, I will cash everything. (Zhytomyr, macrotask)*

One respondent also indicated that Ukrainian immigrant networks were very active in helping to get the money from the client or the platform and transfer it to Ukraine, usually with an additional commission. The vast majority of respondents working with foreign clients regretted that PayPal is not present in Ukraine, thus substantially complicating transferring money to Ukraine and receiving payment.

## 6.6 Experience of non-payment

One of the risks associated with online work is that workers have little face-to-face contacts with their clients, and often do not have any information about them. Moreover, work is performed most often than not without a formal contract, and there is little legal enforcement of contractual obligations.

As a result, one worker in three (32%) reported having experience of nonpayment for their work through online platforms. The majority of them (53%) consider that such nonpayment was unjustified, and considerably fewer respondents (26%) believe that they were somewhat justifiable. Only 9.40% consider that the nonpayment was completely justified.

*I was not paid for my work twice. Both times the clients disappeared without any clear reason. It was during my first year of work. Since then, I apply the same strict rule to all clients: obligatory advance pay of 30%, terms of references, and whatever work is to be done in addition to the one stated in the ToRs will have to be additionally remunerated. (Bila Tserkva, macrotask)*

Almost 40 % of workers who had ever had their pay refused, consider that this was due to customer fraud. Other reasons included errors and incorrect information on the part of the customer (12%), problems with communication between the worker and the client (3%), but also errors and violations of agreed work protocol by workers (15%).

*I had another client who constantly demanded of me that I stayed on hold, worked a lot, but paid me only after many reminders. I did not know if he'd pay me the next time or not. So I wasn't very eager to work with him, because I wasn't sure about him. (Brovary, macro tasks).*

Some platforms are doing better than others in providing security to both workers and clients. Several respondents noted that some platforms require a personal ID data for registration, which helps ensuring security of agreements and in some cases, though not all, increases the attractiveness of the platform for the users.

*On […], you leave your ID, and that's your insurance. Say, you are a client. You don't know me. You've never seen me before. I am a great guy, I can do something, but I need advance pay. If I am a random guy from the street, you probably wouldn't want to work with me. But if I am a legal entity with a registration number, with a legal address… (Odesa, micro tasks)*

More generally, security of working at online platforms is important for all survey participants. The majority of them believe that online platforms protect them from dishonest clients, since they take commission both from the freelancers and from the clients for providing intermediary services.

*It protects you, yes. That's what they make money of. (Brovary, macro tasks).*

*In terms of earnings, it's more convenient. Say, there's a client. When you agree to do the work, the platform withdraws a certain sum of money and keeps it. And when you finish, you receive it. It's a guarantee that you won't be not paid for your work. If your client says "it's all incorrect", you can contest on the platform, you'll certainly get at least something. (Lviv, micro task).*

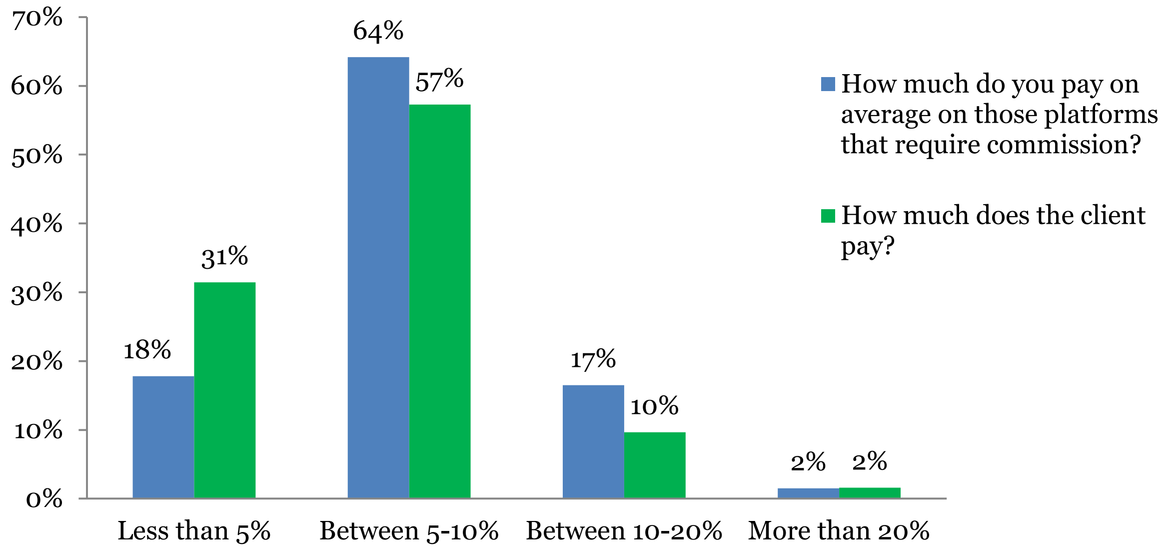
## 6.7 Commissions

The surveys also revealed that the vast majority of workers on online platforms (85 %) pay a commission to the platform through which they get work. Almost two thirds (62%) always pay a commission, and a quarter (23%) pay it from time to time. They often do so in addition, or instead of, the client. Indeed, among 42% of workers who have any information about the commissions paid by their clients, almost two thirds state that their clients pay a commission as well. Some platforms do not require any commission, while others propose a choice of who pays the commission:

*On [platform name] you can choose who pays the commission: the client, the worker, or whether they split. (Nikopol, macrotask)*

On average, the commissions, whether for the worker or for the client, range from 5 to 10%, although commissions below 5% and over 20% are also possible (Figure 15). Summing up, online workers seem to pay relatively higher commissions and more frequently, as compared to the clients.

***Figure 15. Commission charged by platforms***




According to workers, the commission taken by the platforms may vary depending on workers experience (being higher for entrants); as well as depending on the amount of remuneration:

*At [platform name], recently, a beginner was supposed to pay 20 percent, I was pissed when I learned that. I would… Well, even the church doesn't take that much! It took 1/10! (Kyiv, macro tasks)*

*At [platform name], it is strictly linked. If you're a beginner, you pay 20, then 10, then 5 percent. And if you leave them and don't work for them anymore, it goes back to 20 for you again. (Kharkiv, macro task; confirmed by a nearly identical quote of Kyiv macro task)*

Some platforms also have an option of paying a yearly lump-sum, as a membership fee:

*At [platform name], you have a beginner's level, 5 dollars, and 125 dollars annual fee. So if you want, you can work there for a year, fully on that platform. (Lviv, macro task).*

In addition to the commissions that workers pay on their income earned for the performed tasks, some platforms also require paying a fee for having an unlimited number of messages arriving to one's account. Others also set a commission for cashing money:

*There's a commission for cashing. (Odesa, micro)*

Some platforms also require that workers keep a certain amount of money on the platform. While it is not very clear for the respondents why there are such requirements, they assume that this is done to select only genuine freelancers, and for a platform to have a possibility to sanction them in cases of breaching the terms and conditions. Some other platforms also allow withdrawals only once a certain minimum threshold is reached:

- *Some platforms forbid to withdraw money before you accumulate a certain amount. Usually it's a small sum. You can't withdraw two dollars.*
*- Or 250 rubles. You can't withdraw. Well, you accumulate them fast, but nonetheless… (Kharkiv, microtaskers)*

Most of the respondents say that they are ready to pay a commission of 10 percent, as they believe that this money is necessary to allow platform developers to maintain a good level of service, technical and client support. Some respondents noted that a commission set too high motivates workers to bypass online platforms and work directly with clients. In contrast, no commission also gives more incentives to create freelance chains, were workers who see tasks first can grab them with the sole goal of passing them on to other workers.

But more generally, many respondents want the procedures of cooperation between the client and the freelancer, as well as the rules regarding the commissions, to be transparent and fair. Some respondents wished that commissions be reduced in case of longer-term work on a platform, and that the loyalty of workers be encouraged in some ways.

*There needs to be a transparent procedure of work, with all the options of behavior of the client and the person who does the work. And the platform must somehow guarantee that it can influence each of the sides. If it's a ban or exclusion from the platform, it must be painful for both sides. The platform must be an important intermediary structure which has some actual influence. (Lviv, macro tasks).*

*On social networks, […] whoever creates a group decided what they want. (Lviv, micro tasks).*

*It's so unfair, you first have to pay a commission for the work, then for cashing money, then for converting it into our currency, and the rest. At the end, peanuts are left. (Odesa, micro tasks).*

It may be noted in this regard that the ILO has elaborated guidance on similar issues in the past. In particular, the ILO Fee-Charging Employment Agencies Convention (Revised), 1949 (No. 96), provides that "fee-charging employment agencies conducted with a view to profit (a) shall be subject to the supervision of the competent authority and (b) shall only charge fees and expenses on a scale submitted to and approved by the competent authority or fixed by the said authority" (Art. 4.1). Under the Convention, "Such supervision shall be directed more particularly towards the elimination of all abuses" (Art. 4.2) and "For this purpose, the competent authority shall consult, by appropriate methods, the employers' and workers' organisations concerned" (Art. 4.3). Ukraine has not ratified this Convention. Yet this Convention presents an example of regulation which explicitly acknowledges that social partners – governments, workers, and employers – should have a say in how the fees are to be set by the intermediaries of labour supply and demand, in order to ensure transparency, fairness, and prevent the intermediaries from extracting arbitrary and prohibitively high rent from workers.

In addition, it may be noted that some of the practices of setting commissions and of retaining reward for the performed work by the platforms are not consistent with the principles outlined in Protection of Wages Convention, 1949 (No. 95), which Ukraine has ratified. The Convention postulates that "Wages shall be paid directly to the worker concerned" (Art. 5), "Deductions from wages shall be permitted only under conditions and to the extent prescribed by national laws" (Art. 8), and "Any deduction from wages with a view to ensuring a direct or indirect payment for the purpose of obtaining or retaining employment, made by a worker to an employer or his representative or to any intermediary (such as a labour contractor or recruiter), shall be prohibited" (Art. 9). These provisions are of relevance to those workers who receive hourly and salary-like pay from their clients through the platforms.

## 6.8 The role of ratings

Since competition among online workers is very high, in order to receive work and fair monetary compensation, workers highly value their ratings. Ratings are usually built based on the quantity and the quality of performed work.

*Rating is very important, because it is the only thing that proves the freelancer's qualification. You can fake your portfolio, the only thing you cannot fake is rating, reviews of clients who evaluated your skills.*
*Even if your last few reviews are bad, it's already very difficult to find work. (Brovary, macro tasks)*

*If you work through the online platforms, ratings are vitally important. It's a double-edged sword. If you don't have rating, you don't have commissions; to improve your rating, you need commissions, but since your rating is zero, it is very difficult to get them. You make efforts. For example, you fill in your profile more carefully, or thing through your job applications more thoroughly. (Nikopol, micro tasks)*

In some cases, the rating improves automatically with the accomplished tasks:

*There are comments about time frames within which tasks are to be performed. Worker performed within those time frames? If the performance frames coincide with the ones announced, the platform will automatically raise your rating. (Kharkiv, micro tasks, male).*

Conversely, the need to have ratings, and the sometimes automatic setting of ratings mean that workers often cannot refuse the work that they started doing. Abandoning work and miscommunications with clients, in turn, may severely affect workers' future ability to access any work on the platform, let alone better paid work. Some authors note the risks of "data Darwinism" (Sundararajan, 2016), whereby only the most competitive workers can survive on the platforms, while others can be excluded from work in ways that are not necessarily justifiable. In addition, in words of De Stefano (2016) "this system allows to automatically disciplining performance that is poor or perceived to be as such and can therefore also amount to a way of exerting control".

The best workers, those top-rated, may sometimes have a possibility to contest, or refuse, a bad rating:

*It was a very difficult client, he was always unhappy, and I always had to redo everything. It was an hourly work, and I used time tracker to track all changes. He paid me around 800 dollars for the work that he did not like, and so he wrote me a horrible review. And I also wrote him a horrible review. But I was in the category "top rated", I was a top designer, and once a quarter on this platform there is a possibility to delete a bad review. And so I deleted his. But my review of him as a client remained, because he does not have such an option. (Brovary, macro task).*

But building reputation, especially for young workers, can also be done in various ways. Those include doing tasks in exchange for a review rather than for pay, commissioning jobs from themselves and giving themselves reviews, asking their friends to commission a job (sometimes a fake one) and writing a review. Such strategies undermine the trustworthiness of ratings, and at the same time, as the competition for online work increases, they can also put pressure on remunerations, precipitating race to the bottom.

