



European Training Foundation

# THE FUTURE OF WORK

**New forms of employment in the Eastern Partnership countries: Platform work**



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# PREFACE

The European Training Foundation (ETF) is engaged in the international debate about the future of work and skills in developing and transition countries, in particular in the European Neighbourhood and Central Asia. This study is one of several ETF actions analysing the impact of global trends on human capital: its formation, development and utilisation.

Globalisation is a common denominator for the current trends. Digitalisation, internet technology, automation, robotics and artificial intelligence are displacing, replacing, reshaping and complementing many jobs. Climate change, demographic shifts and migration flows further contribute to the world's transformation. The trends driving this transformation are set to continue, but their economic and social impact will vary from country to country, and outcomes will very much depend on what actions countries take to seize the opportunities and address the challenges that these major trends bring with them. Current digital developments are bringing increased labour flexibility, replacing 'jobs' with 'tasks' and influencing employment relationships by reshaping them or creating new ones. Labour on demand is becoming widespread in the so-called 'platform', 'collaborative' or 'gig' economy. It has different names, but it generally enables services to be hired via internet-based platforms. It is transborder in nature, with offers of and demands for labour meeting online, and implies a genuine globalisation of work: 'gig' jobs (tasks) are accessible to workers (or 'taskers') around the world. The trend is also enhanced by overall low market stability and by new economic models that use the internet and have arisen in parallel to traditional sectors, particularly services. Digitalisation increases opportunities, creating new ones for people who face barriers in finding jobs, and promoting inclusion for young people, women, individuals with disabilities and those in remote areas. The online platform economy could also be an alternative to migration.

With quite high activity rates, unemployment in the Eastern Partnership (EaP) countries is persisting and informality is widespread. Labour markets are becoming more segmented, with increasing non-standard contractual arrangements. New forms of work are becoming an important source of income.

The current project took up the challenge to research changing patterns of work triggered by digitalisation in the six EaP countries – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine – focusing particularly on work via labour platforms, both web-based and on location. The research explored:

- the importance of online platform work in the overall labour market context of the six EaP countries, by analysing the scale and nature of labour and skills demand, organisational models, profiles of online and platform jobs, profiles of online and platform workers, and career and in-work skills development options;
- opportunities and challenges driven by platform work developments, their implications for the regulatory and institutional setting, and their contribution to quality job creation, inclusiveness, and skills formation and utilisation.

The study aimed to fill the knowledge gaps on emerging platform work in the region. In order to meet the objectives, the research implemented a multidisciplinary methodological framework that combined quantitative and qualitative research methods. The evidence was collected through desk research, country-specific and platform-level interviews, and big data analytics through automated data collection. The analysis was placed in the context of recent socioeconomic developments and complemented with reflections and discussions held during an expert seminar in January 2021.

The research and analysis, which took place between September 2020 and March 2021, was led by the ETF's Iwona Ganko and Eva Jansova, with a contribution from Inna Dergunova and Kristien Van den Eynde. The body of the report was drafted by Vaida Gineikyte and Loes van der Graaf from the Public Policy and Management Institute (PPMI). The country profiles (published separately) were elaborated by Vardan Baghdasaryan (Armenia), Narmina Gasimova and Nigar Islamli (Azerbaijan), Jekatyerina Dunajeva (Belarus), Murtaz Kvirkvaia (Georgia), Roman Ivanov Eduard Gurin (Moldova), Oleksandra Betliy (Ukraine). The report also benefited from inputs from ETF experts, including Alessandro Brolpito, Arjen Deij, Franca Crestani, Anastasia Fetsi, Timo Kuusela, Cristina Mareuta, Margareta Nikolovska, Susanne M. Nielsen, Manuela Prina, Francesca Rosso, Maria Rosenstock and Georgios Zisimos.

The report aims to trigger a wider reflection on policy implications arising from the new trends in online labour and skills demand, and in work organisation changes. The assessment considers possible measures to mitigate challenges and foster opportunities (digital access), protect workers (labour legislation, social security and social dialogue) and enhance skills formation, development and utilisation (education and training). The analysis focuses on both country-specific and EaP common regional elements, which could direct national and regional actions, including those supported by the European Union (EU).

Although it provides a broad overview, this report is not exhaustive and the picture we see so far is only a partial one. The new global and local digital labour market phenomena are very diverse and complex, and we only touch on certain aspects of the prevalence, working conditions and skills development aspects. These all require further research and systematic data collection if they are to constitute a more thorough knowledge base for informed policy actions in the countries.

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# EXECUTIVE SUMMARY

New forms of employment, including work via online platforms, are increasing globally, including in the Eastern Partnership (EaP) region: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Various forms of online and platform work have been identified in the six countries, and sufficient grounds exist to expect that this phenomenon will grow in the near future. Technological advancements and digitalisation bring new employment dynamics that challenge standard full-time employment on multiple fronts, augmenting remote work or so-called teleworking, fostering short-term and flexible working arrangements and increasing the number of casual or project-based labour contracts. As well as being a global trend, platform work can be viewed in a broader context of recent developments in the EaP region: digitalisation of economies, the emergence and growing popularity of new forms of employment (most notably remote and freelance work), and globalisation and labour outsourcing by international clients. Platform work is both a result and a manifestation of these transformations in economies.

The analysis leads to the conclusion that the inclusiveness potential of platform work has not yet been tapped. Platform labour markets largely mirror existing inequalities in traditional labour markets and also seem to replicate, suffer from or reinforce many of the pre-existing flaws. Platform work introduces unprecedentedly efficient global matching of labour demand and supply, while creating new and flexible work opportunities. However, it also often fosters informality, income instability, and uncertain working conditions limited access to social security. The findings point to several actions that could address the challenges of platform work in the EaP region, while building on opportunities. Some of these are quite specific to platform work, while others relate to broader areas of skills development, digitalisation and regulation of the labour market.

Policy discussions on the online labour market in the EaP countries are generally still absent, except in Ukraine. They are hindered by an insufficient knowledge base on the new phenomenon, its huge diversity and the rapid pace of developments. The ETF's research aims to provide a firm background for further reflections and discussions on online labour and skills demand, and on the organisation of the digital labour market. Although it provides a broad overview, our research points to the need to build a more thorough and comparable body of evidence across the countries to help in addressing policy challenges.

