## ОДЕСЬКА ШКОЛА ТРУДОВОГО ПРАВА

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## FREELANCE AS NON-STANDARD FORM OF EMPLOYMENT

**Problem setting.** Labour law is one of the fastest moving areas in the law today. The relationship between an employer and employee does not stand still but evolves over the years. Most employers nowadays do not regard their employees as their property and the law has changed with changing attitudes, introducing basic labour rights and providing specialised forums in which those rights can be quickly enforced.

However, the role of the classic employment relationship is undergoing major rethinking at the current time and non-standard forms of employment are becoming more widespread in both developed and developing countries. The use of such form of employment leads to increased inequality and insecurity that undermines prospects for economic development, causing a steady decline in the living standards of employees.

While insecurities can also be present in standard employment relationships, they are less prevalent than in the different non-standard forms of employment.

Analysis of recent researches and publications. Topical issues of legal regulation of non-standard forms of employment in a market economy is the subject of study of Ukrainian and foreign scientists, such as: F. Andersson, A.P. Bizyukov, A.K. Bhandari, I.Brinkley, P.H. Cappelli, S. Clauwaert, G.I. Chanysheva, P. Fadeuilhe, C. Gather, E.S. Gerasimova, V.E. Gimpelson, S.Y. Golovina, M. Hall, T. Hartmann, A. Heshmati, R.I. Kapelyushnikov, J.R. Keller, I.J. Kiselev, T.Y. Korshunova, M. Kurzina, I.A. Kostyan, C. Lang, I. Motorna, A. Muller, A.F. Nurtdinova, S.A. Prilipko, A.P. Rymkevich, J. Thompson, S.A. Saurin, I. Schömann, G. Vakhitova, S. Wölfing, G. Wünsche, I.I. Zavodovsky, O. Yaroshenko etc.

The **purpose** of this article is to examine the main characteristics of freelance, to research issues of ensuring the individual and collective labour rights of freelance employees.

The main material. The widespread development of standard forms of employment began to decline by the 70th of XX century. Development and changes in the world economy had an impact on the labour market transformation.

The emergence and development of post-industrial society completed the widespread occurrence of non-standard forms of employment.

Non-standard forms of employment contracts cover diverse forms of employment relationships. The most common forms are fixed-term contracts and part-time contracts. This forms of employment is particularly affected by the impact of the economic crisis, putting employees in a very insecure and precarious position. Rising structural unemployment and global competition in the 1980s led to demands for greater flexibility in labour markets, which resulted in reforms of employment protection legislation. This in turn gave rise to an increasing use of temporary employment contracts in the 1980s and 1990s in many European countries. In the past decade, this trend has continued in a number of countries. Transitions out of employment are becoming more common while those into permanent employment are becoming more difficult in recent years, which raises questions about the extent to which temporary contracts facilitate career progression.

In the last ten years, a new phenomenon like freelance is developing at a fairly rapid pace.

Freelancers now make up 35 % of the U.S. workforce and companies are always looking to outsource and work with them to meet their business goals. There are tons of websites out there that can help freelancers find jobs (79 general, tutoring, photography, web design and development and other) [1].

The initial hypothesis about the essence of freelance is based on the fact that it is a special type of employment without a long-term employment contract, outside the state organisation.

It is difficult to classify this phenomenon by any signs. For example, in the form of ownership of the

means of production to include freelance to any category is impossible, since the means of production often belong to the employees themselves, but it happens that employers involve independent cotractors who carry out tasks using the means of production owned by the employer. Unable to unify freelance and on the basis of the place of performance. The regularity of its implementation depends on the self-organisation of the freelancer of his labour activity, which can be either temporary or even occasional, and occupy a certain number of hours daily.

Most freelancers work under civil law contracts, which, in essence, is the consolidation of labour relations, although many professionals still refer freelance to informal employment. The easiest way to identify freelance is by working regime, because it involves targeting the outcome rather than the time worked.

It is incorrect to consider the equivalent concepts of "freelance" and "remote work" ("remote labour"): a staff employee of the company can work remotely. The term "e-lancer" or "teleworker" is sometimes used to refer to the category of distant employee, sometimes the term "web-lancer" (network freelancer) is used. In this case, the category of electronic and network freelancers does not cover all employees engaged in free activities. This is primarily due to the peculiarities of their activity, because a considerable number of persons engaged in freelance can not perform work remotely and needs immediate contact with the client (psychologists, tutors, photographers, consultants, artists, etc.).