*My first orders, well, I got them from myself. And I wrote great reviews. Three orders. Well, I spent just 20 bucks, of which only 5 stayed on the platforms; and I'm fully in the game. (Kyiv, macro task)*

*My client asked me to give him a good review, in exchange of giving me a good review. Little tricks like this. I can't say I have lots of reviews, but you have to have a couple in order to get good tasks. (Kyiv, micro task).*

- *I had an experience of freelancer for freelancers. They ordered some work. We can say it was a collaboration.*
- *And did you get money for it?*
- *No, we did just did it one for the other. To raise rating for the works. Not a collaboration, a deal. (Lviv macro task focus group)*

## 6.9 Are freelancers genuinely "free"? Number of clients, duration of tasks, autonomy at work, and direct contact with clients

All of the survey respondents identify themselves as "freelancers". Indeed, this is also the term commonly employed in Ukraine to denote someone who works online and is self-employed.

Worldwide, work through online platforms is raising concerns, notably because it is frequently associated with dependent self-employment and disguised employment. Dependent self-employment is a situation in which workers are self-employed, but they depend on one or a few main clients for their income. Disguised employment is a situation in which the true nature of the relationship is hidden by one of the parties, or by both parties, in order to avoid obligations in respect of labour rights and the payment of social security contributions. Such relationship usually have features of employment relationship, for example, a client sets and controls working time, or gives instructions on how the work is to be performed. In other words, the relationship between the worker and the client should have been qualified as an employment relationship, thus allowing the worker to benefit from legal and social protections that employees are due. Clearly, both situations – dependent self-employment and disguised employment – imply risks for workers; risks that are not being shared with the employer.

The ILO Employment Relationship Recommendation, 2006 (No. 198) is the chief instrument providing guidance for devising policies to regulate the scope of the employment relationship. It states that countries' national policies should include measures to provide guidance for the parties concerned, in particular employers and workers, on effectively establishing the existence of an employment relationship and on the distinction between employed and self-employed workers (Para 4a). Countries should also combat disguised employment relationships (Para 4b). The Recommendation states that member States should consider the possibility of defining in their laws and regulations, or by other means, specific indicators of the existence of an employment relationship. Those indicators might include (Para 13):

a) the fact that the work: is carried out according to the instructions and under the control of another party; involves the integration of the worker in the organization of the enterprise; is performed solely or mainly for the benefit of another person; must be carried out personally by the worker; is carried out within specific working hours or at a workplace specified or agreed by the party requesting the work; is of a particular duration and has a certain continuity; requires the worker's availability; or involves the provision of tools, materials and machinery by the party requesting the work;

b) periodic payment of remuneration to the worker; the fact that such remuneration constitutes the worker's sole or principal source of income; provision of payment in kind, such as food, lodging or transport; recognition of entitlements such as weekly rest and annual holidays; payment by the party requesting the work for travel undertaken by the worker in order to carry out the work; or absence of financial risk for the worker.

One, or a combination, of such indicators can serve as a means of "determining the existence of an employment relationship" by labour courts or competent authorities, with a view to classifying the relationship between parties as an employment relationship, and hence ensuring that workers enjoy the protections that they are due.

To give an idea of a possible extent of disguised employment and dependent self-employment, one may consider the Eurofound (an EU agency) Working Conditions Survey data. According to it, in 2015 in the EU27, 51% of the self-employed without employees were considered as 'genuine' independent workers, according to the criteria that they do not rely only on one client and/ or have authority to hire staff and/or to make important strategic decisions (Eurofound, 2016). 14% (1% of all workers in the EU28) cannot be considered genuinely independent workers, as at best only one of the criteria are met. 29% of self-employed are in a "grey zone", as they meet two of those criteria.

The wording of the Ukrainian survey of online workers is not exactly the same as the one of the Eurofound Working Conditions Survey data. However, it contains several questions in line with the indicators proposed by the ILO Recommendation No. 198 to determine the existence of an employment relationship, and conversely, to gauge the extent to which the relationship described as "freelance" actually features aspects of dependent employment.

According to the survey, as has been shown above, about 20 % of freelancers receive their remuneration in a periodic way, either on an hourly basis, or on a salary-like basis. The vast majority care about their ratings and reputation, which is also increasingly seen as a form of exercising control over worker's performance. In addition, 62% of freelancers have been working only through one platform during the previous month, and 67% have only one main platform through which they have found most of the work in the past three months. 21% consider that, in case that platform is closed, they will have difficulties finding alternative work. In addition, 11% of freelancers say that they have only one main client (and 26% had difficulties in defining how many clients they have). For those, 51% consider that losing this client will pose difficulties to find another one. Regardless of the number of main clients, forty percent of the respondents consider that they have an ongoing long-lasting relationship with their clients. Among those who have only one main client, 90% are in an ongoing relationship.

*No, I think if he isn't there, I'll have another. I don't have problems with that. (Lviv, micro tasks)*

*I just did not plan for the case if the client runs out of commissions. And, to some extent, you can say there is a certain dependence. If I took care of having ratings at other websites in time, it would have been easier. (Nikopol, macro tasks)*

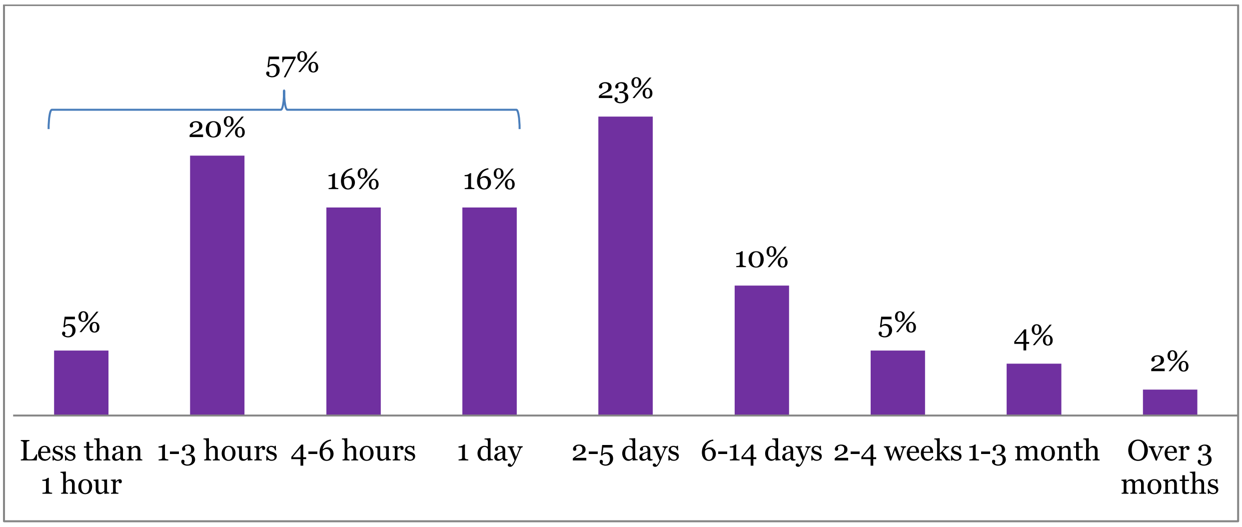
*Often I have just one client. I know that I'll get another one afterwards. But in reality I do feel that I depend on him in some ways. (Lviv, micro tasks)*

*Now I completely work only with him. He has quite a lot of work, there's always new work, and it will not end, it's an uninterrupted process. […] I have a contract with them from 3 to 6 months. All clients who offer an hourly pay also establish how many hours per week you can work. My Brits offered me 50 hours, but I refused, it's quite hard to work even 40. On November 3 it will be 6 months that I work with them, and I want to talk to them, well, the person who hired me, a director or a boss who I have never seen. He hired me and that's all. Now I'm in contact with a usual manager who just gives me loads of work. I want to write to the support service [of the platform] and ask what happens when the contract finishes, whether the client gets any notice that they have to pay attention that my time with them is coming to an end. I will ask them either to increase my hourly rate, or I want to work less, to decrease my weekly time limit, so that I have time to look for other clients and have more time in general (Zhytomyr, macro task).*

Freelancers who do not have one main client usually work with 2 to 5 different clients per month (56% of respondents) or more. The most general practice is to perform one project per client (54% of respondents), though 37% of respondents say that they performed 2 to 5 projects per client, and 9% perform over 5 projects per client.

The duration of the tasks is usually short (Figure 16). Most of the respondents (57%) work on tasks that can be executed within a day, and 23% have tasks that can be completed in 2-5 days. Medium-term projects (6 days to 4 weeks) are taken up only by 15% of all workers. While long-term ones (over 1 month) represent 6% of all tasks, their frequency is also relatively higher among those respondents who have only one main client.

***Figure 16. Average project duration***

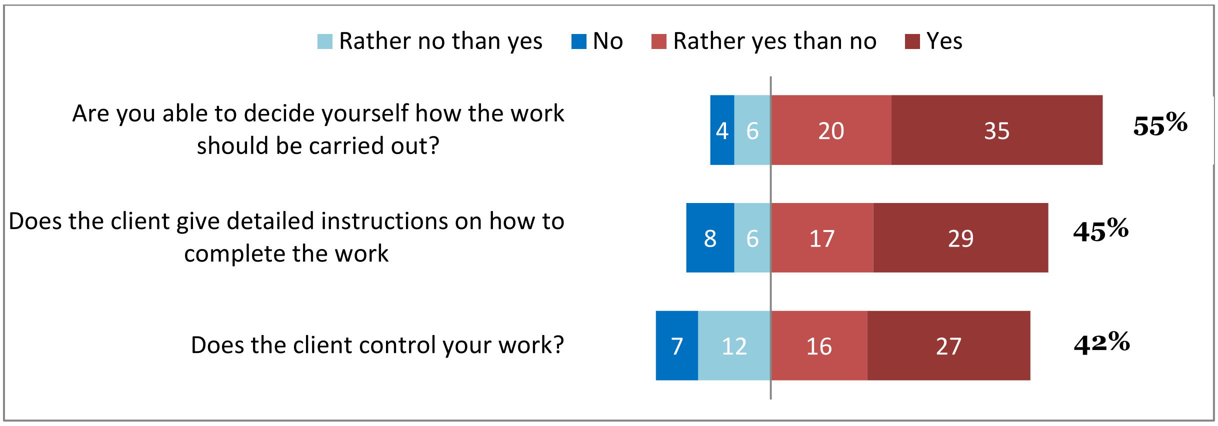



Longer-term tasks are also usually the ones that are paid at hourly rate, rather than project-based rate.

*-Are you often paid by hour?*
*- These days yes. I have only one main client, who I found back in May [interview taking place in October], he gives me a lot of work. The past week-end was basically the second week-end when I was free. The whole summer I was kept very busy. I would have just two days off per month. There would be days when I would work over 10 hours. The problem is that this is an important client, they have 6 offices around the UK, and it's different people from different offices who would give me plenty of work, without knowing how busy I am; and I tried to explain, but they have their own deadlines. They always have to do everything urgently, and I always have to stay connected. […] They linked their bank account to the platform, and each week the amount of money that I earned is withdrawn. (Zhytomyr, full-time macrotasker)*

While over half of the respondents (55%) claim that they have the ability to decide themselves how the work should be carried out, another half are neutral or claim that such ability is absent. Often, this is because clients give detailed instructions on how to complete the work (45% of all respondents state that this is the case), or directly supervise work execution and control work processes (42% of all respondents) – see Figure 17.