## Prevalence of platform work in the EaP countries

**Platform work – remote and on location, high and low complexity – takes place in all EaP countries.** Similar to the situation in many EU countries, no reliable, comparable information exists to provide a definite answer on the prevalence of different types of platform work in different countries and among different groups of workers. The insights from specific platforms, interviews and desk research provide only a preliminary indication of the comparative prevalence of platform work. However, they do indicate that the phenomenon has been growing markedly and gaining in popularity.

**The prevalence of platform work differs significantly across the EaP countries.** While Ukraine and, to a lesser extent, Belarus are already globally recognised to be among the European leaders in the 'export' of highly qualified platform labour, in Georgia, Azerbaijan and Moldova these forms of employment are still emerging. Although Armenia had not previously been recognised as a prominent

country for platform work, the numbers of qualified platform workers on the selected platforms indicate a relatively high prevalence of platform work among Armenian freelancers.

**Although overall the numbers of EaP-registered workers on platforms is significant, it would be misleading to consider them all as actual (or active) platform workers.** Large numbers of people signing up with online labour platforms creates a significant oversupply of labour. Most workers who create profiles do not manage to secure assignments in the highly competitive online labour markets, benefiting freelancers who already have a track record of completed tasks with high ratings. This might be one of the reasons for joint accounts on the platforms and for work being carried out not only by individual freelancers, but also by freelancer groups or even agencies/companies. Therefore, the analysis of the number of EaP worker profiles on the platforms may not reveal the full scope of remote freelancing in the region, as significant numbers of workers can be represented by a single profile. This mode of work organisation is attractive to freelance beginners who lack a track record and to freelancers with poorer foreign language skills. An insufficient skills base in the countries, particularly digital and language skills, is seen as one of the obstacles hindering wider participation in the online labour market.

**The strongest labour and skills demand is observed in high-skilled and low-skilled labour market segments.** The most widespread web-based engagement relates to higher-complexity specialist work in the information and communication technologies (ICT) sector (software development and technology) and in the creative and multimedia industry. Meanwhile, the most widespread types of on-location platform work in the region are ride-hailing and delivery conducted via mobile apps, as well as various ancillary or repair services. The growth of high-complexity web-based platform work in the EaP region is driven by the demand for these skills around the world but is also conditioned by the presence of a qualified workforce. International clients appreciate the skills offered, the motivation of workers, the convenience, and the availability and lower costs of the Eastern European workforce. In this sense, remote platform work is part of the general and increasing trend of outsourcing highly qualified workers from the EaP region to other regions, both through and outside online labour platforms. The overall trend of outsourcing by big multinationals fosters the development of new business models to respond to customer demand. The analysis found little evidence of on-location services requiring a highly skilled workforce (consultancy, training, etc.). Most notably, the Kabanchik platform, which mediates a wide variety of household and business services in Belarus and Ukraine, does offer higher-skilled services (e.g. teaching), but lower-skilled services (e.g. household repairs) are more popular on the same platform. National platforms for on-location work exist in all EaP countries, and continue to emerge and gain popularity, although web-based international platforms are still more popular.

**The impact of the Covid-19 pandemic varies across countries and types of platforms.**

Lockdowns introduced by the authorities resulted in a drop in demand for on-location services such as ride-hailing. While the demand for taxi services has fluctuated depending on the restrictions imposed in the countries, the pandemic has stimulated higher demand for delivery services and increased competition between companies providing such services. At the same time, the situation has particularly encouraged remote platform work (due to lockdowns and the rise in unemployment in the traditional economy). This type of work appears not to have suffered substantially, with information technology (IT) and software development services, as well as creative and multimedia services, benefiting from an increased demand in the longer run.

## Platform work characteristics in the EaP countries

**Platform work has created a wide range of new employment opportunities in the EaP countries,** characterised by increased flexibility in terms of working schedules, working time and locations. It is attractive as part-time or side employment, allowing many workers to earn additional income alongside their main jobs. Platforms provide access to global markets and clients, particularly for remote and highly qualified workers. Meanwhile, in the face of persisting unemployment and underemployment in most of the countries, on-location work platforms provide employment opportunities for the lower-skilled workforce, mainly in the cities. However, platform work has so far mirrored the already existing labour market vulnerabilities in the six countries, including high levels of informality and skills polarisation, a wide gender gap, and underemployment.

**Freelancers from the EaP countries are largely familiar with remote platform work and are active on Russian- and English-language international freelancing websites.** The available longitudinal data on active EaP workers on the main English-language remote work platforms shows an increase over time. National platforms are also emerging in the EaP countries, although they seem to be not as popular among EaP workers as the international online freelance marketplaces. Platform work has become attractive because of its lower entry barriers, in terms of formal skills requirements, and flexibility of working locations and schedules. These are also related, at least in part, to the reduced burden for workers and clients compared with traditional recruitment and employment procedures. Notwithstanding the relatively low barriers for entry to the online labour market, there are preconditions that must be fulfilled. For remote work, the basic requirements relate to regular access to a computer with an internet connection, at least basic digital skills and very often knowledge of languages. For on-location work the requirements relate to possession of a means of transport and a mobile device with an internet connection. However, strong global competition between freelancers introduces additional conditions in terms of skills, availability and performance.

**There is most evidence of intensive activities in low-complexity/low-skilled on-location services and high-complexity/high-skilled web-based services.** The most widespread types of on-location work are ride-hailing, delivery services conducted using mobile apps, and various types of repair, cleaning and similar ancillary work. Ukraine has the highest number of active international on-location labour platforms, while this sector of the online labour economy currently seems to be least developed in Moldova. In all countries, most platforms operate in the capital and in other large cities. The work conducted remotely by most EaP workers is higher-complexity specialist work, such as software development and creative tasks, rather than clerical or micro tasks. This trend is evident on the four most popular international English-language platforms (Upwork, Freelancer, Guru and PeoplePerHour), as well as on the Russian-language Weblancer and Freelancehunt. As the activities differ a lot in terms of their levels of complexity and skills requirements, workers implementing or offering these services also represent a wide range of qualification profiles and skills levels. However, the prevalence of platform work in high-skilled and low-skilled labour market segments fosters further employment and skills polarisation, risking the deepening of labour market segmentation.

**The hourly earnings from platform work are generally higher than the national averages in the offline economy, leading to greater job satisfaction.** The remote work segment offers significantly higher gross hourly wages, in particular on international platforms. The same trend – although weaker – was found in the on-location driving and delivery services sector. However, this does not necessarily always translate into higher monthly wages, given the substantial deductions in terms of platform fees, social security contributions and taxation. Unemployment and underemployment in the form of low activity and lack of work assignments are also evident.