Telework is a form of organising and/or performing work using information technology, in the context of an employment contract, where the work, which could also be performed at the employer's premises, is carried out away from those premises, on a regular basis. A teleworker is a person who performs telework. The characteristic feature of telework is the use of computers and telecommunications to change the accepted location of work.

Freelance is a kind of employment in the market of goods and services, characterised by the independence of the choice of form and place of its implementation and a low degree of dependence on the employer. Employed in this type of activity, the employee (freelancer) has a high degree of freedom and opportunities for self-realisation and creative growth, the definition of personal labour order. The work of freelancers is regulated in most countries by the norms of labour and civil law.

It is logical to conclude: freelance is not just employment with the use of Internet opportunities, and so on, but a way of life and self-realisation is a departure from strict regulation related to labour regulations, direct leadership and indispensable presence in the workplace (while not at all it's very easy to have a high level of education).

According to experts, the number of freelancers of the largest portal in Ukraine (freelance.com.ua) is constantly increasing.

Nevertheless, work under non-standard forms of employment contracts can affect employees in a variety of ways. Empirical evidence suggests that de facto earnings of workers in non-standard forms of employment may differ from those of regular workers. Workers employed under non-standard forms of employment contracts frequently have inadequate employment-based social security coverage, either because they are explicitly excluded from receiving coverage by law or because their short tenure, short contribution periods or low earnings may limit access to such entitlements. Although they are faced with many of the same risks as other workers, because multiple parties are involved, with the contracting agency paying the wages but the user firm giving the instructions, there is greater potential for accidents, even if responsibility for safety and health at the workplace lies with the user firm. Workers in nonstandard forms of employment may experience difficulty in joining trade unions or in being covered by collective bargaining agreements [2].

It must be remembered that, the percentage of employees who held a freelance job because they could not find a permanent job.

The Annual Report of the Ukrainian Parliament Commissioner for Human Rights on the state of human rights and freedoms in 2014 indicated that the modern features of the labour market is threatening the pace of conversion to non-standard forms of employment (outsourcing, outstaffing, staff leasing, homeworking, teleworking, freelance) the so-called borrowed work, also related to the violation of labour rights, in particular the failure to ensure employees even minimum state guarantees.

Furthermore, it should be noted that the results of the monitoring of the Ukrainian Parliament Commissioner for Human Rights indicated that it is due to mismatch between the effective provisions of labour legislation and other legal acts and contemporary social and economic developments, international trends and standards, as well as due to the lack of efficient state policies over the labour market and employment sector. It is especially manifested through the problems such as creation of decent workplaces, reduction of 'shadow' employment and payment of wages, informal and non-standard employment, and improper and untimely response to new challenges emerging at the labour market with regard to greater globalisation.

Despite the growing popularity of this form of employment, the terms "distance work", "remote work", "freelance", etc., do not exist in the draft Labour Code of Ukraine, and the legal status of employees working remotely is not defined. In this regard, most employers enter into civil law contracts with employees instead of employment contracts.

The legalisation of labour relations between employers and such categories of employees is necessary not only for the state, but also for all participants in the process. Employees should be able to enjoy all individual and collective labour rights.

In particular, when organising remuneration for labour, first of all it is necessary to take into account guarantees on wages, stipulated by contractual relations, agreements and current legislation; the principle of non-discrimination and justice.

Employment contract plays an important role in regulating the payment of freelancer's work.

When using individual incentive wage systems, it should be taken into account the professional status of the freelancer, the importance and complexity of the labour function and the factors depending on the employee.

Furthermore, a significant feature in arrangement of remuneration is that its variable part can be very flexible.

The success of the digital transformation of the Ukrainian economy depends on the creation of an adequate regulatory mechanism and arrangement of remuneration.

Thus, potential possibilities of fluctuating employment are: declining living standards of the employed population, unemployment, inefficient fulfillment of labour functions, development of shadow economy one of the compulsory conditions for formation of a flexible labour market is the creation of qualitative institutes of social support of the unemployed in order to establish balance between the employment guaranties and market flexibility - the situation called 'flexicurity' in the English-speaking countries ('flexibility' + 'security') governments of certain countries develop mechanisms to protect employees from fluctuating employment; one of such mechanisms is institutionalisation of the social support of the employees who work on an irregular basis (casual employment).

Disadvantages related to the professional education of labor market participants are a considerable factor decreasing the stability of employment and having a negative effect on labour market functioning [3, p. 200].