*Figure 17. Degree of autonomy and work control on online platforms*




The forms of control vary (Table 7). For example, in the past three months, 36% of respondents had clients requesting that the workers be available during certain work hours either frequently or all the time; 21% reported that clients requested workers' availability even outside of regular work hours. The situation is almost identical across workers with and without one main client. Over a quarter (27%) of workers report that they regularly or always have to provide screenshots of the executed work, or have to install special software on their computers making such screenshots on request of their clients. Control is usually executed using standard Windows software (Excel, Microsoft Project), Google sheets, but also special platforms' software (time tracker, team app), or other programs, tools, and websites, such as Viber, Skype, Time Doctor, Teamviewer, Harvest. Often work progress has to be reported through regular emails. In other words, the Ukrainian surveys confirm findings from the previous literature, which suggest that such forms of control "often results in determination of work that is so pronounced that it equals "classical" personal dependency necessary for an employment relationship" (Risak and Warter, 2015).

*There is a special tracker at the freelance platform, you download the app and the app makes a screenshot once every 10 minutes, and records the intensity of working with the mouse or the keyboard. The clients look at these screenshots and approve them, agree that these screenshots indeed show that the job was being done. (Brovary, macro tasks).*

Some survey participants note that working with a tracker may be quite tricky and not always to the advantage of the workers:

*When you are inactive, it stops counting. To reach at least 5 hours of time with a tracker, you have to work 8-9 hours. Because all of your trips to the toilet, to the kitchen for lunch, all of this is subtracted, and much less of pure working time remains. (Brovary, macro task)*

*[With a time tracker] it's difficult to get used to an hourly pay. When you work a regular job, you can go and smoke a cigarette for 10 minutes, or go out, but here you have to stop the time tracker. So each time I need to go somewhere, I have to agree in advance with my clients that I will not be available during certain time. I had to get used to this. (Zhytomyr, macrotasker)*

***Table 7. Forms of control of online workers by their clients***

| *During the work on online platforms, in the last 3 months…* | *Yes, this happens all the time* | *Yes, this happens from time to time* | *No this never happens* | *Hard to say / no response* |
|---|---|---|---|---|
| Client requests availability during certain hours | 13% | 23% | 43% | 21% |
| Clients request availability outside of usual working hours | 6% | 15% | 57% | 22% |
| Client controls hours or schedule of work | 6% | 12% | 60% | 21% |
| Client requests providing screenshots or installing special software making such screenshots | 11% | 16% | 50% | 22% |

Taken together, nearly half of Ukrainian freelancers either have a periodic form of pay, or they have only one main client with whom they have an ongoing relationship, or have clients directly supervising work execution and controlling work processes. For these individuals, freelance has features of disguised employment. At the very least, the “grey zone” of dependent self-employment is considerable.

The qualitative survey also revealed that some clients may invite workers to register at “closed” online platforms, the access to which is restricted only to users with an invitation. Moreover, in order to get the account activated, workers have to prepare their application, including their CV and sometimes examples of their previous work, and go through several interview stages (usually by Skype). Sometimes, workers may be requested to perform a test, which may last several days and be unpaid, prior to being accepted to work on such platforms. Once admitted, workers receive a constant stream of work and pay, and are requested to be available for work at regular times. While examples of such work remain limited, they nevertheless exist and point to genuinely disguised employment. Moreover, they reveal that mainstream platforms accessible to all may be used by intermediaries for screening purposes, in order to recruit suitable workers to work on the closed platforms:

*I had to fill in a form at the website, then the manager processed the data and made a decision whether I can work at the platform and what I can do there. Then I had to take a test. If I had not passed the test, then I could only apply for work at this platform in two years. (Vinnytsia, macro tasks)*

*You go to the website [TopTal] … register, fill in all your data. They call you on Skype. First you are interviewed in the language, usually in your native language. I mean, they ask these general things, what you are and who you are. Then a person contacts you to test your English. Usually this is the same person who tests your technical skills. You talk to the person for 90 minutes on different topics... then you show them what you can do… share the screen with them and they check what you write, how you write, and ask you to comment. And this takes 90 minutes. Then you do three test tasks which took around three days for me. I did not do two of them, but I was offered a job as a junior specialist. […] And then you have a* *regular schedule of work. You have to be present from nine to six and work all the time. You have to install plenty of programs which track whether you work or not. […] And they pay you much more [as compared to open platforms]. But well, between money and time, I choose time. Because you have no time there, and you don't have a feeling of being free, you have to be for them all the time. (Lviv, macro tasks, male)*

*For translators, there's a platform called Guru. It's hard to get there. They also have several stages of registration, they give you translation tests. I did not pass to the end. There are four or five stages, and the last stage is an interview. They are very serious there. I don't remember why I did not pass, but I had to wait for a few days to get a reply. They gave me quite long pieces of text to translate, and you had to do them within certain time frames. And I felt that it was too burdensome for me. (Lviv, macro tasks, female)*

- *There's one good website, Textbroker. It's organized as a closed website. You can submit texts there. They pay in dollars, and the quality of content is very high. "Closed" means that any client may register. But for a writer, in order to register, one needs to give two recommendations and pass tests of Russian and English. […] There is also a higher chance that they'll block your account. If you have several orders of poor quality, they'll block you. And you can re-activate your account only three times.*
- *But then you are not a freelancer. You are just a home worker.*
- *Or you become an outsourced staff (Kharkiv, macro task focus group).*

While only 3% of all respondents stated that the platforms on which they work prevent them from working on other platforms, the vast majority of these respondents are also the ones who indicated that they work on a specialized, rather than a mainstream platform. Most of them indicated a platform name that was unique in the sample.

The survey also sheds light on how the clients are using the platforms, and whether they post tasks themselves or through intermediaries. While a quarter of respondents did not know who is posting tasks that they perform, only 40% stated that the tasks are mainly posted by direct users. 13% stated that the tasks they do are posted mainly by intermediaries, and another 19% stated that tasks are posted by both intermediaries and direct users.

*He [the person with whom I work through the platform] is like a project manager. He contacts end clients, he has a team of copywriters and of editors. He manages their work. I know about this because the work of the whole team is recorded in an online table. [Nikopol, macro tasks]*

In the qualitative survey, several workers also noted that intermediaries can be other freelancers who wish to earn merely by serving as intermediary. In other words, platforms may hide several chains through which work is channeled.

*I used to do this. I would be given projects, and I would look for another freelancer, and I would give him work and take a commission. And then I would pass it back to the client. (Lviv, macrotask).*

*I think I work through an intermediary. He gets a certain number of texts to write, say, 10, and divides between us. (Odesa, micro task).*

Such intermediaries often come from third countries. Moreover, in these cases, there is a particularly high risk that the work will not be paid for.

*There were a series of books [to be prepared for publishing], written by a German woman. A Bulgarian guy was an intermediary for her, and he communicated with me on her behalf. (Brovary, macro tasks)*

*There was one case when some girl, a Chinese, was making a magazine for the British, and the client thought she was doing the job by herself, and she came to the freelance platform with the job to pass it over to a designer. In this case, she gave it to me and I did the job, she accepted it, but disappeared without paying. I waited for a week, and then I found the publishers of this magazine and wrote them that I did the job, but I wasn't paid for it. (Brovary, macro tasks)*

*Well there are some countries which constantly screw you. They take work, then repost it, and when you do it, they disappear. There's no client, no company behind. It's freelancers themselves who pretend to be clients. (Lviv, macrotask).*

## 6.10 Direct work with clients met online

Online platforms position themselves as intermediaries and as matchers of demand and supply of labour. Yet, most of them explicitly require that all work and communication between workers and clients take place on the platform. Many specify in their terms and conditions of use that the worker's account may be blocked, sometimes without the right of restoring or registering again, if workers switch to direct work with clients. In other words, platforms may be exercising a monopsonistic power: if workers are truly independent contractors, they should have a possibility of directly contracting with clients.

For workers, working through platforms rather than directly with the clients may present both advantages and disadvantages. Advantages are related to the guarantees that platforms provide to receive pay for their work, as well as the arbitration services in case of disputes. Disadvantages are related to having to pay a commission, which, especially in case of long-term cooperation with the same client, may be perceived as unfair. They are also related to relatively high transaction costs of communication, especially when many details need to be discussed between a worker and a client. Thus, some freelancers take the risk of switching to direct work.

About one third of respondents (32%) have worked directly with a client, bypassing the platform through which an initial contract was established, even though this is usually forbidden by the rules of the platforms. Among those, 8% state that this happens regularly, and 76 % state that it was the client who proposed direct cooperation. Direct work, rather than through a platform, is three times as frequent among workers with only one main client than among workers with multiple clients.

*I worked [directly]. A young man wrote me a private message, a man for whom I used to write news. He asked if I want to write advertising texts. I told him, "Why not." Now, he increased my pay. Before I would write one text on the platform and get the money, write another text and get the money. Now I write, say, 10 texts and then get the money. (Odesa, micro tasks)*

*I think, after half a year of work through a platform, one can switch to a direct relationship. (Zhytomyr, macro tasks)*

When considering whether it is safer to work through a platform rather than working directly with clients, workers rather prefer a platform (42%), and only 18% rather prefer working directly. Others do not see any difference between direct clients and platforms in terms of safety.

*No, basically, it is clear to me from a few sentences in a conversation what kind of person that is and if I can trust them. General budgets for my jobs are not large, so a normal person in the West will not stain their karma because of that money. Generally people don't do that in their society. I am not too worried about the money, I've never been tricked, I've never had such experience and I generally trust people. (Brovary, macro tasks).*

In order to protect themselves at least to some extent, some respondents try to find some information about the client, check his or her profile, rating, reviews:

*I don't work with those who registered today. I need to see that the client spent at least a month on this platform, that there are at least one or two reviews. (Lviv, micro tasks)*

*Of course, you check the ratings and some reviews. Not even the ratings, rather, reviews. But what they do specifically, I don't care. If it's the fifth project or something, then I'll ask them myself. (Lviv, macro tasks)*

According to some respondents, if they start working with the client directly, they can spend more time on work, because direct clients commission larger jobs, and they do smaller tasks using the platform.

*People trust you more, they are not afraid. And they submit to the platform only some minor things. Well, how minor, some small things. And if it's something more serious, global, yes, then they seek contact. At least it works for me like that. (Kyiv, macro tasks).*

About 22% of all workers prefer communicating through a platform rather than directly, while about 27% prefers communicating directly. Among those who favor a direct communication, 73% consider it to be more effective in terms of understanding clients' needs. Other reasons included creating a more trustful relationship (28%), doing work in a less costly way (20%), reducing competition with other workers (12%), and other reasons (5%):

*Yes, it is less impersonal. Say, someone can recommend you to someone else. Give a positive recommendation. (Kharkiv, micro task)*

*I believe that you get the best effect when you communicate as directly as possible. The shorter the distance, the more effect for both sides. Less time spent on bureaucracy, and you can actually achieve more. (Lviv, macro tasks)*

*Most often, the only limit is time. For example, the client wants a website on a certain topic, for example, a store or just an information portal. The client does not know how it will be done, what will be in it and in general how pictures end up in it. At first, you need to explain to the client what you are going to do, and then explain what time you need to do it. Because most often, they set up very squeezed deadlines. (Kharkiv, macro tasks).*

And at the same time, some respondents say that direct communication may also help protect one's confidentiality:

*You don't have to reveal everything about yourself, like on some platforms. Giving the platform a photo of your passport with your registration, and so on. […] I am not in favor of this. I don't understand who sees this. If I am asked directly by a client, I know who that is, or at least I can check in advance, before deciding whether I want to provide such information or not. I reveal everything about myself, and in turn I have no idea who I am dealing with. (Kharkiv, macro task).*

## 6.11 Work place

The majority (81%) of respondents perform their work from home. About a fifth (18%) of them work in offices, and 8% work at co-working spaces that recently started flourishing in the country (multiple answers were possible). In total, 15% of the respondents work in other places, such as workshops, client's territory, or around the city.

The majority of respondents stated that they work from home because they find it convenient.

*I prefer to work from home in order to concentrate better. If somebody distracts me, I am very bothered and can't do my work. (Kyiv, macro task).*

Moreover, respondents mention that one of the advantages of working online is being able to save time on the transportation.

*Working in the office, you spend one hour, one hour and a half, to get to your work. Two-three hours per day on transportation, just wasted time. The most you can do is read a book. The advantage of freelance is that you can save time. (Brovary, macro task).*

*Each time I see those people waiting for the bus in the frost, I feel so sorry for them. (Kyiv, macro task).*

Yet, some of them also highlighted that a strong organization is required; this especially concerns respondents with children:

*I have a child, I cannot work from home (Kharkiv, macro task, female).*

Also, some investments may be necessary if one is to turn their home into a professional workplace.