**Access to better-paid jobs in the home country could potentially reduce incentives for economic outward migration.** Platform work (and other types of outsourcing) offers opportunities to participate in the international market without leaving the home country. Emerging new local business models driven by innovation have the potential to contribute to competitiveness and employment growth, including through labour outsourcing for international clients and new entrepreneurial opportunities. While the EaP countries are greatly affected by labour migration, especially among qualified workers, the impact of platform work on migration will require further investigation, in line with the growing participation in platform work.

**Connectivity remains a key challenge for the further expansion of the digital platform labour economy in EaP countries.** Access to a high-quality internet connection is the core precondition for the spread of platform work. Although digitalisation is recognised by all EaP countries as a crucial trend influencing the labour market both now and in the future, significant gaps remain. Compared to the situation in EU countries, the indicators relating to internet access and use are still considerably lower in the EaP region. Only in Belarus is the level of broadband subscription similar to that in the EU, while in other countries, the level is only half, at most, of this rate. The share of the population using the internet is also significantly lower in Ukraine, Georgia and Armenia than in the EU and other EaP countries, according to World Bank data. Most of the disadvantaged groups – such as women, those from ethnic minorities, older persons and rural residents – also tend to have poorer access to digital technologies.

## Workers' characteristics

Platform worker profiles tend to differ significantly by the nature of work conducted, but trends emerging from the data are common across all sectors and types of work.

- The majority of EaP platform workers are men, as for instance in the EU countries and Serbia. While this general trend seems to be common in both remote and on-location platform work, it is more pronounced in the latter. The only exceptions are some specific remote types of services, such as writing and translation, in which more women are engaged, for example in Ukraine. The gender gap can be partially explained by the type of occupations and skills demands, which favour men.
- People with disabilities, those from ethnic minorities, as well as rural residents, who could benefit from remote work, are underrepresented in the online labour market.
- Most platform workers – both on location and remote – are based in the larger cities and capitals of the EaP countries. This is correlated with internet access, as most internet users, like platform workers, are concentrated in cities, and the coverage in rural areas is more limited.
- Most platform workers are relatively young compared with the average age of the overall labour force. Although all age groups are represented in on-location platform work, the biggest group is young people below the age of 40. About 80% of remote workers on Weblancer are in their 20s and 30s, with an average age of 33 years. Anecdotal evidence also indicates that in some cases, platform work is undertaken by students who are combining such work with their studies.
- Remote workers are most often highly qualified (i.e. to tertiary education level) and have prior work experience. In the on-location work segment there is some evidence of the overqualification of workers, although little is known about workers' skills and educational backgrounds. All levels of education are assumed to be present in the on-location platform worker pool across the EaP region, but further research is needed.
- Workers' motivations to engage in platform work differ and include a variety of push and pull factors. These include the lack of other income sources or job opportunities, the opportunities to

earn additional income, the flexibility of the work and schedules, the opportunity to work remotely, and the attractiveness of working for foreign clients. From a social perspective, freelancing is also often seen as a new, attractive lifestyle.

## Platform work organisation

**Organisational models of platform work vary significantly due to the heterogeneity of online labour platforms, as well as the variety of services provided.** Platforms for lower-skilled on-location work, such as Uber and Yandex.Taxi, have very different models of operation from, for example, Upwork, a platform primarily focused on high-complexity services. In the former group of on-location service platforms, the level of (algorithmic) control over workers, the provision of means of work and the remuneration arrangements resemble the relationship between employer and employee. Meanwhile, in the latter group of remote work platforms, work relationships are characterised by high degrees of worker autonomy and flexibility.

**Most platforms tend to assert that platform workers are self-employed, independent contractors, regardless of the type of platform work.** Civil codes regulating self-employment and freelance/contract work are the main framework for platform work in EaP countries. In this case, a platform worker is legally not perceived as an employee, but as a natural person contracted for a service. While self-employment status may well reflect the actual situation of highly qualified online freelancers, this can often be a misclassification (i.e. bogus self-employment) in the case of lower-skilled on-location platform work: like employees, they often have limited control over their work schedules, processes and pay rates, and are provided with work equipment by the platforms. Moldova is an exception, for example for on-location transport services, where work relations are regulated by standard employment contracts. Both experts and workers claim that the existing legal framework for work via platforms is not optimal and its complexity contributes to widespread informality. In addition, experts suggest that formal work arrangements are not sufficiently enforced across the region, opening the door to undeclared work or disguised employment in many sectors of these economies, including through digital platforms.

**Platform workers are often not covered by social security, employment benefits or trade union protection.** Employment under civil law often means that platform workers, even those working formally, miss out on a number of protections and rights guaranteed by the labour codes, relating to working time, holidays, social security, sick leave, unemployment benefits and similar. Moreover, in some cases tax regimes and social security contributions for the self-employed are similar to those paid under regular employment contracts, although these are not accompanied by the same level of rights and benefits. Platform workers, as self-employed or freelance individuals, are generally not part of workers' trade unions. They do, however, try to raise awareness of their working conditions and exert some pressure to improve their status, for instance in Ukraine through self-organised workers' communities on Facebook.

## Skills dimension in the platform work

**A skills pool that meets customers' demands is one of the main factors fostering the development of online platform work, in addition to economic and labour market conditions.**

Although engagement in platform work often does not require formal qualifications, it is related to certain skill sets as a key precondition.

- All potential platform workers must have at least basic digital skills, as these are necessary to navigate the online task search and work organisation environments. This is relevant in EaP countries and could be one factor preventing a faster development of the online labour economy, especially among the more disadvantaged groups.
- Strong competition in international marketplaces for the highest-paid platform jobs means that workers require a good command of the English language, as well as Russian. As of 2020, the English-language skills of EaP populations were significantly lower than those in most EU countries. While Belarus, Ukraine and Georgia are classified as moderate-proficiency countries, Armenia falls into the low-proficiency group, and Azerbaijan is classed as very low proficiency. Therefore, attention to the development of foreign language skills is important in making platform work opportunities available to broader groups of EaP workers.
- Successful platform workers need a range of occupational skills, personal dispositions and competences developed through formal education and training prior to commencing work experience in the platform economy. As platforms provide intermediation between workers and clients for a wide variety of tasks based on their complexity, the types and levels of qualifications required also vary. The low prevalence of web-based platform work in some of the EaP countries can be explained, at least to some extent, by the general lack of a workforce with the 'marketable' skills necessary for digital platforms. The size of the IT workforce in Belarus is around five times greater than that of Azerbaijan, despite the fact that the two countries are similar in terms of population size; there are also significantly more Belarusians on web-based labour platforms.

