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Article

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Gig contract as a Ukrainian legal phenomenon and features of its occurrence in the framework of gig economy

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ABSTRACT

The article studies relations arising in connection with the use of gig contracts when working with remote workers / gig specialists within the framework of the gig economy. Therefore, the aim of the study is to determine the legal nature of gig contracts, identify their advantages and disadvantages, specify global trends in the digital economy in the context of ensuring the rights of workers in new forms of employment, and suggest improvements to protect the rights and freedoms of working citizens. In order to achieve the research aim, various approaches to gig economy and gig contracts are analyzed. Moreover, the characteristics of the gig work are identified within the legislative framework of the EU, USA, India, and Ukraine. Furthermore, the research examines whether gig workers are considered independent contractors. As a result, it is established that gig contract is a hybrid of a civil contract and an employment contract which combines flexibility in work and basic social guarantees. Apart from that, the legal instruments regulating gig contracts in Ukraine are studied to single out its main features and innovations. The article argues that the use of such tools is a response to the challenges associated with the labor market globalization and offers recommendations for improving the regulation of the gig economy in Ukraine based on international experience.

Introduction

The contemporary world can be justifiably characterized as the digital world. The gig economy refers to a labor market characterized by short-term, flexible jobs, where workers are typically independent contractors, freelancers, or temporary employees. Enabled by digital platforms such as Uber, Upwork, and TaskRabbit, this form of work is seen as a hallmark of economic globalization, allowing businesses to tap into a global workforce. Proponents argue that the gig economy offers unparalleled flexibility, access to diverse work opportunities, and an alternative to traditional employment structures. However, critics highlight concerns over job security, lack of social protections, and the classification of gig workers as independent contractors rather than employees, which often deprives them of labor rights and benefits. The debate over regulating gig work continues in different jurisdictions, reflecting tensions between economic efficiency, worker rights, and the evolving nature of employment in the digital age. Information technology plays an integral role in nearly every aspect of modern life. As a result, a distinct sphere of social interaction has emerged, centered on virtual (or digital) space. This transformation has led to the emergence of a highly profitable digital economy, where labor and employment structures are fundamentally reshaped by digitalization. The modern world economy is significantly influenced by digitalization, which changes traditional approaches to the organization of labor and employment. Hence, there is also a need for a comprehensive settlement of these relations with legal instruments and methods. These economic relations should be regulated by specialized IT law. This issue is relevant for Ukraine because, according to data for 2022, the IT industry brought the state 6 billion US dollars in export revenue (Darid, 2024), and continues to develop, increasing its turnover. According to data as of August 2023, there were about 307 thousand IT specialists in Ukraine (Medvedenko & Medvedenko, 2023). To facilitate the development of the IT industry, the state introduced Diia as the economic and legal space for this industry. Thus, the Law of Ukraine No. 1667-IX "On stimulating the development of the digital economy in Ukraine" (also known as the Law on Digital Economy and the Law on Diia.City) came into force on

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August 14, 2021. Moreover, the Tax Code was amended to prepare the tax system for the functioning of the adopted law. In other words, a gig contract was introduced as a new legal instrument in order to regulate the relationship between the customer and the creator of IT products and services (Hajiheydari & Delgosha, 2024).

McKinsey experts note that the gig economy is an economic system in which so-called gig workers engage in freelance activities and take on part-time jobs. So-called "gigs" are small tasks, mini-projects that are carried out on par with traditional work practices, using digital platforms (Ashford et al., 2018). However, unlike traditional hired work, gig workers act as independent contractors and freelancers in the fields of web development, design, legal consulting, translation, and copywriting. Sometimes the customer of gig services may require the employee to be at a certain workplace. However, remote work has become especially relevant during the COVID-19 pandemic. Hajiheydari and Delgosha (2024) defines the gig economy as a free market system in which temporary positions are commonplace and businesses hire independent workers to perform short-term jobs (commitments). These independent employees typically include single-project workers, freelancers, independent contractors, and those hired for a fixed (usually short) period or on a part-time basis.

Many companies find it profitable to hire specialists to complete short-term projects and assignments without hiring them on staff. However, such an employment model requires a detailed settlement of the mutual relations between the contracting agents through the gig contract. Since the concept of gig economy is novel for Ukraine, there is a lack of comprehensive studies on this issue. Thus, Tarasyuk (2022) analyzed features of the use of gig contracts and their effectiveness for IT specialists, making a comparison with employment contracts. The researcher also generalized the conditions for concluding gig contracts and pointed out the prospects of this type of civil law relations in the digital economy. Similarly, Bezditnyi (2024) compared the gig contract and other types of agreements that can be concluded between a company and IT specialists, depending on the type of legal relationship between the parties.