*I do everything from home. A super-powerful comfortable desktop with two monitors, an expensive ergonomic chair and so on. (Nikopol, macro task).*

## 6.12 Informality

Work through online platforms is particularly prone to informality. Almost half of all respondents (45%) believe that they do not need to officially register their activity with public authorities (tax or other) in order to work through the internet platforms. Only 14 % are convinced that a registration is necessary, while additional 8% believe that it is probably needed. Over a third of the respondents were either hesitant or did not have an answer to this question. Officially registered are 24% of the respondents, unregistered are 48%, while all others either could not, or preferred not to answer this question.

These findings are confirmed by the qualitative survey, in which, similarly, only a quarter of respondents stated that they pay income taxes on their activity, and even fewer are registered as individual entrepreneurs (hence also paying social security contributions). Some respondents explained that they do not earn enough to register as individual entrepreneurs, as a monthly flat rate tax payment is required in this case regardless of the availability of work (700 UAH, which is only slightly below the median weekly earnings of online workers). In many cases, the income is too unstable from one month to another, while a regular flat-rate tax needs to be paid regardless of income.

*Freelancers do not have a stable income. Sometimes there is no income at all. But we have such laws that you have to pay all those social security payments and the rest regardless of whether you are getting any income. (Kharkiv, macro tasks).*

*You have to pay pension fund contributions, social payments. Every month. Even if you don't work. (Odesa, micro task).*

They also mentioned that payment of this tax is accompanied by substantial paperwork that is too burdensome:

- *It's a headache to do all the accounting.*
- *Documentation, reporting, and you have to submit all of this monthly. (Kharkiv, macro tasks)*

- *Usually beginners do not register as entrepreneurs, because they have unclear, irregular income, and for them, paying 700 hryvnias a month regardless of whether* *they earn them or not… So they use various payment systems and receive money via cash machines, bank cash desks, some kind of transfers. (Brovary, macro tasks)*

The qualitative survey respondents who said that they are registered are predominantly those with greater experience of online work, or those who work for foreign clients and have higher earnings. Yet, the quantitative survey did not confirm these findings, as nearly identical formalization rates were found across workers with experience below and above one year; and across workers with no foreign clients versus those who have at least some foreign clients. Moreover, the differences in registration are not large among workers for who online work is the main activity (29% are registered), as compared to all others (21% are registered).

It is thus possible that other factors may determine formalization. For example, two respondents of the qualitative survey who were registered also owned their official registered business prior to switching to online work; they were hence familiar with the administrative processes. More generally, the vast majority of non-registered respondents explained that they were not registered because of their very low trust in state institutions. They indicated that they were avoiding registration and consciously not paying taxes because of corruption and their disillusion with the functioning of the social security system.

Yet, some respondents indicated that they wish they could register, highlighting the benefits of formalization both for their work and for private life.

*For some clients it was important that you could confirm you were a legal entity. That is, it was more convenient for them to work with a legal entity than with an individual. It is like a warranty. (Odesa, micro tasks).*

*I am planning to get registered in order to attract richer clients (Kyiv, macro task).*

- *I'm not registered, but it would be good to register. […] Say, I want to apply for some social payments. I may be asked what my official source of income is. Officially I'm considered as unemployed. I have a university degree and I am officially unemployed.*
  *- And there is money on my credit card. They may ask where I got it from.*
  *- As a freelancer, you don't have any documentation to prove your income, to get a normal credit.*
  *- I had a situation when I needed money urgently, like, today. Having an official contract [in addition to freelance] really helped me (Kharkiv discussion).*

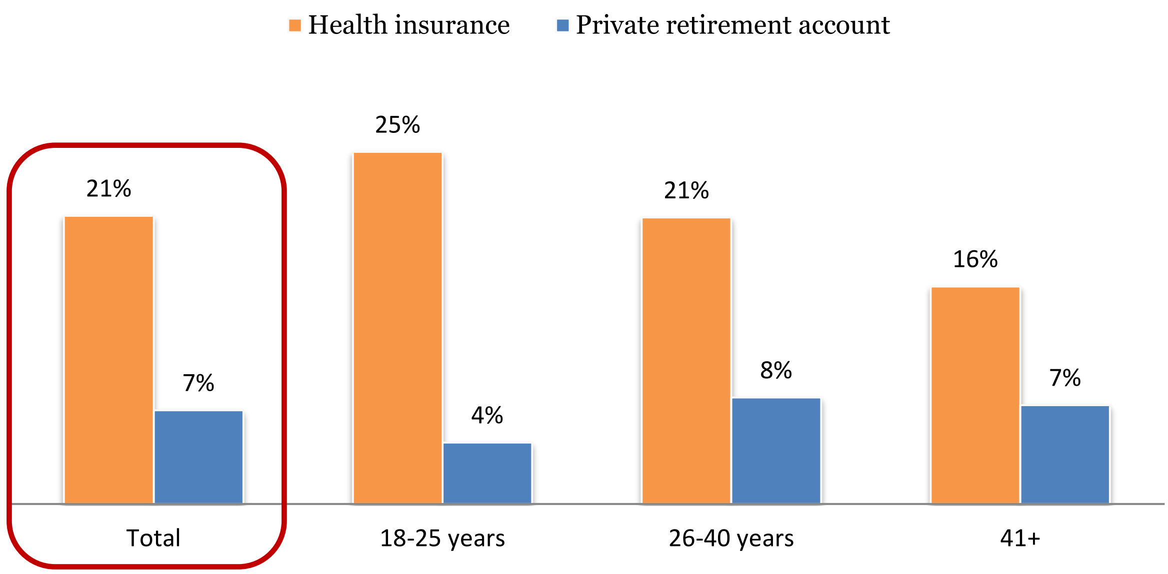
Some respondents also suggested solutions for formalization that would work for them.

- *As in the Emirates. […] Get a patent for a year. Get it as a freelancer, pay once a year, and that's all. And you can work without worries. […]. (Kharkiv macro tasks).*

## 6.13 Social security and savings

A substantial type of risk that the freelance work is exposed to is the absence, or inadequacy, of social protection in case of various life accidents. Since the majority of online workers do not pay social security contributions and do not have an employer contributing on their behalf, they need to take care of medical and pension insurance by themselves. Yet, the study has shown that not many of them are concerned about these issues.

***Figure 18. Social security***



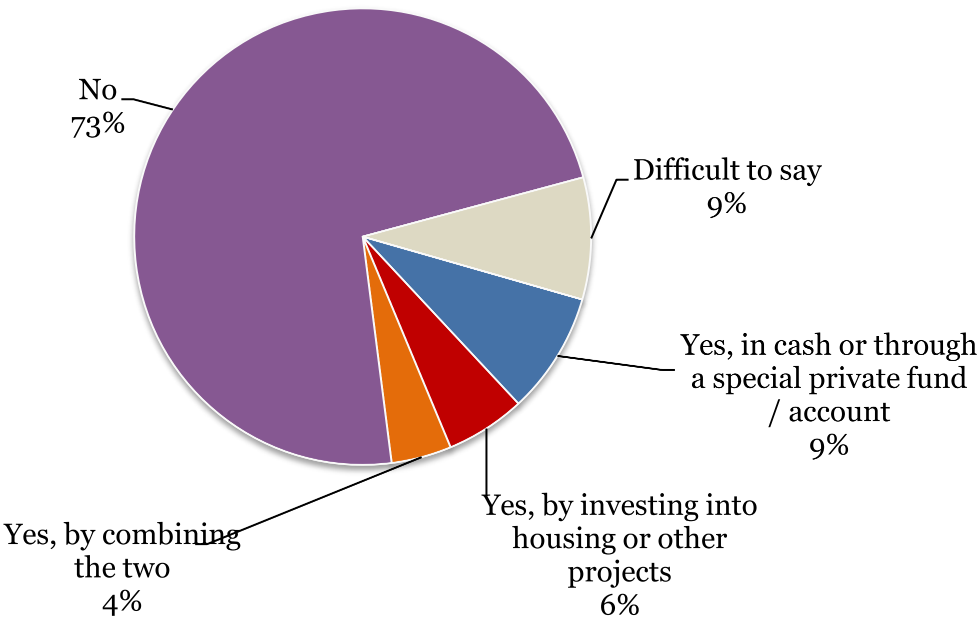

Among all respondents, only 21% have a private health insurance and 7% have a private pension account. Ukraine provides free medical coverage to all citizens, and hence the share of respondents with a health insurance can be considered as relatively high reflecting the lack of trust in the public system.

Possessing a private pension account is closely linked to age. Older individuals have a higher chance of having a private pension account, though only few choose to have one. In contrast, it is younger workers who have the higher propensity of having private health insurance, which may reflect higher degree of mistrust as well as greater attention to their health.

In addition, only 18,6% of respondents save for retirement (Figure 19). This comprises the 9% of those who have a private pension account or save cash, 6% of those who consider that they save for retirement by investing into housing, and 4% combine those two methods. The vast majority (73 %) do not save in any way for their retirement. This reflects high economic and political instability of the country, and hence a low level of trust for any long-term investments and savings. Moreover, a very low general level of public pensions and generally low life expectancy further reduce incentives for such savings. According to the precautionary savings theory, the very low private savings for retirement may also be a sign that earnings from online activity are quite low.

*I don't think I will live up until the retirement age (Kharkiv, macro task)*

***Figure 19. Savings for retirement***




The qualitative survey revealed that those saving for a retirement are usually workers performing macro tasks.

> *Everyone will receive the minimum state pension. It's an axiom. If they don't do it, the working class will protest. And as for some extra, you can open a pension plan in any insurance company. I've actually done it already. I think that it is just, like, one of the elements of a small investment in the future. Small. I'm not saying you need to throw all your money in a pension plan. A little here, a little there. It's a completely reasonable thing. (Kharkiv, macro tasks)*

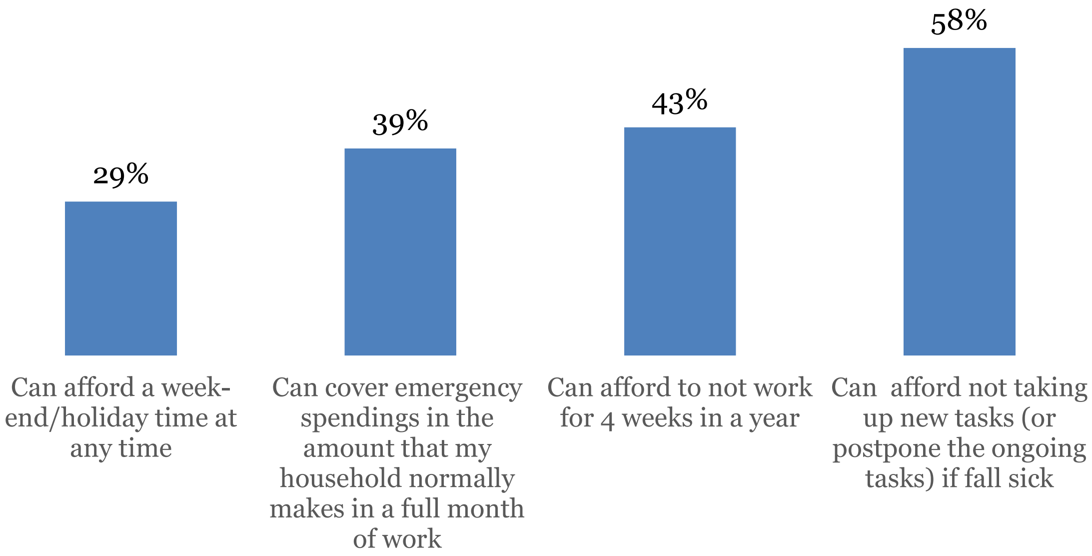
*I will say this. I have an alternative to that whole pension fund thing. Basically, I send money to one English company whose business is to invest your money. You become a shareholder of that company. And you receive interest. The company's name is Buy Time. (Kyiv, macro task)*

In addition, workers were asked about their general savings. Nearly 30% of respondents refused to answer the question. Among those who answered, the average savings represent 13% of their monthly income, and the median savings stand at 10%. In other words, half of the respondents save no more than 10% of their monthly earnings. Moreover, 75% save no more than 20% (third quartile). Those not making any savings represent 20%.