**The research suggests that platform work contributes both to improving existing skills through deploying them on the job and to developing new skills.** Online work can be useful for professional growth and portfolio-building, and can develop the skills necessary for job seeking and employment. Some platform workers specifically report improving their customer service and self-organisation skills. In addition, the use of online platforms for job search can help to develop soft skills, such as foreign languages, analytical and problem-solving skills, self-presentation and communication. Career management and entrepreneurship are also essential for platform work, as is learning to learn. This seems to be true not only for highly qualified freelancers, but also for micro-task and on-location workers. Given that private sector companies in the EaP region have noted the lack of the necessary skills (both technical and transversal) in the workforce to fill vacancies, platform work could become one of the avenues for on-the-job informal training if skills development and validation requirements are fulfilled.

**At least some types of platform work (notably remote work) are associated with the continuing development of on-the-job skills through self-learning processes.** This relates not only to specific technical skills for implementing tasks, but also to soft skills, such as time management, self-presentation and communication with clients. Skills are gained mainly on the job and through a variety of internet sources, including YouTube tutorials, massive online open courses (MOOCs), specialists and freelance communities. Platforms provide some training, such as customer service courses by on-location platforms or paid training courses on the Fiverr platform. Higher-skilled workers in the

professional services sector, particularly IT, profit from existing training offers delivered by private training providers and big tech companies.

**Despite existing opportunities, skills and career development within platforms seems limited.**

Online platforms profit from skills pools available in the countries, both remotely and on location. There are no formal skills requirements to enter the online market, but workers need to prove their competences through service delivery and positive client ratings. While the platforms recognise the benefits of lifelong learning approaches for them and their workers or service providers, they do not seem to assume skills development responsibilities, given the flexible nature of the relationship between the platform and workers. Meanwhile, from the perspective of the public sector, platform workers remain outside the group of beneficiaries of upskilling opportunities offered by, for example, employment services and sectoral organisations. The limited lifelong learning provision does little to help workers who are locked in to relatively well-paid, but low-skilled, platform work, which in turn can result in deskilling. Visibility and recognition of skills acquired online, as well as further career development, are still to be enhanced. Workers' reputations through ratings, which could be considered as job experience with acquired skills, are not portable.

## Policy implications

**The first important step is the recognition of platform work in the policy discourse, along with other new forms of employment in increasingly digitalised economies.** Any specific policy action would need to consider the benefits that the new policy can create for all parties – platforms, workers, clients and state authorities. Tapping into the innovation potential of the digital labour market is important for the development of EaP economies. At the same time, incentives for workers to formalise their work and income can come from a more holistic approach to economic regulatory frameworks. A broader international perspective and coordinated and systemic research will be necessary due to the transborder nature of platform work. Finally, trust in government and social dialogue are other key components that will be necessary for the new policies to take effect. Therefore, policy and regulatory attempts should be followed by appropriate institutional organisation and relevant communication.

Addressing existing challenges will require holistic approaches embracing four dimensions.

### 1. Connectivity: infrastructure and digitalisation

Connectivity and digitalisation are crucial preconditions for fostering the expansion of new online business models. Further investment in the development of ICT infrastructure and enhancing access to the digital environment, especially in rural areas, could encourage the development of new employment outside the major cities of EaP countries. Quality and affordable access should be considered, taking into consideration existing vulnerabilities. This is particularly important in enhancing opportunities for individuals who are more disadvantaged on the labour market.

### 2. Labour market regulation, including employment status of platform workers and taxation

In the area of labour regulation and labour market policies, a clear regulatory framework that is suitable for the new forms of employment in digitalised economies is desirable. Such regulation could envisage conditions for flexible self-employment (freelancing) activities with multiple clients and create incentives for formal activities. Moreover, the role of public employment services in supporting the transition into employment and from job to job in the platform economy should not be underestimated. Platform work could become a pathway to work for the unemployed or underemployed, through counselling, training and other support services. Enhancing access to

services for platform workers, in particular to career guidance and skills development opportunities, would also then be important. Examples of publicly supported programmes that help people gain skills to use such online freelancing platforms (awareness, knowledge and access to technology) and generate income or find employment can be found in other developing countries, such as Malaysia and a number of African countries<sup>1</sup>. However, that also requires innovating the current employment service delivery modalities and types of services in response to the increasing digitalisation of work.

Addressing informality in platform work requires a level of digitalisation of governments themselves. Various types of platform work can be contrasted with traditional employment in terms of fundamental differences in the transaction costs (for workers and clients/employers) of matching demand and supply. Technologies behind on-location platforms enable almost perfect registration of transactions and accounting at the level of individual engagement of each market participant. In this regard, proper registration and taxation of platform work requires a policy approach and specific technological solutions, such as linking platform billing systems with tax authority systems. Further development of electronic systems, such as universal income declaration systems for natural persons, is another step in reducing informality. That would separate the fiscal obligations from the type of contractual relationship in which platform workers participate.

### 3. Skills strategies to address skills demand

Tapping into the great human capital potential of the EaP region and promoting further skills development will be essential. With regard to education curricula, education and training systems should focus more on the skills needed for highly digitalised and dynamic economies, with the highest 'premiums' for workers in the global economy. The needs of platform workers should be included in the reflection on learning provision, as well as in the tools accompanying lifelong learning approaches. As new learning environments emerge (private non-formal training provision, on-the-job learning, freelance mutual learning and support communities, online tutorials, etc.), it is also a matter of connecting them into a coherent learning ecosystem.

Implications for the education and training systems are then important.

Developing key competences would support better integration and performance in the digital labour market. This refers to occupational (technical skills) – such as those relating to science, technology, engineering and mathematics (STEM) and ICT, multimedia arts and design disciplines – accompanied by foreign language skills (English and Russian in particular). In addition, education curricula at all levels should include the development of transversal skills, such as self-organisation and time management, communication and self-presentation, learning to learn and entrepreneurial skills, which are necessary to successfully compete in global freelance markets.

Career management skills are also increasingly important in the online labour market. As online platform work may facilitate the first entry into the labour market for young people, initial education and training needs to focus strongly on improving young people's digital literacy, core/technical expertise and interpersonal skills.