Medvedenko and Medvedenko (2023) studied features inherent in gig contracts and pointed out the advantages and disadvantages of such agreements. Vozniuk and Kolesnychenko (2021) examined the legal guarantees of the social rights of gig specialists, the nature of gig contracts, and potential threats to the social rights of gig specialists. Simutina (2023) explored the concept of gig contracts based on Ukrainian regulatory experience. The researcher examined the potential for solving the problem of social insecurity in the digital economy, identified differences in the definition of the concept of gig workers in the European and Ukrainian labor law, and defined the risks of excluding IT workers from the scope of labor legislation in the context of the gig economy. In contrast, foreign legal scholars concentrate on the concepts of gig economy, gig work, and gig workers. Thus, Zhang and Yan (2024) revealed the concepts of gig economy and gig work. Taneja (2024) defined responsibilities of gig workers and areas of their interaction. Maury (2024) analyzed the benefits of the gig economy for workers and compared gig workers and independent contractors. Graham and Anwar (2019) focus on labor futures and consequences of changes due to the development of global gig economy.

Moreover, it is necessary to define the term "digital nomadism". Šímová (2022) defined it as a lifestyle where individuals leverage technology to work remotely while traveling or living in different locations, often without being tied to a fixed office or permanent residence. Wood et al. (2019) assessed the quality of work in the gig economy in terms of remote work. They present data from an interregional survey, focusing on algorithmic control of online labor platforms, which provides workers with a high level of flexibility, independence, and task complexity. In addition, Liang et al. (2018) examined a gender gap in wages in the gig economy and explained this phenomenon by the degree of gender differences in the job application strategy.

The object of the study is social relations regulated by civil, information, and labor law, arising in connection with the use of gig contracts within the framework of the gig economy and the implementation of the rights of the parties to the gig contract. The subject of the study is a gig contract as a civil legal contract under which a gig specialist performs specific work commissioned by a resident of Diia. City who pays for such work and provides the gig specialist with social guarantees and proper working conditions. The aim the research is to determine the legal nature of gig contracts, identify their advantages and disadvantages, specify global trends in the digital economy in the context of ensuring the rights of workers in new forms of employment, and suggest improvements to protect the rights and freedoms of working citizens in the context of globalization.

The central argument of this article is that gig contracts are an innovative legal tool that seeks to strike a balance between labor flexibility and basic social guarantees, which is important in the globalized digital economy. The study focuses on how such contracts function in Ukraine under the Diia.City legal regime and how they realize their potential to address social protection issues in the context of global changes in employment. In this regard, the research sets the following research question: "How do gig contracts adapt workers to the challenges of digital globalization, while providing both flexibility and social guarantees?" In response to this question, the article analyzes gig contracts as a legal instrument that emerged in Ukraine and its correlation with international approaches to the regulation of the gig economy. This article holds relevance within the wider discussion on globalization, as labor market changes driven by digitalization create new challenges for national legal systems. The article argues that the use of such tools is a response to the challenges associated with the labor market globalization and offers recommendations for improving the regulation of the gig economy in Ukraine based on international experience.

This research is particularly relevant in the global context, where the gig economy is becoming an integral part of labor markets across the world. The research will explore how Ukraine's legal system has addressed these challenges, drawing comparisons with international practices in the gig economy. This article argues that gig contracts are an innovative legal tool that seeks to strike a balance between labor flexibility and basic social guarantees, which is important in the globalized digital economy. The study focuses on how such contracts function in Ukraine under the Diia.City legal regime and how they realize their potential to address social protection issues in the context of global changes in employment. This article holds relevance within the wider discussion on globalization, as labor market changes driven by digitalization create new challenges for national legal systems and require the harmonization of local interests with global trends. The research will highlight how legal innovations in Ukraine can offer insights and solutions for other countries grappling with the challenges of regulating gig work in a rapidly changing global economy. This research novelty lies in demonstrating how legal innovation can facilitate adaptation to changes in the global economy. Comparing the experience of Ukraine, the USA, the EU, and India, the article offers recommendations for the further development of the gig economy, which is an integral part of the modern globalized world.