In case of an emergency, if the worker or her household needed the amount that her household normally makes in a full month of work, only 39% would have enough money in their household's savings to cover it.

In case of falling sick, 58% of respondents stated that they can afford not taking up new tasks or postpone the ongoing tasks, while 25% probably would not be able to do so, and 14% would definitely not be able to do so (Figure 20).

***Figure 20. Social guarantees***




## 6.14 Employment security and prospects

One of the main challenges of online work is employment security. As workers are not in an employment relationship, they usually do not have any formal guarantee that they will have work again once the current task is completed. The "guarantees" that they have come from their experience, reputation, and good relations that they develop with clients who either give them new work or recommend them to others. Thus, the risks of employment insecurity are particularly high for new individuals, or for individuals who rely too much on the same client.

On average, it takes between three months and a year to start feeling relatively confident about the prospects of always finding new work. But some workers need more time:

*I had to submit about ten projects to feel more or less able to navigate in the job. Well, to be more free in the understanding of how much time you need, how much it could cost, the difficulty and so on. A month, a month and a half, two months. It depends. (Lviv, macro tasks)*

*I don't know. For 2-3 years I had doubts. (Kyiv, macro task).*

*After about two years. And I can't say I feel confident now. Because you always have to explore new horizons in order to advance. Because compared to other countries, we are behind (Kyiv, macro task).*

*[I started feeling secure] the day I was able to refuse a client (Kyiv, macro task).*

Some respondents, despite working as freelancers for quite a long time still do not feel comfortable with this work. Often, they mention the general lack of work, but also other factors that affect their feeling of security.

*I think it is impossible for translators to feel confident, because you can never predict. They can give you a task in which you maybe don't understand anything at all. Like it's been said about the medical topic, they give you some legal documents in which you don't know anything at all. You cannot be a specialist in every sphere after all. I mean, quite often, people give you tasks when you need to think for a long while if you can translate them. Because you need to know something about a certain sphere to do it. So I cannot say that I feel very comfortable by now, that I feel as a professional. (Lviv, macro tasks).*

*I don't have enough clients. I can never refuse work. I can't afford such a luxury. I don't feel comfortable at all. (Kyiv, macro task).*

*Adaptation will be eternal. Why? Because it's Ukraine. All of those platforms request cashing money through PayPal. And we don't have it. […] So we have to pay 5-9% to intermediaries in the US, our emigrants, who make money out of it. (Odesa, micro task).*

In part, insecurity is also associated with how platforms and their users operate. For example, 6% of respondents had experience of having their account blocked, with 37% considering that such blocking was unjustified. In addition, among the reasons for account blocking, the respondents enumerated their own breaking of the platform rules, such as including their personal contact information whenever it was forbidden; lateness in delivering tasks and non-compliance with clients' requests; technical problems; and customers' complaints. Some workers indicated that there was no apparent reason for blocking their account, but that the communication from the platform management was quite poor to justify it.

*I don't know. I asked the arbitration why I was banned. They said it was a mistake and unbanned me. And that was it. But I didn't have access for three days. (Lviv, macro tasks).*

In order to gain confidence and feel more comfortable doing freelance work, respondents are trying to diversify work, including by opening accounts on several platforms, and improving their reputation.

*I do my job well. I ask many questions, I clarify what the customer wants to receive, specifically. I warn them about the time that will be spent doing each task, and I offer them simpler and quicker options. Communication is the key to success. (Zhytomyr)*

*I've always tried to do a little more than the client demanded. Not just do what the client wanted, but offer them the best solution to their problem. I made two versions, the one that the client wanted and another one as I see it and as I think would be best. And clients appreciate this. I had one telling case when a book author came and wanted me to design only the internal block, without the cover. But the cover was terrible, I didn't like it, and in addition to the internal bloc I also did the cover. I maybe spent around an hour on it, and received $60 bonus for the cover.  And it is the same everywhere. The speed of work, the quality of work, the quality of communication with the client, sticking to deadlines. You do everything for the client, and they give you a good mark and then come back to you. There is nothing difficult about it. (Brovary, macro tasks).*

Some also pointed out that a key to success is the diversification not only of types of work, but of the contractual arrangements and of the modes of work.

*For me, it's the combination of freelance with my official work that gives me the feeling of freedom and confidence. Having freelance work gives me more confidence and freedom in my relations in the office. […] Today, I cannot say that I am ready to choose one or the other. Because for me, the freedom is to balance the two. (Kharkiv, macro tasks, female).*

*Platforms are just a first step for all novices and for becoming a professional. A step to get your real clientele, which will later spread the word about you. So, at some point, you get to a stage when you go to the platform to look up for your constant clients. […] For me, 80% of work comes from my constant clientele, that's what gives me stability. (Kyiv, macro tasks, 12 years of experience).*

## 6.15 Voicing concerns

Another challenge of online work is that, in case of problems, very often the worker has no one to turn to. Though some platforms can play a mediation role, others don't, and there are few legal venues for litigation, especially with foreign clients. When asked about any forms of collaboration between platform workers, 63% reported not being aware of any groups, forums, cooperatives or unions to whom they could turn to voice concerns or seek help. 12% of respondents knew about various initiatives but did not use them, and only 7% used such arbitration groups. The share of workers using collaborative or arbitration spaces is higher among those who consider online work as their main activity (13%) than among those for whom platform work is supplementary (5%). Yet, the vast majority of respondents spoke only about social media forums on which they seek advice from other users. No respondent mentioned any formal offline group.

*Well, there are pages on Facebook where you can start a discussion in the forum, ask a question if you cannot do some kind of job. You can ask for advice. (Kyiv, micro tasks).*

*There's Facebook, a group called "Be free". There's a forum DOU. They handle lots of legal questions. Legal aspects of freelance. (Nikopol, macro task).*

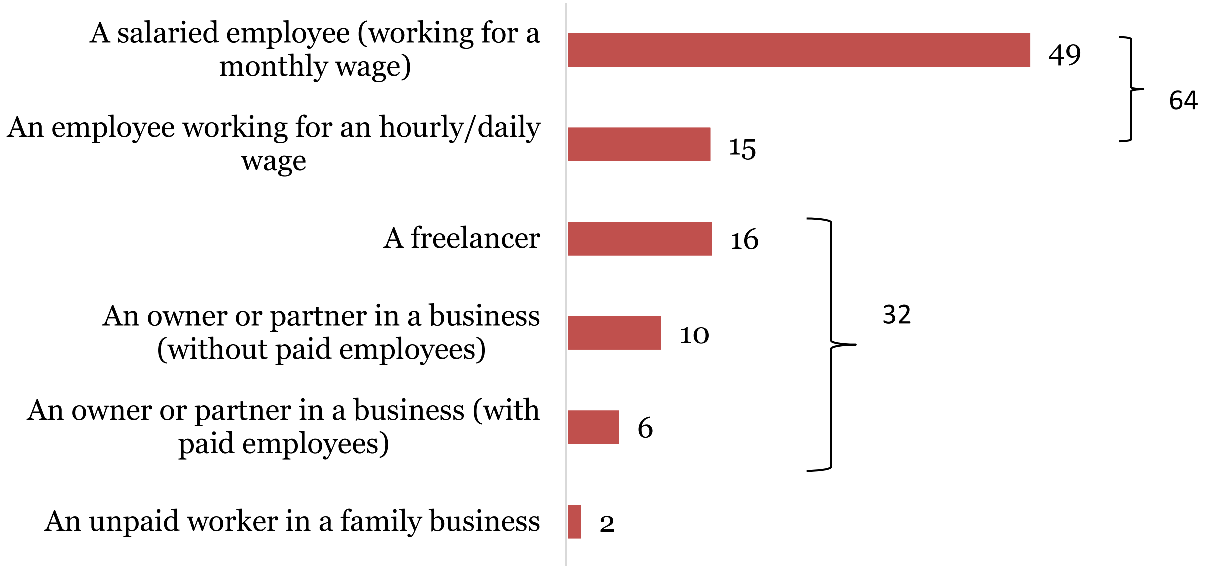
*- There are blacklists of clients, plenty of them on the internet.*
*- Also blacklists of freelancers.*
*- Not only. You can write plenty of negative reviews for a company, with links, facts, etc.*
*- Well, I try to do my research about the client and understand in advance if there are any negative feedbacks. Because when something goes wrong, it's hard to play a warrior afterwards, you waste too much of your nerves. (Kharkiv discussion).*

# 7 Other Employment and Sources of Income Outside Platform Work

## 7.1 Combining Online and Offline Work

Two thirds (67%) of the respondents have jobs in the offline economy, in addition to platform work. This suggests that platform work is often “supported” by other jobs or businesses which are not on-demand (only 6% of those who have additional jobs define them as working on demand). Most often, working outside online platforms takes the form of dependent employment (64%), either with a monthly salary, or with an hourly or daily pay (Figure 21). The overwhelming majority of employees (82%) note that they occupy a permanent position without a fixed end date. Interestingly, the share of business owners and of solo self-employed (freelancers in the offline world) is 32%, which is considerably higher as compared to their share in the total population (ULMS, 2012).

***Figure 21. Status of employment outside online platforms, as percent of respondents who have other jobs (N=670)***



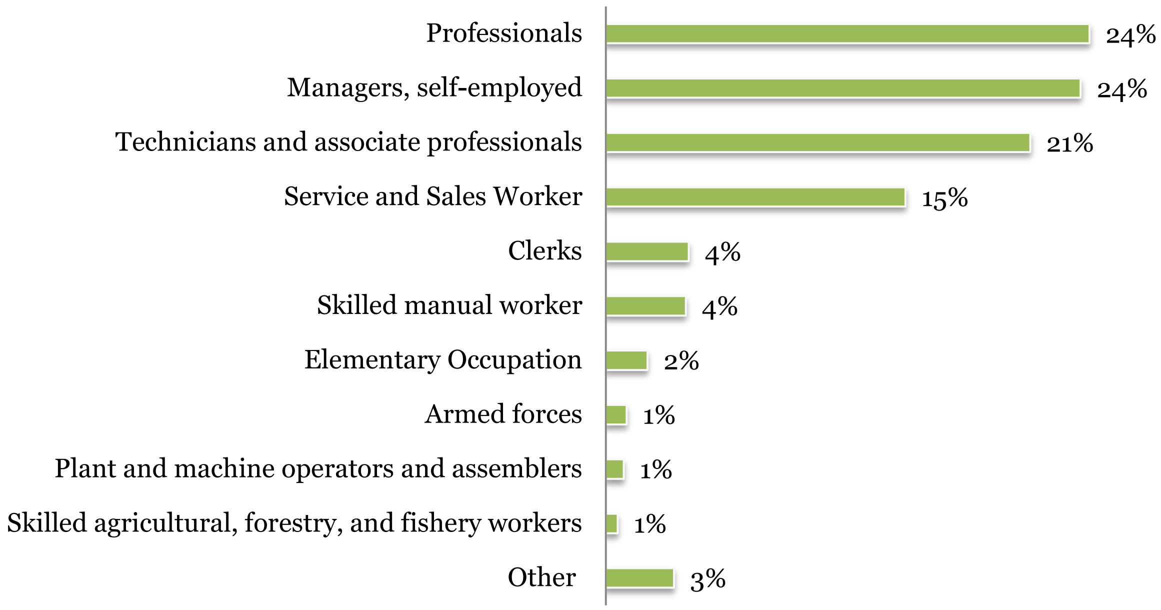

It is worth noting that there is a link between education level and having a job outside online platforms (*chi-square is significant at 1%; Cramer's coefficient = 0.13*). Workers with higher education degrees (specialists or masters) more often combine work on online platforms with offline work as compared to workers with lower levels of education. This can be partly explained by higher demand for more educated workers, but also by specializations in the services sectors that higher education workers choose.