In addition, continuing training and adult education have a very important role to play. Stronger emphasis on adult skills development – embracing the growing diversification and flexibility of

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<sup>1</sup> For more information, see: [www.sama.com/](http://www.sama.com/)

learning pathways, training programmes and skills certification modalities – is essential for supporting transitions from other jobs/sectors and within platform work. Both national qualification systems and international certification programmes (especially in the area of digital skills) should also be considered for making on-the-job skills acquisition visible and widely recognised in both online and traditional labour markets. This is particularly relevant to, for example, advanced digital skills development among IT specialists, where there is a tendency to pay less attention to formal education while focusing on actual/practical skills, which could be gained through non-formal or informal learning. Learning taking place within platform work should then be recognised and validated. Supplementary tools that might support access to validation arrangements in the future could then be explored; examples include e-portfolios, Youthpass and electronic badges. Recognition of skills and experience acquired on a platform would support their portability to another platform or offline work. The current reflection at EU level on the micro-credential system and individual learning accounts could be helpful in addressing challenges faced in the current setting of platform work.

#### **4. Extending knowledge and understanding of new forms of work**

Policy action in the area of platform work should build on evidence. Although our research provides a solid background, the picture we see so far is only a partial one. The information on the exact prevalence of different types of platform work, worker demographics and worker motivations at the regional or country level is not exhaustive. The new global and local digital labour market phenomena are very diverse and complex, and are changing rapidly, so continuous research is needed. This may include ensuring consistency with existing labour force statistics. The inclusion of questions on platform work in labour force surveys of official statistical agencies could complement the limited data shared by the platforms. Moreover, increasing platforms' data transparency would be crucial for any policy action, as the evidence collection is hampered by platforms' protective policies and unintelligible algorithms governing worker–client matching and work organisation.

# 1. INTRODUCTION

Work via online platforms is a growing phenomenon globally, including in the Eastern Partnership (EaP) countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Various forms of online and platform work have been identified in the six countries, and sufficient grounds exist to expect that the prevalence of this phenomenon will grow in the near future. As well as being a global trend, platform work can be viewed in a broader context of recent developments in the EaP region: digitalisation of economies, the emergence and growing popularity of new forms of employment (most notably remote and freelance work), and globalisation and labour outsourcing by EU and US clients. Platform work can be viewed as both a result and a manifestation of these transformations in the labour markets.

Since the beginning of the research and policy discussions on online platforms and platform work, these phenomena have been seen in terms challenges and opportunities. On the one hand, platform work can be viewed as a result of technological developments, introducing unprecedentedly efficient global matching of labour demand and supply, and creating new and flexible work opportunities for millions. However, in the international literature, work via online platforms has often been associated with precarious employment, poor working conditions, unstable income and decreased worker social security. Addressing the challenges of exploiting the opportunities for job creation, while maintaining innovation capacity and operational flexibility, requires appropriate regulatory frameworks, which in many instances are still missing.

This regional report presents the findings of the study on new forms of employment in the EaP countries. It builds on national and international data collection and analysis activities. The report synthesises findings and issues that are relevant and common at regional level, while profiles established for each country provide additional country-specific insights.

The research questions covered two broad areas, namely:

- the importance of online and platform work in the overall labour market context of the six EaP countries, including an in-depth analysis of:
  - the scale and nature of labour and skills demand;
  - occupational profiles of jobs and platform workers;
  - working conditions;
  - career and in-work skills development options for platform workers;
- the opportunities and challenges driven by the online and platform work developments, their implications for the regulatory and institutional setting, and their contribution to quality job creation, inclusiveness, and skills formation and utilisation:
  - the extent to which platform work provides new job opportunities;
  - the extent to which platform work provides inclusion for young people, women, persons with disabilities and people in remote areas;
  - challenges created by platform work, including undeclared labour.

## 1.1 Conceptual aspects

One difficulty associated with policy considerations in the area of platform work is the huge diversity within the phenomenon. Another is the rapid pace of developments. Even a precise definition of platform work to guide policy discussions is still evolving.

For the purpose of this research, we build on an extensive literature review and consider platform work as one of the sectors of the collaborative economy, where digital platforms have a role in the efficient matching of supply and demand, and of establishing trust between market players. Similar to the regular offline economy, the flow of capital and labour are the two key elements of the collaborative economy and online markets, and these also allow us to distinguish between two types of online platform marketplace (Farrell and Greig, 2016):

- **digital capital platforms** connecting customers with providers who lend money, lease assets or sell goods (e.g. Airbnb, HomeAway, Etsy, eBay);
- **digital labour platforms** connecting customers with professional (freelancers) or contingent workers who carry out specific projects or assignments (e.g. TaskRabbit, Freelancer, Deliveroo, Uber).

Data collection and sharing on those broad categories of platforms leads to new considerations of data as a new form of capital (Accenture, 2020) and of data provision as a new form of free labour (e.g. Facebook) (Fumagalli et al., 2018).

The study focuses on digital labour platforms and the workers using them, while digital capital platforms fall outside the scope of the research.

The European Commission's Directorate-General for Employment, Social Affairs and Inclusion defines platform work as all labour provided through, on, or mediated by online platforms in a wide range of sectors, where work can be of varied forms, and is provided in exchange for payment (European Commission, 2020).

To further specify the definition of online labour platforms, the Joint Research Centre (JRC) provides a comprehensive definition of digital labour platforms as '(1) digital marketplaces for non-standard and contingent work; (2) where services of various nature are produced using preponderantly the labour factor (as opposed to selling goods or renting property or a car); (3) where labour (i.e. the produced services) is exchanged for money (i.e. the work is paid); (4) three parties are involved: the online platform, the worker and the client; (5) and the matching is digitally mediated and administered; although (6) performance and delivery of labour can be electronically transmitted or be physical' (Codagnone et al., 2016).