Materials and methods

The study applied three key theoretical approaches as analysis tools for interpreting empirical data. In this regard, the globalization theory was used to analyze how gig contracts reflect the labor market transformation under the influence of globalization and digitalization, especially regarding the tension between flexibility and social guarantees. Moreover, the theory of regulatory innovations facilitated evaluating gig contracts as a new legal mechanism that meets the challenges of the labor market, being on the verge of civil and labor law. Apart from that, the institutional theory helped investigate the role of institutional frameworks, such as the Diia.City in Ukraine, in the implementation and maintenance of gig contracts, and identify factors influencing the success of such regulatory approaches.

General and special research methods were used to achieve the aim of the study. Thus, the observation method was used at the stage of collecting and processing the data to generalize the knowledge and characterize phenomena and categories under studied. Moreover, the comparative method was used to establish common and distinct features of the gig economy and gig work in different countries. The method of analysis was applied to single out constitute elements of gig economy and gig work. Furthermore, the synthesis method made it possible to determine important aspects of gig economy. Apart from that, the method of analogy permitted to compare the phenomenon of gig work to a similar phenomenon of freelancing. Furthermore, data sets for the study were processed and analyzed via a combination of various sources and methods. For legal analysis, legal acts were collected, in particular, the Law of Ukraine No. 1667-IX "On stimulating the development of the digital economy in Ukraine" (Law on Diia.City) and the legislation of the USA, India, and the EU on the gig economy regulation. Data from these sources were analyzed using the content analysis in order to single out key provisions that relate to labor flexibility, social guarantees, and tax incentives for gig workers.

To collect empirical data, an online survey was conducted among 200 Ukrainian IT workers working under gig contracts. A questionnaire contained closed and open questions that covered various aspects of gig contracts, including the level of satisfaction, the availability of social guarantees and income. The data was collected by Google Forms, and responses were systematized and analyzed using thematic coding to determine major trends and issues. Apart from that, 10 semi-structured interviews were conducted with legal experts, representatives of IT companies, and government officials. Thay helped collect qualitative data on the practical aspects of the work of gig workers in Ukraine and within the international context. Quantitative data from the interviews were processed using statistical methods to establish correlations between social guarantees and employee satisfaction. Consequently, the relationship between legal innovations, social guarantees and the real experience of gig workers was identified in order to prove the effectiveness of gig contracts in Ukraine.

Moreover, the grouping method was used in the process of reducing the understanding of gig work to work under a gig contract. Besides, the correlation analysis was applied to analyze typical provisions of a gig contract. Forecasting made it possible to substantiate the possible state of the gig economy in Ukraine in the future. The use of the comparative legal method facilitated identifying controversial features in the regulation of legal relations between residents of the Diia.City and a gig specialist, as well as to compare the regulations of different countries in the field of the gig economy and gig work. The formal logical method helped consider the legal doctrine in the field of regulation of gig work. Thus, it allowed to define the concept of gig contracts, which are an integral element of the gig economy in Ukraine, analyze the regulations of different countries. The modeling method was used to single out the advantages and disadvantages of working under a gig contract, including in comparison with sole proprietorship. Finally, it was used to discuss further implementation of gig work in Ukraine.

Results and discussion

The emergence and development of the gig economy in the world is associated with changes in the labor market. As Graham et al. (2019) note, the emergence of a "planetary labor market" for digital work is observed, which aims to capitalize on geography. To create such a market, special digital technologies have been developed and implemented. This is the platform which offers for the purchase and sale of labor (Graham et al., 2019). The gig economy is a phenomenon that arose due to the implementation and use of information technologies. In this regard, it is possible to claim that the gig economy is a global concept because with the help of various applications and online platforms, customers and performers from all over the world can interact in real time. As Fuller et al. (2020) notes, digital labor platforms are an excellent source of skilled digital workers to perform IT work.

Therefore, it is important to distinguish specific features of the gig economy. Thus, employers are able to gain insight into their employees, while customers enjoy a truly global reach through their ability to learn about employees. Customer requirements are listed on online labor platforms, where prospective employees from around the globe submit bids for these positions. This allows employers to collect information about the prospective employee. At the same time, individuals seeking employment have the ability to gain knowledge about potential job openings. They are granted access to a comprehensive database comprising a multitude of vacancies from across the globe, not merely in their own city. It is often the case that customers are reluctant to divulge information about themselves. Furthermore, online platforms tend to facilitate vertical, rather than horizontal, communication between performers, which considerably constrains their capacity to unite.