**Conclusions.** To sum up, the problem of legislative regulation of relations between employers and employees working remotely, freelancers can decide

on the introduction of the institute of electronic employment contracts.

The conclusion of an electronic employment contract will provide a real opportunity to legalise the existing labour relations between the parties, establish the rights and obligations of the employee and employer.

The use of electronic digital signature should also be possible at the conclusion of employment contracts, familiarisation with the adopted local legal normative acts, employer orders and other documents. In electronic form, the employee should also be able to apply to the employer with an application, provide explanations or other information. According to Art. 4 of the Law of Ukraine «On Electronic Digital Signature» dated May 22, 2003, No. 852-IV, electronic digital signature is intended to provide the activity of individuals and legal entities, which is carried out with the use of electronic documents.

It is advisable to interact with the employee and the employer through the exchange of electronic documents in parallel with the documents in paper form.

Thus, the legal regulation of the peculiarities of the regulation of the work of frelancers in the draft Labour Code of Ukraine is necessary in order to ensure observance, promotion and implementation of the fundamental principles and rights in the field of labour: freedom of association and effective recognition of the right to conduct collective bargaining; abolition of all forms of compulsory and forced labour; an effective ban on child labour; prevention of discrimination in the field of labour and occupation, as well as other personal non-property rights and property rights of employees.

These are also indicative of the positive role of social dialogue in regulating and monitoring private employment agencies implementing forms of social dialogue. The Law of Ukraine «On Social Dialogue in Ukraine» determines the legal principles of organizing and the procedure for holding social dialogue in Ukraine with the purpose of developing and implementing the state social and economic policy, regulating labor, social and economic relations, and ensuring improvement of the living standard and the quality of life, as well as social stability in the society. Article 8 of the Law envisages that social dialogue is conducted between the parties of social dialogue in the following forms: exchange of information; consultation; reconciliatory procedures; collective negotiations on conclusion of collective agreements.

The effectiveness of social dialogue depends on a number of external and internal factors. These include a sufficient political will, a favourable political environment, a market economy, a legislative framework including labour law, institutions providing a foundation for social dialogue, independent and representative delegates of employers and workers, and the technical competence of all participants. The tripartite partners currently realize the need for change and are seeking to create and implement a more efficient model of social dialogue.

Collective bargaining is at the heart of social dialogue. It is a substantive process involving negotiations between one or more employers or employers' organizations and one or more trade unions, with a view to reaching a collective agreement that regulates the terms and conditions of employment and relations between the parties. While it may be related to other processes, such as consultation and

tripartite social dialogue, it remains a unique and distinct form of social dialogue.

The effective recognition of the right to collective bargaining enables the development of a form of regulation that complements statutory regulation. Collective agreements can reinforce compliance with statutory provisions, enable parties to improve on them, and provide a mechanism for addressing issues specific to certain enterprises or economic sectors. This can benefit both parties, ensuring that employees get a fair share of productivity gains while not impairing the capacity of employers to operate profitably.

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#### **Lagutina Irina**

#### FREELANCE AS NON-STANDARD FORM OF EMPLOYMENT

The article emphasizes that the use of freelance leads to increased inequality and insecurity that undermines prospects for economic development, causing a steady decline in the living standards of employees. This article analyzes the problem of legislative regulation of relations between employers and employees.

**Keywords:** freelance, temporary employment, employee, labour rights.

# **Лагутіна Ірина Вікторівна ФРІЛАНС ЯК НЕСТАНДАРТНА ФОРМА ЗАЙНЯТОСТІ**

У статті підкреслюється, що фріланс веде до зростання нерівності та соціальної незахищеності, підриває перспективи економічного розвитку країни, викликає неухильне зниження рівня життя працівників. Аналізуєтьсяпроблема законодавчого врегулювання правовідносин між роботодавцями і працівниками, що працюють при нетипових формах зайнятості.

Ключові слова: фріланс, тимчасова зайнятість, працівник, трудові права.

# **Лагутина Ирина Викторовна** ФРИЛАНС КАК НЕСТАНДАРТНАЯ ФОРМА ЗАНЯТОСТИ

В статье подчеркивается, что фриланс ведет к росту неравенства и социальной незащищенности, подрывает перспективы экономического развития страны, вызывает неуклонное снижение уровня жизни работников. Анализируется проблема законодательного урегулирования правоотношений между работодателями и работниками, которые работают при нетипичных формах занятости.

**Ключевые слова:** фриланс, временная занятость, работник, трудовые права.