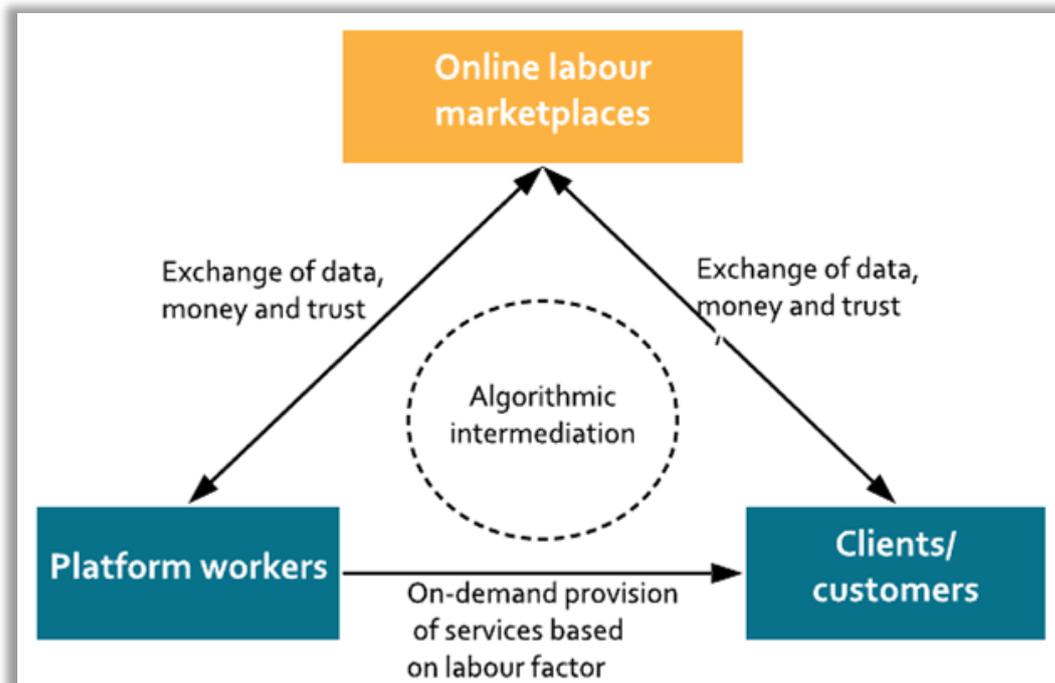
Eurofound adds to this definition that the work is contracted out, jobs are broken down into tasks, and services are provided on demand (EurWORK, 2018).

Within this definition, there are **several dimensions** by which platform work can be further classified (see [Figure 1.2](#)).

First, there are two broad types of platform work based on whether workers can work online remotely, or must meet the client or go to a specific physical location to implement the task:

- **digital labour markets for remote services:** remote delivery of electronically transmittable services (e.g. via freelance marketplaces);
- **digital labour markets for on-location services:** delivery of services is physical, although matching and administration services between consumers and service providers are digital.

**FIGURE 1.1 SIMPLIFIED CONCEPTUALISATION OF PLATFORM WORK**

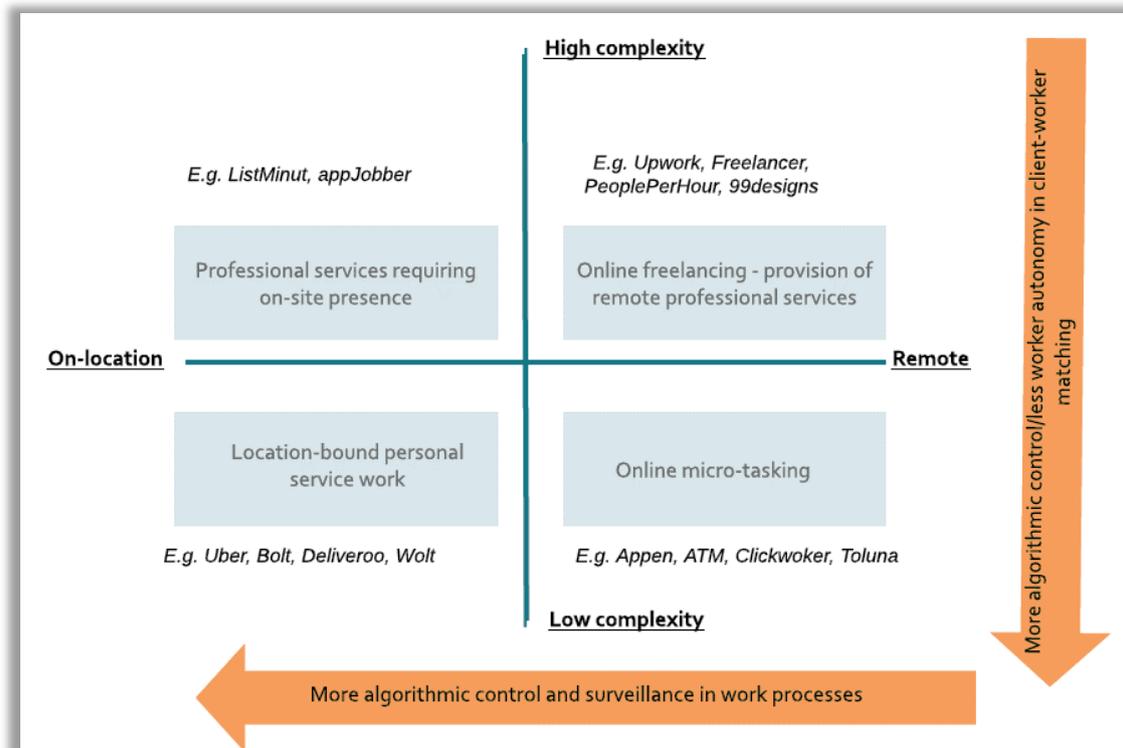


Source: Authors' elaboration.

Second, the type and level of **algorithmic management**, and, relatedly, the form of worker–client matching differs significantly across platforms and types of platform work. In many – but not all – cases, the differences in algorithmic management by platforms are evident between on-location and remote platform work. In certain types of on-location services, an algorithm identifies and assigns tasks to specific workers (e.g. drivers, couriers), linking service providers and clients without their intervention, and then monitoring both parties using apps while the service is being provided (e.g. an Uber drive, a food delivery). The pay levels for a specific task are usually also set by the platforms. Meanwhile, in remote platform work the customer often selects whose services to pay for (e.g. a specific translator, programmer, designer or other online freelancer). The workers and clients may interact and negotiate the terms before they decide to proceed with the transaction. Overall, the matching process and the underlying level of algorithmic management and control has a lot of influence on worker autonomy and other working conditions. It also tends to correlate with the skills and pay levels, as well as task complexity: lower levels can be associated with higher algorithmic control.

**Skills levels and task complexity**, therefore, is the third important dimension in classifying platform work. Such classifications, expanding the distinction between location-bound and remote platform work, have been developed by Eurofound (2018a) and the World Economic Forum (WEF, 2020). Although on-location platform work is more often associated with lower skills than remote platform work is, this is not necessarily true in all cases. While remote freelancing can involve carrying out low-complexity tasks that do not require complex skills besides basic digital literacy, on-location work can also involve high-complexity tasks, such as teaching, consultancy and similar services.

**FIGURE 1.1 DIMENSIONS OF PLATFORM WORK**



Source: Authors' elaboration, based on Eurofound (2018a), WEF (2020) and additional desk research.