Furthermore, given that all work is conducted via the Internet in some capacity, employers are privy to information about their employees. This data is exchanged between the two parties and can be utilized in various ways. Consequently, the client purchases labor as a commodity on the market. However, the nature of digital work and the types of employment contracts possess distinctive characteristics. Work tasks can be decomposed into more straightforward tasks, which are commonly referred to as gigs. Such orders are often completed with great rapidity, compelling clients to initiate a similar bidding process to secure new jobs. Frequently, the customer is not entirely satisfied with the completed order, and numerous platforms permit the payment for completed work only if they are fully satisfied with it. In such instances, the employee may forfeit the promised remuneration for the work performed. In addition, information regarding employers is provided to workers, and in some cases, workers may also view the customer's location, the history of interactions between customers and other workers, and related data. However, when employees are only granted access to a limited set of information regarding their employers, they are faced with considerable challenges in transitioning into alternative occupational roles. The purchase and sale of labor offers have arisen on the global scale, creating an imbalance of power between workers and their customers. Labor has become individualized and commercialized, with a globalized labor supply and intense competition between potential workers (Graham et al., 2019).

The gig economy is formed due to two fundamental factors, namely: the labor force becomes mobile, and the work is done remotely via cyber platforms (Kortukova & Nevara, 2023). This leads to the separation of jobs and locations. In other words, gig workers have the opportunity to work from anywhere on the planet, while customers can choose the worker from a much larger list of specialists. Therefore, the flexibility afforded by gig work is a notable advantage over the traditional 9-hour workday. Consequently, in order to generate income through the technology market, it is necessary to invest additional time, gain access to the Internet, and develop specific skills. In contrast, the costs associated with part-time work are minimal. Furthermore, workers have the ability to regulate and sustain a balance between their occupational and personal responsibilities. Moreover, gig work provides an opportunity for individuals to refine their skills and expand their knowledge base, which can then be applied in a traditional employment setting. Additionally, it is feasible for an individual to generate income from any geographical location.

The rapid expansion of the gig economy is not only a national trend but a reflection of global economic shifts, largely driven by the increasing digitalization of labor markets and technological advancements. As businesses across the world increasingly rely on freelance, short-term, and remote workers, the gig economy transcends national borders. This globalization of labor markets allows businesses to access a global talent pool, thus increasing competition but also expanding opportunities for workers, especially in the digital sector. The gig economy is also interconnected with the broader process of economic globalization, which includes the expansion of global trade, international finance, and the integration of economies worldwide (Sachs, 2020). Consequently, the role of gig workers is becoming ever more significant as their labor supports international supply chains, tech firms, and online platforms.

One of the primary drivers of this phenomenon is the growth of digital platforms such as Uber, Lyft, TaskRabbit, and Upwork. These platforms facilitate the connection between clients and gig workers in real-time, eliminating geographic barriers. As a result, the gig economy has become one of the fastest-growing sectors in global labor markets. According to recent studies, by 2025, the gig economy could encompass up to 50 % of the global workforce (Brynjolfsson & McAfee, 2014). This phenomenon, often referred to as "platform capitalism," is fundamentally altering how work is structured, moving away from traditional employer-employee relationships toward more flexible, decentralized forms of labor (Scholz, 2016). Nonetheless, gig work has several significant disadvantages. Firstly, such flexible working relationships often cannot be properly regulated due to the inflexibility of the labor laws of a particular country. For example, in some countries employees can only work at their assigned workplace (physical location). Moreover, countries have different tax rules. Apart from that, communication between parties may be difficult due to different time zones. The lack of face-to-face contact may cause distrust when sharing knowledge and experience (Šímová, 2022).

The research conducted by the European Institute for Gender Equality also shows the lack of clear legal qualification and regulation of gig work. Hence, in states with no clear approaches to regulating gig work on online platforms, gig workers are considered self-employed by default. As a result, most of these workers are deprived of social guarantees, such as maternity leave, child care leave, or sick leave. For example, the laws of some countries require a certain amount of working time as a condition for receiving maternity or parental leave benefits. Consequently, gig work is inherently fragmented. Accordingly, gig workers do not have enough continuity to meet work duration requirements (Barbieri et al., 2021).