Indeed, looking at occupations, the majority of platform workers who have other (main) jobs are professionals (24%), managers and business owners (24%), and associate professionals (21%). Another 15% defined themselves as service and sales workers. Thus, most of the digital workers who combine online and offline work are qualified professionals who do not do manual work. The percentage of those who, at their main workplace, work as skilled manual workers, is no more than 4%, and unskilled workers make up only 2% (Figure 22).

The majority of respondents who are in dependent employment qualify it as long-term employment. 33% of the employees have worked at the same job for more than 5 years, and an additional 15% have worked there for 3 to 4 years. Essentially, these are people who are likely to be satisfied with their main jobs, or at least with the stability that it offers, and for whom platform work is an additional rather than a main source of income.

The analysis of time spent working in the offline economy shows that the median number of hours per week spent on the main job is 40 hours (on average, 8 hours every working day), which is standard for Ukraine, but which may also reflect some presenteeism or underemployment. 32% of those who combine offline and online jobs noted that they work at their main jobs for more than 40 hours a week.

***Figure 22. Main occupation outside online platforms***




At the same time, only 31% would like to work more at their main jobs with the current level of pay. In other words, spending more time on the main job and sacrificing, for example, their platform work time or free time would be desirable for less than a third of the respondents. Most probably, this is because increasing working time at the main job may not lead to any significant increase of income.

The average monthly earnings from the offline jobs amount to 7320 UAH, and generally resemble the average wage structure in Ukraine (Table 8). Indeed, as of November 2017, according to the Ministry of Finance of Ukraine, the average wage was 7479 hryvnias, though this reflects gross wages (before taxes), while survey respondents in Ukraine usually report net wages (after taxes). Therefore, it can be said that the earnings of the group under consideration are, on average, likely to be higher than the average in the country. This can be explained by the fact that the majority of the subsample are qualified professionals. Earnings in big cities are higher than in small cities (Kyiv has the highest level of wages), and the age group of 26-40 is the most highly paid. Men also earn more than women, though pay gap in the offline world is substantially smaller than the pay gap in the online world recorded by the survey. Interestingly, average aggregate offline earnings are almost the same as average aggregate earnings online. Given that online work is a complementary part-time activity, it is again clear why it is an attractive source of revenue.

***Table 8. Average earnings at work outside of the online platform (hryvnas)***

| | Group size (Valid N) | Average (Mean) | Median | Std. Deviation |
|---|---|---|---|---|
| **All respondents** | 402 | 7320.6 | 5450 | 7938.2 |
| By sex: Male | 229 | 8885.2 | 7000 | 9707.3 |
| Female | 173 | 5249.5 | 4768 | 3798.3 |
| By age (years): 18-25 | 95 | 6097.5 | 5000 | 4861.4 |
| 26-40 | 233 | 7999.5 | 6000 | 9363.8 |
| 41+ | 74 | 6752.9 | 5249 | 5772.1 |
| Region: West | 57 | 6149.7 | 5000 | 4825.4 |
| Central (including Kyiv) | 212 | 8195.6 | 6400 | 8800 |
| South | 93 | 6604.3 | 5000 | 8488.3 |
| East | 40 | 6016.6 | 5349 | 4052.3 |
| Settlement type: Capital | 138 | 9466.9 | 7000 | 10299.7 |
| Very big cities (Kharkiv, Odesa, Lviv) | 67 | 6236.8 | 6000 | 4333.6 |
| Big cities (100+) | 127 | 6290.6 | 5000 | 4801.5 |
| Medium,small city,village | 70 | 5995 | 4500 | 9024.1 |

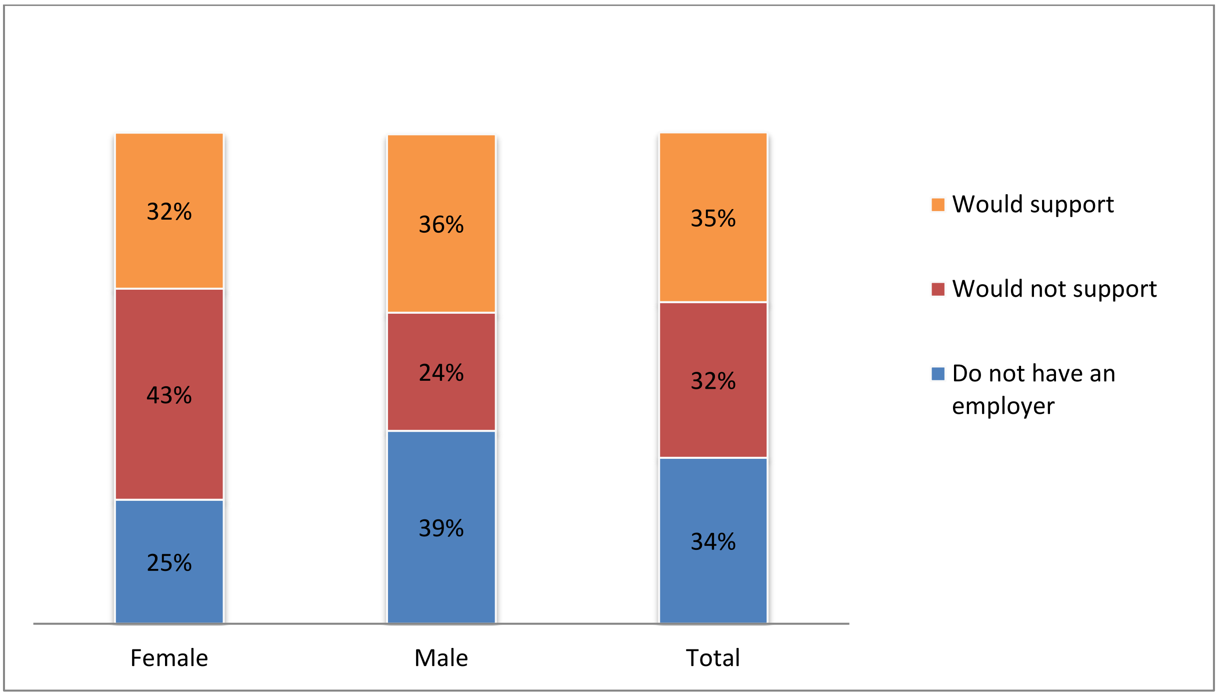
Looking at the work schedules, 25% of respondents who have work outside platforms work from home from time to time, 13% work from home a lot, and less than 10% work from home all the time. In a separate question, 41% of workers who have an offline job report working on the platforms during their working time. Six per cent work on the platforms exclusively in their working hours on the traditional job.

*I am a head of a scientific laboratory. I have flexible attendance time. (Kharkiv, macro tasks, male).*

*I have my main work for doing any work. I'm a manager, so I can permit myself doing online work. (Kharkiv, macro task, female)*

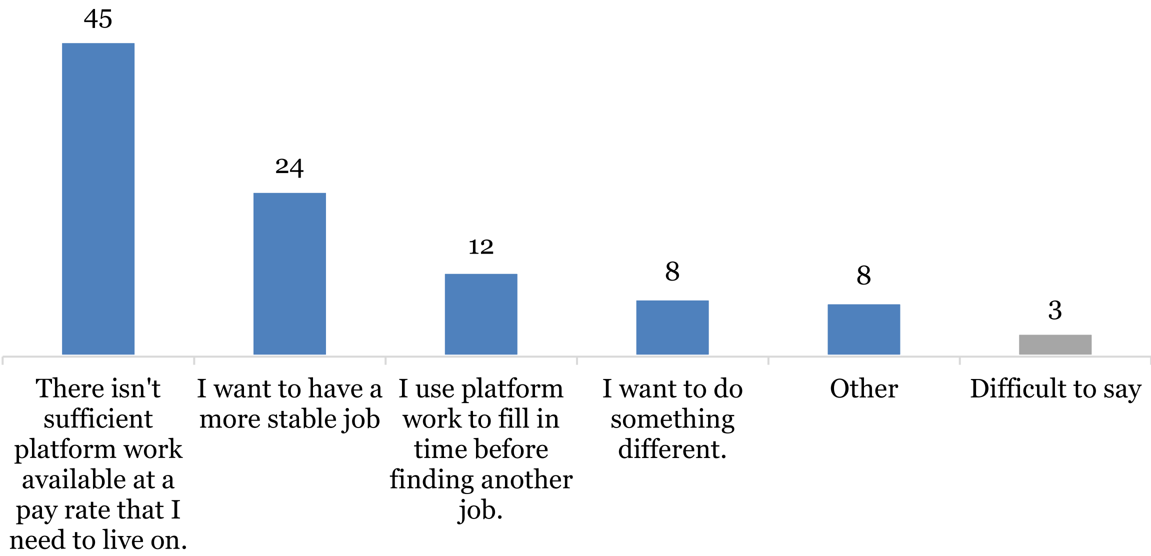
Interestingly, a third of the respondents believe that their employer would not mind that they earn extra income, including through online platforms. Another third is either a business owner or a freelancer in the offline world, making such decisions for themselves (Figure 23). Therefore, the number of those who think their employer does not mind their platform work is almost equal to those who do not think so. However, there is a noticeable relationship between the estimation of the employer's attitudes and the respondent's sex: men are more inclined to believe their employer would react positively (*chi-square is significant at 1%; Cramer's coefficient = 0.2*).

***Figure 23. The attitude of employers to online work performed during working hours***




Lastly, more than a half of the respondents stated that they were also looking for other paid jobs, besides platform work, in the four weeks preceding the survey (53%). Residents of the Southern and the Eastern region were slightly more inclined to look for other jobs as compared to residents of other regions. The majority of those who look for other types of work do so in order to earn more (85%), rather than to replace platform work (15%). At the same time, 45% of respondents noted that the most important reason why they look for work is the lack of work with sufficient pay on online platforms (Figure 24). The second most cited reason was the wish to have a more stable job, which was mentioned by 24% of the respondents. 12.5% also stated that they were doing work online to use more wisely the time in between jobs.

*Figure 24. Reasons for searching for other work by online platform workers, percent of those looking for other jobs (N=532)*




### 7.2. Other sources of income

In addition, many respondents stated that they have other sources of income. 30% of respondents made reference to the earnings of their partners as a source of additional income; 34% receive financial help from relatives living separately from them (this mainly concerns students who combine online work with education), and 26% have other sources of income, including social payments, pensions, and rental income.

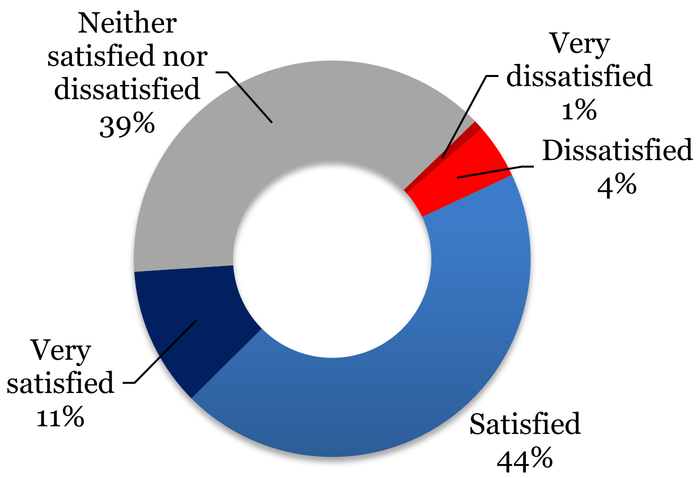
The majority (68%) consider that their monthly income from all sources combined is sufficient for covering their basic needs, such as housing, food, clothes, and transportation. Consequently, about a third considers that their income is insufficient.

# 8 Online Work: the Future of Work?

## 8.1. Work satisfaction and work-life balance

In general, more than a half of all respondents (55%) are satisfied with platform work; these include the 44% who are satisfied and 11% who are very satisfied with platform work. Only 5% of the surveyed freelancers express dissatisfaction with platform work, including the 1% who say they are very dissatisfied (Figure 24).

***Figure 24. The degree of satisfaction with work on online platforms***




Despite often atypical hours of work, but probably thanks to often part-time work nature, by far the main reason for the satisfaction with platform work is flexible work schedule and the opportunity to work comfortably from home (34%). The second most cited reason is the freedom to choose tasks, as well as the large amount of work available to freelancers (12%). Other reasons include additional earnings (10%), gaining particularly high income (6%) and an opportunity to try out new fields of work (3%). Qualitative survey respondents explained the advantages of working as freelancers as the possibility to combine several projects and influence their income, manage their time, control the labor process, and work remotely.