As we also argue, platform work of different types is a spreading phenomenon in the EaP region, covering various sectors and creating demand for workers of various skills levels. Given the national labour markets with their employment and skills contexts, countries across the EaP region can benefit significantly from setting favourable conditions for the development and expansion of platform work. This particularly concerns addressing certain weaknesses of the national labour markets.

## 1.2 Methodology

The EaP regional analysis presented in this report builds on a mixed-method approach (quantitative and qualitative) for national- and international-level data collection and analysis: desk research, literature review, country-specific and platform-level interviews and automated data collection from the web. Big data analytics was applied through the analysis of the Online Labour Index<sup>2</sup> datasets and automatic data collection from three selected international platforms: Weblancer (Russian language), Guru and Freelancer (English language). Country-specific analysis is supplemented by insights from international and local platforms, both web-based and on location, that are popular in the countries. Socioeconomic analysis complements the findings on recent trends in the countries and at regional level.

Despite the broad scope of the study, the coverage is not exhaustive and the methods applied do not aim to estimate the exact prevalence of platform work in the countries, nor its share of the labour

<sup>2</sup> <https://ilabour.oii.ox.ac.uk/online-labour-index/>

market. Nevertheless, the research creates a solid background for further investigation, including attempts to measure platform work through specific representative surveys.

### 1.3 Structure of the report

This report is structured as follows:

- **Chapter 2** sets the scene for the development of new forms of work, including platform work.
- **Chapter 3** introduces key findings on the prevalence and types of platform work in the EaP region, along with a discussion of platform workers' profiles.
- **Chapter 4** further discusses the organisation of platform work and the working conditions and skills development opportunities.
- **Chapter 5** elaborates on the labour market statuses of the EaP platform workers in terms of the tax payments and social benefits to which they are entitled.
- **Chapter 6** explores into the main opportunities and challenges relating to platform work in the EaP region.
- **Chapter 7** presents a discussion and policy pointers with a view to mitigating the risks of platform work and turning them into opportunities.
- **Annex 1** presents the full conceptual and methodological framework of the study based on the international research on platform work. It includes the definitions and typology of platform work that are used to discuss and structure the emerging evidence from the EaP countries. It also provides details of the methodology applied for collect evidence on platform work in the EaP countries.
- **Annex 2** provides an analysis of data from selected labour platforms.

The report is accompanied by six country-specific profiles (published separately) for Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, which provide a more detailed analysis of the developments in the countries.

## 2. SETTING THE SCENE

Contextualising the increasing popularity of new forms of employment, including platform work, in the overall characteristics of the EaP region and economic and labour market developments is important for understanding the phenomenon and the drivers of its growth.

The EaP region is diverse from the geographical, economic and trade perspectives, as well as in terms of links with the EU. Notwithstanding this diversity, all six EaP countries – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine – are facing common challenges and opportunities. Recent analysis (Visegrad, 2020) points to five important economic trends that are determining the prospects of EaP countries:

- globalisation, links with the EU and the effects of association or partnership agreements;
- the role of the ICT sector and the diversification of the economies;
- demographic change and migration;
- developments in infrastructure;
- implications of the economic crisis linked to the pandemic, which is highlighting existing vulnerabilities.

Although new opportunities for economic and social development are arising, risks of inequality and polarisation of societies are increasing. In particular, the current experience of the pandemic has further accelerated disruptions and is deepening the existing challenges of economic volatility, informality, underemployment and social exclusion.

The EaP countries are middle-income countries undergoing transformations towards a market economy, with significant differences in terms of economic development. The countries were experiencing positive economic growth and recovering from a serious downturn in 2015 (particularly Ukraine) until the economic crisis triggered by the Covid-19 pandemic. In 2020, gross domestic product (GDP) growth became negative, but recovery is expected in 2021 for all countries with the exception of Belarus (World Bank, 2021). Services is the most important sector in the majority of countries, contributing at least 50% of GDP. The only exception is in Azerbaijan, where industry contributed almost 49% of GDP in 2019 (World Bank, World Development Indicators). The noticeable increase in the contribution of services to GDP reflects changes in the employment structure. Furthermore, EaP countries are open to international trade, with Belarus and Georgia highly dependent on exports. Foreign direct investments are present, in particular in Georgia and Azerbaijan, although they do not yet contribute fully to the upgrading of economies.

Despite significant potential, the labour productivity, competitiveness and innovation capacity of the countries are not fully exploited. Labour market inefficiency, skills gaps in the workforce, and a weak entrepreneurial culture and institutional setting are seen as factors that constrain economic development (WEF, 2018). There are also significant differences in development within countries, with capital regions and big cities being most developed. All the countries rely strongly on remittances, particularly Moldova and Georgia.

**Labour market and employment.** The activity rates in the EaP countries are relatively high, except in Moldova. Thus, while 70.7% of the working-age population in Belarus was active in 2019, only 42.4% was employed or seeking employment in Moldova (ETF/Badescu, 2020b). Women are more likely than men to remain inactive and the gender gap is clearly visible.

In 2019, the level of unemployment ranged from 4.2% of the active population in Belarus to 18.3% in Armenia. Unemployment is typically correlated with educational attainment. Thus, higher unemployment rates can be seen among low-skilled individuals than for those with medium or high levels of education. Youth unemployment remains high in most EaP countries. The youth unemployment rates are particularly elevated in Armenia and Georgia, where about one third of young active people are unemployed. In addition, the share of young people not in employment, education or training ranged from 6.9% of young people in Belarus to 31.0% in Armenia in 2019 (ETF/Badescu, 2020b; ArmStat, 2020).

Self-employment is widespread in Azerbaijan and Georgia. In 2019, 67.7% and 49.7% of workers, respectively, were self-employed, while the corresponding share was only 4.3% in Belarus and 16.3% in Ukraine (ETF/Badescu, 2020b). In addition, informal employment is pervasive, especially among rural populations. The only exception is in Belarus, where the share of informal employment was estimated to be below 8% in 2016 (Vankevich, 2016). In contrast, 38% of those employed in Armenia worked informally in 2019, with the figure as high as 64.2% of the working population in rural areas (ArmStat, 2020). This pattern can also be observed in other countries, such as Moldova, Ukraine or Georgia, where informality is widespread in the agricultural sector.

Finally, migration is an important phenomenon in the EaP countries. In 2019, the amount of remittances received as a share of GDP amounted to 16.0% in Moldova and 12.9% in Georgia. Meanwhile, in Belarus and Azerbaijan the figures were only 2.2% and 2.7%, respectively<sup>3</sup>.