The EU regulation has several features and often becomes a cause of disagreement regarding the classification of labor market participants. Although the approaches of the courts are generally similar, there are differences in the weighing of factors and labor legislation, which can cause authorities to make opposing decisions under practically the same circumstances. Furthermore, in the context of the COVID-19 pandemic, a consistent classification of participants in the gig economy became relevant because gigs were the main source of income for many people. Thus, EU labor legislation should aim to strike a balance between the rights of gig workers and the interests of gig companies (Kerikmäe & Kajander, 2022). The EU has attempted to balance the interests of workers and businesses by creating frameworks that allow flexibility but ensure social protection. For example, the European Commission has recently proposed new directives for the regulation of digital platforms, focusing on improving transparency, fairness, and working conditions for gig workers (European Commission, 2021). The European model of labor protection for gig workers could serve as a reference point for other regions, including Ukraine, as it seeks to develop its own legislative framework for the digital economy.

In this regard, it is important to note Indian legislation, where several aspects of gig work are regulated. India has a Code on Social Security (2020), which contains regulations of platform workers and gig workers. The Code defines the latter as people who carry out work outside the traditional employer-employee structure and receive remunerations from this activity. The norms of the Code concern such important aspects as education benefits, health and pregnancy benefits, accident insurance, and pensions. Gig workers have the right to strike and the right to sue against unfair dismissal (Chirag et al., 2023). The rise of digital platforms in India has been facilitated by the country's large and young tech-savvy population, making it an attractive destination for outsourcing. However, India faces unique challenges regarding labor rights, social security, and worker classification, as many gig workers are not entitled to the same protections as full-time employees. Raghavan (2021) discusses the rise of gig work in India, noting the lack of sufficient legal and social protections for these workers, and stresses the need for a more robust regulatory framework to address the growing gig economy.

In terms of the legal status of gig workers, it is also worth considering whether they are considered independent contractors. Thus, in the United States, a person who is hired by an individual or a company to perform a specific task under a contract that can be terminated by either party under a mutual agreement will be considered an independent contractor. Moreover, if the work performed by this contractor costs at least $500, then the employer will issue the contractor a Form 1099 (i.e., Internal Revenue Service form) where the income received for work under an independent contract should be indicated. At the same time, human rights activists advocate treating gig workers as traditional employees, guaranteeing them a certain level of income and health insurance, and not as independent contractors who are deprived of most social guarantees and labor rights. At the same time, the CARES Act and American Recovery Act provide gig workers with some additional benefits that regular employees are entitled to (Zwettler et al., 2024). In contrast, the situation in the United States is more fragmented, with different states adopting varying policies regarding gig workers. California's Assembly Bill 5, passed in 2019, was a landmark attempt to provide greater protection for gig workers by requiring companies like Uber and Lyft to treat their drivers as employees rather than independent contractors (Graham, 2017). However, the effectiveness of this bill has been contested, and in 2020, voters in California passed Proposition 22, which exempted gig companies from classifying drivers as employees, thereby continuing the debate over worker rights and protections in the gig economy (Friedman, 2020).

Furthermore, the legal status of an independent contractor implies a certain degree of autonomy although in some cases it is questionable. For instance, many online platforms participate in transactions and evaluation of gigs, thereby reusing data from the latter in the matching algorithm, which has led to doubts about worker autonomy. This was one of the grounds for several lawsuits and subsequent court decisions to reclassify independent contractors as employees (Koutsimpogiorgos et al., 2020). As these trends illustrate, the gig economy is intrinsically tied to the process of globalization, which both creates new opportunities and exposes workers to new vulnerabilities. The key challenge moving forward will be finding a regulatory balance that allows gig workers to benefit from global labor markets without sacrificing their rights and protections. Scholz (2016) argues that labor standards need to evolve with the changing nature of work, advocating for new forms of social contracts that are fit for the digital era.

The global nature of the gig economy raises the issue of cross-border labor mobility and the implications it has for international law. Workers in the gig economy often work for clients located in different parts of the world, which brings about questions related to taxation, dispute resolution, and social security. The International Labour Organization (ILO) has recently called for international cooperation to develop a global framework for regulating gig work, focusing on issues like minimum wages, access to social protection, and dispute resolution mechanisms (Messenger, 2018). Such frameworks will need to be adaptable to the diverse legal systems and economic conditions of different countries, but they represent a necessary step in ensuring that gig workers are not left behind as the world economy becomes increasingly digital and interconnected.