The reasons for platform work dissatisfaction are less widespread, but more diverse. The main reason for the dissatisfaction is the lack of standards for work compensation and the unstable income (16%). In contrast to the satisfied workers, those dissatisfied point to too few tasks available on the platforms, as well as competition with other workers (6%). Other reasons include the dishonesty of clients, fraud, and cases of refusal to pay for the completed work (9%), high commissions taken by platforms, problems with cashing the income and taxation; problems with communication with clients; difficulties to assess the tasks because of inaccuracies in the work plans provided by the clients, insufficient communication with other people, and too much time spent working indoors.

Comparing their employment with other kinds of work which they had in the past, 65% of respondents believe that platform work allows them to better balance work and personal life.

The proportion of such individuals is higher among those who chose platform work as their main source of income; no significant differences were found across other socio-demographic groups.

*I have an opportunity to live the way I want. I can join a sports club, I spend time with my child. I have experience of working from 9 to 6 … I can eat properly, because how can you eat 3-5 times a day at a regular work? Will you eat 4 times a day? Will you bring all those food containers with you? Here I can take a break, eat fresh food. I am very happy. (Lviv, micro task).*

Some warn however that a lot depends on the client, while others are convinced that having the right character and a sense of self-organization is key.

*It all depends on the client. In my case, there's lots of work, people write me all the time. […] There are situations when I tell in advance that I will not be available, like I need to go to the countryside where there is no internet, but they still write me. This summer I had to harvest potatoes, and twice a day I would run a couple of kilometres to a neighbouring hill, where there is some network coverage, I would download the files, do my drawings, and send them back. This client was very demanding, he had lots of work. It's not difficult, but it's just too much work. (Zhytomyr, macrotask).*

*It really depends on a person. Whether a person knows how to organize own world and people around. If he's running all the time on all fronts, it will be the same with freelance. (Kyiv, micro task).*

And others question the extent to which the freedom may be illusionary:

*When you are at home, you have a feeling that you can manage your time, but in reality, it seem to me that it's just a dream. Nothing of the kind. […] You may plan to go somewhere, say, to a hospital, and instead, the client tells you, hey guy, here is an urgent project, and that's it. You just sit at home and you can't go. I think that when you work at an ordinary work, you are more balanced, well, in a sense that you know what to expect. You know that after 6 pm you are free. When you work from home you can't predict what you can do. (Lviv, macro task).*

*-[At regular work], The night does not become a working day.*

*- Indeed, [on freelance], you can't separate personal life and work environment, since pretty much everyone works from home. (Kharkiv, female macrotaskers).*

*Its' a paradox. You see, I chose freelance to have freedom, and at the same time I deprived myself of freedom by keeping myself too busy with these so-called freely chosen activities. (Kyiv, macro task).*

## 8.2. Attitude about Freelance

According to the respondents of the qualitative survey, they do not think that working online is any different from any other form of work. It is ordinary work that they are paid for.

*As Americans say, every work is honorable. Especially given that this is free work, self-employed. (Kyiv, micro tasks)*

*I am not proud and not ashamed. For me, this is a job like any other, it has its own advantages and disadvantages. Maybe from the outside it might look attractive, but it has a lot of small aspects which not everyone is aware of. I don't know how it's perceived in the society. (Vinnytsia, macro tasks)*

Yet, they note that many people in the society mostly do not take freelance work seriously. This is especially true of older generations, who worry about stability, prospects, and building a career.

*For example, my mom says, "Of course, it's all good, freelancing is good. But don't you want to find a normal job, sit in the office and do the same?" (Kyiv, micro tasks)*

*They can't imagine that it can be different. They are used to working like this, and they think that that's the only way. A stereotype from the Soviet times (Kyiv, micro tasks).*

*I am proud of my work and I like it. I do not play by the rules of others, I create my own rules. But lots of people do not understand me. My granny says I'm playing around, what will I become and what will I do when I retire, who will bring me water when I die and when will I finally make kids… (Kyiv, macro task)*

Several people think that there is a lot of prejudice in the society, and a certain lack of trust to online work.

*There is this kind of arrogant attitude to freelancers as slackers, who do something unclear, lie somewhere at the beach and work, do some nonsense. People don't understand that it's a profession like any other. (Brovary, macro task).*

*I am really proud of my work. But if I have to indicate, say, for my kids at school, where their mother works, I state my official workplace. Because a freelancer, you know, it's like a temporary unemployed, our society does not understand. (Lviv, microtask).*

*When I wanted to rent an apartment, I faced some reproaches. People would want to rent only to those who have a regular work schedule. They took me for a homeless beggar. (Kyiv, macro task).*

*Many people think that freelancers are lazy people doing nothing and spending their time on the beach. But they are so wrong… (Bila Tserkva, micro task).*

In contrast, the younger generation is accepting of work through online platforms. Moreover, 7 out of 57 qualitative survey respondents said that their partners work this way as well. Two young workers said that their parents were online freelancers, too.

*My friends have a good attitude. Many of them are freelancers themselves. (Lviv, macrotask)*

## 8.3. Projecting oneself into the future

Although the majority of the surveyed respondents cannot afford the time and money needed to have a long vacation, do not have pension and medical insurance, they still see themselves working online in the near future.

A quarter of the respondents (24%) definitely see themselves working on the platforms in 3-5 years, and another 45% of the freelancers think it is likely that they will work at the platforms. A quarter (25%) of the respondents will likely leave the platforms, and only 6% are confident that they will definitely not be doing platform work in 3-5 years from now (Figure 25).

In the longer term, a somewhat different tendency emerges. The fraction of those who consider linking their career to online freelance in the longer term is substantially lower than in the short term: in 20 years, only 13% of the respondents see themselves as platform workers, and 24% are likely to remain at the platforms. 63% of the respondents plan to leave platform work in 20 years; among them, a third (33%) are likely to leave the platforms, and about the same percentage (30%) will definitely cease to work at the platforms.

*I cannot exclude the possibility that something extraordinary can happen, but in general, it's like that. (Bila Tserkva, micro tasks)*

*Yes, I see myself, if, of course, some sudden remote grandma doesn't leave me as inheritance a three-bedroom apartment on Khreshchatyk*[17]*. (Zaporizhia, micro tasks)*

The majority of respondents do not want to leave freelance, because this type of employment allows them to find a better balance between their work and their private lives.

*Yes, of course. You can plan your work schedule by yourself. And that is what gives you the opportunity to allocate enough time for private life, and exactly when you need it, in any time of day. (Zaporizhia, micro tasks)*

*For me, this is the main advantage of working as a freelancer. Since I choose by myself, where and how to work, I get more free time for my interests and family. (Vinnytsia, macro tasks)*

Only very few of them want to switch from freelance to a full-time job. This is mainly to gain more stability and social protection.

*When I start a family, I'll switch to having a regular job. To have some protection during maternity leave and so on (Kyiv, micro task).*

*It's probably because I already have to think about the future somehow, in terms of earnings and so on, so I'll try to find a full-time job. (Odesa, micro tasks)*

At the same time, several participants who do macro tasks want to create their own business and move from the virtual world to the real world.

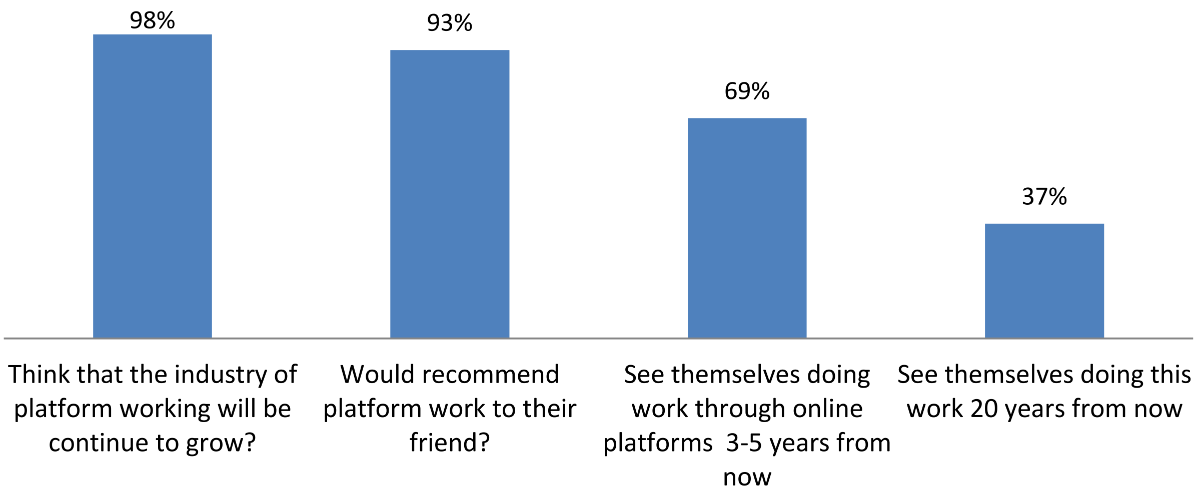
[17] Main street of the capital city Kyiv.

*I am already thinking about changing my line of work: I want to do something more tangible, and not just work in the digital world and simply receive money. I would like this kind of work to turn from my main source of income to an additional source of income. (Vinnytsia, macro tasks)*

Some also consider creating an online business, outsourcing part of their work or managing other freelancers. Yet, such plans may not always be easy to carry out:

*It would be great to use my experience of working as a freelancer to find other people like myself, say, through [platform name]. In the beginning, I thought that I would find one or two persons and I would delegate them part of my work, even by paying them up to 70% of my earnings, so that I would have more time. But it happened that my client has very tight deadlines. They give me work that needs to be done within an hour, it's very difficult to find people who can help. In addition, I do not want to say immodest things about myself, but it's hard to find someone who will draw engineering plans as fast as I do [Zhytomyr, macro tasks].*

***Figure 25. Prospects for the development of the online platform work***




Projecting oneself into platform work reflects not only personal preferences, but also perceptions about the future of the online and the offline businesses. According to the vast majority of respondents, online work in Ukraine has not reached even the middle of its development, and most of them (98 %) believe that it will grow in importance considerably in the future (Figure 25).

- *From 1 to 10, on what level is freelance in Ukraine these days?*

*-At 4.*

*-No, I'd say at 2.*

*-Yes, at 2.*

*- So, not even mid-way?*

*-Are you kidding? It's just the beginning (Lviv discussion)*

*Freelance does not depend on countries, governments and so on. It exists and it will exist. (Bila Tserkva).*

*It depends on the economic situation. The worse it is in our country, the more people will become freelancers. In general, there is a global tendency of people switching to freelance. The same work in the USA costs $50 an hour, and in Ukraine, it costs $10-20, per-hour pay. I think that the number of freelancers will increase. (Brovary, micro tasks)*

*There's a huge future. It's a world tendency, which will continue to grow, especially in Ukraine, because of our economic situation. I see only advantages. Everyone will gain from it. For example, for clients from Western countries, 1000 USD per month is not a lot, and they can find first class specialists here for this money. [Zhytomyr, macro task]*

*I think, in the future, there will be just two sectors in Ukraine: agriculture and online freelance. (Kharkiv, micro task)*

Yet, some worry that the future may not be glorious:

*I'm afraid that it will all disappear, that it will get spoiled. For example, the very first websites of work search were very effective. And right now they are completely useless. I'm worried that as the number of platforms and of people increases, there will be the same mess with freelance. (Kharkov, macro task).*

*Platforms do two horrible things. They produce I-don't-know-who-clients unhappy about work done, and they decrease the general level of prices throughout the country. (Bila Tserkva, macro tasks: web-programmer, 10 years of freelance).*

In general, the tendencies in the perceptions of the prospects of platform work depend to some extent on the respondents' age and on where they live (Table 9). The respondents who are older than 40 are more confident about the short-term prospects of platform work than the respondents aged 26-40. In the long term, it is the respondents aged 26-40 who are the most inclined to see themselves as working online. Respondents from medium-sized cities and small towns have a somewhat lower level of confidence in the future of this sphere of work than others. In addition, fewer among them would recommend platform work to their friends than among freelancers from larger cities. Women are also more inclined than men to be confident that platform work will grow in the future.