In Ukraine, the regulation of the gig economy was implemented by the Law on Diia.City (Law of Ukraine No. 1667-IX, 2023). As a result, Diia.City as a modern legal framework for IT businesses was established. According to the Diia.City Register, as of January 25, 2024, there are 847 resident companies, while as of February 22, 2022, there were only 74 of them (Utiralov, 2023). Therefore, since the beginning of the full-scale war of the Russian Federation against Ukraine, the number of

Diia.City residents have increased approximately 8 times. Given the martial law in Ukraine, such indicators testify to the effectiveness of this legal framework for IT businesses. One of the most noteworthy innovations of Law on Diia.City (Law of Ukraine No. 1667-IX, 2023) is the introduction of the concept of a gig contract. This will encourage Ukrainian IT businesses to switch to the official employment of their performers under such an agreement while preserving the tax benefits inherent in civil contract with individual entrepreneurs (Simutina, 2023). Hence, in paragraph 1 of Article 1 of Law on Diia.City (Law of Ukraine No. 1667-IX, 2023), a gig contract is defined as a civil contract, according to which a gig specialist, that is, an individual who is a contractor and/or performer under such an agreement, undertakes to perform work and/or provide services following the tasks of the Diia. City resident as a customer, and the Diia.City resident undertakes to pay for the work performed and/or services provided and to provide the gig specialist with appropriate conditions and social guarantees for performing work and/or providing services (Law of Ukraine No. 1667-IX, 2023). Consequently, a gig contract can be considered a certain hybrid of a civil contract and an employment contract, which combines a certain flexibility in work and basic social guarantees.

Accordingly, the parties to the gig contract are the Diia.City resident and the gig specialist. As already noted, the gig specialist is an individual acting as a performer or contractor under such a contract. As for the resident of Diia City, following paragraph 11 of Article 1 and Article 5 of the Law on Diia.City (Law of Ukraine No. 1667-IX, 2023), it can be a legal entity registered on the territory of Ukraine in the prescribed manner, which voluntarily acquired such status in the Diia.City Register. To acquire this status, such the legal entity must carry out the specified type of activity, pay its employees and gig specialists (of which there must be at least 9 in total) a remuneration of at least the equivalent of 1,200 euros per month, and receive a qualified income of at least 90 percent of its total income. At the same time, a legal entity cannot become a resident of Diia.City if it is registered in the territory of another state, has the status of a non-profit organization, enterprise, or institution, is bankrupt, and is subject to sanctions under Ukrainian legislation. In addition, Article 4 of the Law on Diia.City (Law of Ukraine No. 1667-IX, 2023) states that a resident can employ not only gig specialists but also workers based on employment contracts and other contractors based on other civil or economic contracts.

Furthermore, it is necessary to highlight that a gig contract is a specific type of civil contract that permits to fix the format of cooperation more accurately and at the same time is more flexible than a labor contract. In this context, it is important to outline the following possibilities that gig contracts provide according to Articles 20–23 of Law on Diia.City (Law of Ukraine No. 1667-IX, 2023). According to Article 21, the parties can agree on an irregular time for work. If the exact time cannot be determined, the specialist has the right to plan his/her working time independently in case it requires an increased level of the initiative of the specialist with periodic work without special instructions from the customer (i.e., resident). Apart from that, according to Part 6 of Article 20, the resident must provide the contractor with the means to perform the work or pay him/her certain compensation if the gig specialist performs the work using his/her own equipment unless otherwise specified in the contract.

Concerning the vacation and sick leave, such basic social guarantees prescribed in the gig contract significantly distinguish it from the civil contract with individual entrepreneurs. Thus, Articles 21–23 provide gig specialists with an annual paid break from work lasting at least 17 working days; temporary disability assistance as an analog of sick leave; a break from work for pregnancy and childbirth during 70 days before and 56 days after childbirth (70 days are granted if the birth was difficult, or more than one child was born) as an analog of maternity leave. In addition, this law guarantees compulsory state social insurance for gig specialists. As with an employment contract, the employer (in this case, a Diia.City resident) must notify the authorities about the conclusion of the contract, calculate, and pay a single contribution to compulsory state social insurance for the specialist. Thus, Clause 6 of Part 1 of Article 20 enshrines the provision of additional compensation payments or guarantees to gig workers. Apart from that, Article 24 of Law on Diia.City (Law of Ukraine No. 1667-IX, 2023) is focused on intellectual property rights to those objects that a gig specialist creates in connection with the performance of a gig contract. Accordingly, moral rights belong to the creator. As for property rights, the gig contract provides for a simplified mechanism for the transfer of rights to the company immediately after the creation of the object. Hence, if the contract does not provide otherwise, no additional documents need to be signed for this purpose. The moment of acquisition of property rights by a resident is after the creation of the work.

It also indicates the possibility for a resident to enter into non-disclosure and non-compete agreements. Thus, Article 26 notes that the according to the non-disclosure agreement, the specialist undertakes the obligation to refrain from disclosing trade secrets and other confidential data about the resident to Diia.City. Such an agreement may be gratuitous and provide for the payment of compensation if a violation occurs. At the same time, its essential conditions are the terms of non-disclosure and the direct definition of information that is prohibited to disclose. Regarding the non-compete agreements, Article 27 requires it to be concluded in writing and indicates it as a paid agreement. Its essential conditions are the period of abstinence from relevant actions (which should not exceed a year from the date of termination of the relationship between the specialist and the resident), the territory of distribution, an exhaustive list of competing activities, material benefits for the specialist for compliance with the non-compete agreements. Article 28 makes it clear that refusal to enter into the non-compete agreement is not a ground for termination of the gig contract (Law of Ukraine No. 1667-IX, 2023).

Tarasiuk (2022) points out that terminating gig contracts is not characteristic for such legal relations. The rationale for this is twofold. Firstly, the company's status as a resident of Diia.City is at risk of being revoked; secondly, the customer is entitled to unilaterally terminate the contract. In such a scenario, the latter party is obliged to notify the specialist of these circumstances with a minimum of 30 days' advance notice or to pay compensation equivalent to the weighted average daily remuneration for each day of non-compliance. A gig specialist is permitted to terminate a gig contract no earlier than 30 days prior to the contract's termination. This period is twice as long as is provided for in Article 38 of Labor Code of Ukraine (1971). Therefore, basic social guarantees, no need to independently calculate and pay taxes, certain flexibility in performing work tasks, confidence and stability are the key advantages of using gig contracts for the gig specialist. Meanwhile, special tax regime, protection of intellectual property, confidence and stability are the main advantages of Diia.City for the residents.

Hence, it is possible to formulate certain suggestions aimed at improving legislation to protect the rights and freedoms of working citizens. In this context, since only people performing tasks in the field of IT activities can enter into a gig contract as workers, it is important to regulate the issue of such work for non-IT staff. Accordingly, on July 10, 2022, the Law of Ukraine No. 2421-IX "On amendments to certain legislative acts of Ukraine on the regulation of labor relations with unfixed working hours" (Law of Ukraine No. 2421-IX, 2022) was adopted. It supplemented the Labor Code of Ukraine (1971) with Article 21–1 and introduced a special form of contract, i.e., an employment contract with non-fixed working hours. Such a contract provides for the performance of certain work, but its terms do not establish a specific time for its completion. Thus, the employee performs such work only when the employer has tasks, but without a guarantee that such work will be provided continuously. In essence, it comes to freelancing, or gig work. An employee under such an agreement receives all the benefits and rights as under a regular employment contract, but for a certain time he/she may stay without a livelihood means, so fear of instability arises.

The Law of Ukraine No. 2421-IX regulates this aspect. In accordance with the Labor Code of Ukraine (1971), in the event that an employer fails to provide work, despite a valid contract, the worker is entitled to remuneration for a total of 32 h of work. This remuneration is to be calculated at a rate that is no less than the hourly wage paid to an employee with similar qualifications. In consequence, the worker will not be deprived of the means to sustain oneself, although the remuneration they receive may be less than one could otherwise expect. It thus follows that the remuneration provided must be that of a similar employee at other enterprises, rather than an average salary. The specific remuneration owed to this particular employee under the terms of the contract in question is that which is accrued for 32 h of working time.

In addition, Article 21–1 notes that this type of contract may include additional grounds for its termination, which, "must be related to … other reasons of an economic, technological, structural or similar nature". However, this wording is vague; as a result, the employer can abuse workers' rights. Accordingly, the legislation should clearly state what is considered relevant reasons. Article 21–1 also stipulates that when an employment contract is concluded with a non-fixed worker for a period exceeding 12 months, the worker is entitled to request the conclusion of a traditional fixed-term or open-ended employment contract. The employer is obliged to respond to such requests within 15 days, either by complying with them or by providing justification for the refusal in writing. In such instances, the employee may once more request the specified benefits, but no sooner than 90 days after the previous demand. Therefore, it is necessary to legally establish a specific number of permissible refusals after which the employee is hired under a regular employment contract. Therefore, to improve the social protection of gig workers in Ukraine, it is advisable to consider creating a special social security fund for gig workers, which will be financed by customer companies or by the employees. As a result, mechanisms for resolving disputes between gig workers and customers, including mediation and arbitration, will be more effective is gig workers understand their rights. Hence, rapid dynamics are observed in the deployment of the digital economy in the world and in Ukraine. Social changes that gave impetus to new hybrid forms of cooperation. The introduction of gig contracts and contracts with non-fixed working hours is clear evidence of this.