Skeptics point out that the future of online work will be determined by competition for work, as well as by the governmental policies.

As on now, respondents primarily see their compatriots as their competitors, rather than freelancers from other countries. A little more than a half (52%) of the respondents said that the competition from other citizens of Ukraine was strong. In general, women perceive competition from compatriots more acutely than men, probably because they mainly specialize in tasks mostly oriented towards local market. At the same time, 44% of the respondents also believe that competition with freelancers from other countries is strong. Such competition is perceived particularly strongly by IT workers, who also rely much more than others on foreign markets: over 57% of them believe that competition from foreigners is strong. Young respondents (18-25) also perceive strong competition from other freelancers, both Ukrainian and foreign, more than other age groups.

- *Yes, the competition is very fierce.*
- *No, I can't tell. I am doing something so specific that there is a lot of demand for this. I could go on and on working, there's a lot of demand for people that can do the tasks I'm doing, but there's not enough people. (Lviv, IT vs data visualization specialist).*

***Table 9. Perception of prospects of platform work by sex and age groups***

| | Sex and age | **Prospects of Platform Work** | | | | |
|---|---|---|---|---|---|---|
| | | Male | Female | 18-25 years | 26-40 years | 41+ years |
| Do you think that the industry of platform working will be continue to grow? | Yes and rather yes | 97% | 98% | 97% | 97% | 99% |
| | No and rather no | 3% | 2% | 3% | 3% | 1% |
| Would you recommend platform work to your friend? | Yes and rather yes | 92% | 94% | 92% | 93% | 92% |
| | No and rather no | 8% | 6% | 8% | 7% | 8% |
| Do you see yourself doing work through online platforms 3-5 years from now? | Yes and rather yes | 70% | 70% | 55% | 74% | 80% |
| | No and rather no | 30% | 30% | 45% | 26% | 20% |
| Do you see yourself doing this work 20 years from now? | Yes and rather yes | 38% | 35% | 28% | 43% | 33% |
| | No and rather no | 62% | 65% | 72% | 57% | 67% |

When countries of origin of other competitors are mentioned, they usually include Asian countries. A few respondents mentioned workers from other Eastern European countries, as well as among Russian-speakers regardless the country in which they live.

*Indians, you know, there is probably half a billion out there, and they are ready to work just for food on [platform name]. They beat us quantitatively, and they also dump prices significantly. There is also a strong competition in the segment of translation into Russian on [platform name]. People jump on work as if they were vultures. On our platforms you can find people from Ukraine and Russia. Apart from India, there are also lots of Pakistani and Bangladeshi. The quality of their work is often mediocre, but inexperienced clients may not know this. [Nikopol, macro task]*

*It depends a lot on the field of specialization. For example, I have some friends in design, they draw stuff. And in this field there are plenty of Indians, Chinese, Filipinos, Indonesians, who are ready to work for minimal pay and do work quite well. That's where they are. Our guys are losing out there. (Kharkiv, macro task)*

*The competition is just crazy. From other countries, though not China or India. From all over Europe, Russia, Ukraine, the US. It's impossible. Especially Russia. (Lviv, macro taks: IT).*

*There's especially a lot of competition from the former Soviet Union (Kyiv, macro task).*

*We are competing with the Europeans, while Indians are competing with us (Kyiv, micro task).*

*All under-developed economies. The Philippines, Ukraine… The Filipinos are dumping prices. Indians… In most of the underdeveloped countries people have to work online, because their offline economies do not pay normal salaries. (Odesa, micro task).*

*The market is over-crowded. But there's a lot of garbage, just trash, there. (Kyiv, macro task).*

*And in addition, you have whole companies that work for [a platform cited], they have whole departments [oriented towards monitoring the appearance of tasks], and they have their own freelancers, and they have whole scenarios who will do what. (Kyiv, macro task).*

Many respondents also regret that, despite a strong potential for this kind of work, there is currently little interest on the part of the government in it. Numerous respondents stated that they do not count on the government in any sphere of their life and hope that possible interventions would not limit the benefits that they currently reap from this work. Others wish that some things change, including the legislation that would allow for an easier formalization of freelance work, easier money transfer and withdrawal, and protection of the basic rights.

*I think that they are not very interested because they don't receive benefits from it, taxes or anything. It doesn't benefit them, but I think they can try, on the contrary, to try to lead this somehow. (Lviv, micro tasks)*

*I wish this work were legalized. (Kharkiv, macro task).*

*The most important thing is to protect pay. To have some guarantees. (Odesa, micro task).*

*I also wish tenure could be recorded somewhere officially. (Kharkiv, macro task).*

*I wish it could be regulated in some smart way. If it's done in a smart way, it will be more convenient for every freelancer to work honestly, earn more, more for oneself and for the state. Say, when you just start working, you should only pay income tax. And only later social security contributions. Plus, our laws don't work. We always have to cheat on the state because the state is cheating on us. (Odesa, micro task).*

## 9. Policy Conclusions

The growth of the online economy, while stark, is still believed to be in its early-days stage. Numerous actors, including governments of various countries, private sector agents, and developmental organizations, consider that the online economy represents significant potential for development. Some governments, such as in Malaysia and Nigeria, developed digital strategies for their countries in order to embrace the digital revolution and fully grasp its benefits for their workers (Graham et al., 2017).

Where do Ukrainian workers stand in this respect? How much do they enjoy the benefits of this global digital revolution? Are these benefits equally shared, and what improvements can be made? How to ensure that these benefits are not transitory? The aim of this report was to cast light on these issues by examining working conditions of Ukrainian online workers.

According to numerous estimates, Ukrainians are among the leaders of digital work. This is despite the absence of any explicit governmental policy to support digital work, and in spite of substantial administrative and financial barriers. And yet, the results of two surveys, representative of the country rather than of any specific platform, confirm that Ukrainian digital work is only in the beginning of its development.

The surveys revealed that Ukrainian digital workers are relatively young, and overwhelmingly educated. Only a quarter of all respondents consider work through platforms as their main source of income. Over two thirds have other work in addition to online platform work. Such work either takes form of stable long-term office employment, or – more often than compared to all-Ukrainian data – owning business, or being a freelancer in the offline world. Many of such workers manage to work online during the regular hours of their main job. Most of them are interested in additional income from the platforms, though they do not want to increase the working hours at their main jobs.

At this early stage, Ukrainian digital workers are generally satisfied with online work and view it as an important source of income. This finding is confirmed across both sexes, and across all age groups, occupations subject to online work, and regions of Ukraine. Digital workers, or "freelancers", as they call themselves, highlight many positive aspects in their work, including accessing wider markets for work, often having better pay for their work (compared to their offline work, which is not always in the same field), finding fulfilling tasks, having flexibility of working time, being able to devote more time to families and hobbies, and being independent from a particular employer. Many apply their skills better than in the offline economy, and many practice constant skill-upgrading in order to reach more and better online work.

Yet, the survey also revealed important challenges and risks that numerous Ukrainian digital workers face. A sizeable proportion (almost a half) of workers actually risk being in disguised employment relationship rather than genuinely "free", either because they depend for their income on one main client (and sometimes one platform), or because clients control their work and leave them little autonomy for execution of tasks. About a fifth of workers works long hours, and a third works atypical hours, such as during the night. The proportion of such workers is higher among online freelancers than in the offline economy. The majority of workers also constantly search for new work or spend about a third of their time on unpaid activities in order to access work. The vast majority also would like to be doing more work than they are currently doing. While the majority suggested that flexibility is a key aspect of freelance work, only a third can afford taking holidays at any time, and over a half stated that they could not afford not to work for 4 weeks in a year. Also, while some workers are constantly trying to stay abreast of new developments and improve their skills, many others are also performing tasks that are not demanding, thus potentially deskilling themselves or at least underutilizing their skills. This especially concern women, who, in addition, face a gender pay gap that is substantially higher than in the offline economy, due to their specialization in lower-paid tasks and markets. Three quarters of platform workers do not save in any way for their retirement. Three quarters also work informally and are not registered with administrative or tax authorities – again, the propensity of informal work is higher than in the offline economy. The vast majority of workers have to comply with the regulations established by platforms, such as paying commissions, and sometimes having their accounts blocked.

Given this, the digital work, while presenting sizeable opportunities, also raises important questions of the sustainability and of the future of the social model that it offers. As in the offline markets, digital work reflects a diversity of situations, in which good and bad jobs, secure and insecure workers coexist, and where various risks are present for everyone. The results of the survey show that, inherently, online work mimics the offline work, in the sense that individually rational behaviors (such as staying informal) but also short-sightedness (such as preferring not to save for retirement) can result in market failures similar to the offline world. The only difference between the offline and the online world of work is the technological intermediation. In the words of Berg and De Stefano (2017), « rather than 'new' 4.0 digital revolution work, 'gig economy' work is simply twenty-first century casual work rebranded ». The same features of work, including opportunities and risks, that digital works experience today were already experienced by day laborers, dock workers, or agricultural workers in the $19^{th}$-$20^{th}$ centuries. Also these same problems and the need to pay attention to certain vulnerabilities had led to creation of labour regulations in the developed countries a century ago, suggesting that digital work at some point will naturally come to the question of regulation, and that such regulation may be beneficial.

Regulating platform work may be challenging, because many clients come from different countries. Yet, the Ukrainian surveys revealed that online platforms also play an important role in serving the local market, in which in principle the local Ukrainian labour regulation should apply. Moreover, currently, the regulation is not absent; rather, it is provided by the platforms themselves, in a unilateral manner, as each platform sets its own rules regarding granting rights to create an account, commissions to be paid, or account deactivation. Thus, a broader question emerges: to what extent should private regulation substitute public democratically chosen regulation, the regulation in which digital workers have a say? To what extent creating certain legal rules allowing for basic protections, for transparency, and for level-playing field for all should be considered?

These questions are all the more important as Ukrainian digital workers increasingly face competition from other countries. As of now, on the international markets, Ukrainians position themselves in high-skill macro-task niche, as opposed to workers from Asian or African countries, who often do micro-tasks requiring little qualification. But Ukrainians also position themselves in the lower- to mid- range pay niche. Their earnings through the platforms are generally similar to the earnings in the local labour market, but they do undercut payments for similar work in other countries. Their earnings are also threatened by a downward pressure from other Ukrainians entering the market and from workers from poorer countries, and also by chains of freelance intermediation. This means that the current gains from the relatively good pay on the online platforms are likely to be transitory and very short-lived. In this context, the question of the global fair play and a race to the bottom become particularly important. To what extent can current gains be protected and shared in an equitable way with those who are only joining the digital workforce? How can they be made sustainable? How can current gains be used to serve freelancers themselves in the future?

Clearly, there is scope for an explicit governmental policy to fully unleash the potential from digital work for the Ukrainian society, and also to make it sustainable. Such policy can first and foremost aim at facilitating formalization of the activity of Ukrainian online workers, and legalizing their incomes from the platforms, in line with the ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). For example, simplifying registration formalities, allowing for annual rather than monthly social security payments, introducing either proportional or license-style taxation rather than flat-rate monthly payment are options to be explored. Equally important is allowing for an easier money transfer and foreign currency withdrawal by individuals. An explicit governmental policy could also aim at developing certain minimum protections of the basic rights of online workers. This could include setting the basis for transparency of the platform's rules, such as those governing ratings, profile deactivation, commissions, changes of terms and conditions of use, portability of ratings and experience between platforms. Possible regulations may also include guidelines on setting fair piece rates, which would be particularly relevant for the low-end of this kind of work and for cases when clients and workers underestimate the time needed to perform the tasks. Such policies have a strong potential to protect workers, decrease incentives for freelance intermediation and outposting of tasks, and also help ensuring fair competition of the platform work.

Importantly, any such policy should be developed jointly with the online workers, the clients and the owners of the platforms (either local owners or country representatives of international platforms). Potentially, dialogue with other countries on these issues could be initiated. The policy to embrace the digital work revolution should also be an integral part of a general employment policy, strongly articulated with the country's strategy on skills, social protection, and poverty reduction.

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