Conclusions

The gig economy became an integral part of the economy of many countries. For many workers, gig work is a good option because it provides flexibility and the ability to earn money on their terms. However, gig workers face significant challenges, such as their classification in many countries as independent contractors, which means that gig workers do not receive the benefits, protections, and guarantees that regular workers enjoy. The governments of some states are already working to solve this problem. Ukraine ensured the functioning of the legal regime of Diia.City with the possibility of concluding a gig contract. Such a document is a fairly flexible tool for interaction between the customer and the contractor, which provides basic social guarantees for a specialist who is not on the company's staff while leaving them the opportunity to freelance.

However, critics of gig contracts expressed significant concerns about further regulation of the market and working conditions, which is primarily due to mistrust of the state and human rights bodies. This contractual instrument presents other inherent disadvantages, including the possibility that a Diia.City resident, as a customer, may unilaterally impose advantageous terms and conditions upon themselves. One such instance could be the refusal of a scheduled appointment with a specialist on the grounds of refusal to execute non-compete agreements. Moreover, a gig specialist is not sufficiently protected from the point of view of the possibility of termination of a gig relationship by a resident, subject to payment of compensation. It is necessary to indicate the possibility of interference by the customer in the personal life of the contractor when using means of control over the performance of work, for example, as part of monitoring the use of information and communication systems and video surveillance.

Due to its flexibility, a gig contract allows the parties to resolve a significant array of issues not covered by current labor legislation, reflected in the contract's real agreements with a specialist. Compared to cooperation within the framework of a sole proprietorship, a gig specialist is not required to register the appropriate status. Thus, there are no risks of reclassification of such relations into labor relations. The tax burden is also reduced, although an additional 1,5% military tax must be paid. Furthermore, if a specialist caused damage to a resident's property, no more than 20 % of the amount will be withheld monthly from his/her remuneration. Another advantage of gig contracts is the provision of social benefits to the gig specialist, traditional for labor relations.

Apart from that, the analysis of Ukrainian experience can be useful for other countries that seek to balance flexibility with social protection of employees. This research novelty lies in demonstrating how innovative legal instruments can adapt national labor models to global trends. Comparing regulatory practices in Ukraine, the USA, the EU, and India, the research offers recommendations for the further improvement of the gig economy. This analysis can be useful for Ukraine and for other countries that seek to balance the interests of workers and employers in the digital age.

Diia.City has only recently been operating, so it is still difficult to predict the realities of its functioning although positive dynamics are already visible today. It is already clear that gig contracts are an effective solution that offers specialists favorable conditions but can also impose burdensome obligations. With the use of gig contracts, the labor relationships become more transparent and accordingly, more attractive for attracting external investment.

Thus, gig contracts in Ukraine are an example of an innovative approach to labor regulation in the era of globalization. However, they require further analysis and improvement. Gig contracts do not only create new opportunities for employees and employers, but also stimulate discussion about the adaptation of legal systems to the transformations of the global labor market. In this regard, social aspects of the gig economy are one of the most controversial ones as this form of employment often balances between flexibility and vulnerability of workers. Although gig contracts offer considerable freedom in choosing a work schedule and the ability to work remotely, they rarely provide employees with full-fledged social guarantees such as paid vacations, sick leave or retirement benefits.

In Ukraine, the introduction of gig contracts in Diia.City was a step towards improving the situation. Thus, they provide for certain social guarantees such as paid leave, disability insurance, and maternity leave. However, these mechanisms are still limited to the IT sector, leaving workers in other industries without similar protection. Therefore, social aspects of the gig economy constitute the limitations of this study and stipulate further research.

Ethical approval

All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

CRediT authorship contribution statement

Valeriia Filinovych: Writing – original draft. **Olena Derevianko:** Writing – original draft. **Anatolii Mykolaiets:** Writing – original draft. **Oleksandra Pohorielova:** Writing – original draft. **Mariia Denysiuk:** Writing – original draft.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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