**Education and skills supply.** The populations of the EaP countries are well educated. About 90% of adults aged 25+ have at least upper secondary education with the exception of Moldova, where the share reached only 75% in 2017<sup>4</sup>. Enrolment in tertiary programmes is particularly high in Belarus, Ukraine and Georgia, in contrast to Azerbaijan and Moldova, where the gross enrolment rates were 32% and 39%, respectively, in 2019<sup>5</sup>. Enrolment in vocational education programmes at upper secondary level is relatively low, as less than 50% of students enrol in such programmes. The share is especially small in Armenia and Ukraine, where about one quarter of students choose vocational education programmes, and in Georgia, where the percentage of such students was only 11% in 2019 (ETF/Badescu, 2020b).

**Skills mismatch** seems to be a challenge in all the countries, indicating discrepancies between skills supply and demand. For example, in 2016, 36.1% of Georgians and 21.8% of Moldovans aged 15–64 with tertiary education worked in semi-skilled occupations (ETF, 2019). The ETF analysis also points to a mismatch between the education and training offer and the skills demands across the region. The system, in particular vocational education, has not yet adjusted to the growing needs of the modern labour market in relation to technological change (ETF/Deij, 2021). Employers are reporting difficulties in finding adequate employees, especially among those younger than 30 years, many of whom lack core employability skills such as occupation-specific technical skills, problem-solving skills, teamwork and the ability to learn and work independently. The shortage is more pronounced for modern and

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<sup>3</sup> World Bank data: <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS>

<sup>4</sup> World Bank data (2020): Educational attainment, at least completed upper secondary, population 25+, total (%) (cumulative): <https://data.worldbank.org/indicator/SE.SEC.CUAT.UP.ZS>

<sup>5</sup> World Bank data (2020): School enrollment, tertiary (% gross): <https://data.worldbank.org/indicator/SE.TER.ENRR>

innovative firms, which tend to require more advanced skills, including language and digital skills<sup>6</sup>. Continuing training for adults is limited and the available data shows a very low participation rate in lifelong learning.

**Connectivity and digital skills.** In terms of digital readiness, all EaP countries are in the middle stage (the ‘accelerate stage’), with substantial disparities in terms of network readiness and the number of internet users. However, access to the internet, quality infrastructure and the availability of digital skills remain problematic. EaP countries are ranked between 43rd (Georgia) and 74th (Moldova) out of 141 economies on the Digital Readiness Index 2019 (Cisco, 2019; Raja and Malumyan, 2020). The share of the population using the internet is particularly low in Armenia, Georgia and Ukraine, where only two thirds of inhabitants have access to the internet<sup>7</sup>. Moreover, in Armenia the share of tertiary STEM graduates was only 15.2% in 2018, whereas in Belarus 33.2% of students graduated from STEM subjects in 2017 (ETF/Badescu, 2020b).

**ICT ecosystem.** Against this backdrop, the importance of digital skills and digital transformation has been widely recognised by the countries. All of them have put in place specific strategies aimed at fostering digital skills and strengthening the ICT sector, with its potential for economic growth. The ICT sector is expected to grow rapidly in the next decade and its success is linked to the ease of exporting services. Belarus, Armenia, Ukraine, Moldova and, to a lesser extent, Georgia started by providing incentives to the big tech companies and by adapting regulations. All the countries invest in creating an enabling environment and building favourable ICT ecosystems that support innovation actors, such as industry, universities, start-ups and research institutes (Kantor, 2018). Belarus and Ukraine have large technology and innovation parks that attract foreign investments, including from the top global companies. Other countries are also establishing science and hi-tech parks, as well as ICT clusters, in order to support further technological developments.

**The Covid-19 pandemic** is forcing further ICT developments in the countries as the outbreak has accelerated the digital transition of different sectors of the economy. It has accentuated the access gaps and geographical disparities in terms of infrastructure. However, it has also created additional opportunities for new business models and new service delivery modes, relocation of services, demand for online communication solutions, co-working platforms, software and hardware investment, etc. (ETF, 2020a) The ICT sector is thus expanding in the EaP economies and the impact of technological change on employment in the countries has been substantially accelerated by the pandemic. A significant proportion of the workforce from the offline labour market has been shifted to remote or online work, which seems to add to the ongoing trends in the online platform economy, stepping up digitalisation processes. This trend is enhanced by the overall low market stability, and new economic models and forms of employment, including on labour platforms, fall on fertile ground for further development. The platform economy is becoming an important source of income for people in the six EaP countries, drawing on and quickly matching demand and supply globally. It also helps digital businesses to grow faster and facilitates the emergence of new occupations.

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<sup>6</sup> World Bank, Skills toward employment and productivity (STEP), Skills measurement studies for all countries, except Belarus: <http://microdata.worldbank.org/index.php/catalog/step>

<sup>7</sup> International Telecommunication Union (2020), Percentage of individuals using the Internet, Excel dataset: [www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx](http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx)

### 3. PLATFORM WORK IN EASTERN PARTNERSHIP COUNTRIES: KEY TRENDS

Platform work exists in the EaP region and is increasingly prominent. It is important to note, however, that the discussion of EaP labour market transformations driven by digitalisation, and related skills needs, should not be limited to platform work as defined in the conceptual framework.

First, and most significantly, a large share of what we see as platform work is related to the expanding ICT sector in EaP economies. This is supported by national governments through the development of technology parks<sup>8</sup>, favourable business and investment environments, and regulatory frameworks. This overall trend also embraces specialist high-complexity platform work, which is creating additional demand for highly qualified specialists. It is also driving the emergence of national start-ups and new business models, including local labour platforms, further contributing to the spread of platform work.

Second, platform work is part of the trend of increasing popularity of specialist freelancing. This phenomenon also benefits greatly from platforms as a means for EaP workers to find clients and secure work assignments.

Social media platforms, such as Facebook and LinkedIn, as well as online forums, have become alternative venues for freelancer communities. In some cases such platforms are more numerous in the EaP countries than those found on specialised freelance marketplaces. This mode of client search differs qualitatively from the algorithmic worker–client matching and intermediation through what we define as labour platforms. However, it is affected by the same challenges of working conditions, workers' legal statuses and types of work conducted.

Third, platform work, especially remote specialist work via international labour marketplaces, is part of the trend of increasing labour outsourcing from highly economically developed European countries and the United States to the EaP region. Freelance platform work is just one part of this phenomenon, as increasing numbers of EaP companies and start-ups, especially in IT, serve foreign clients exclusively (N-iX, 2021).

Generally, platform work can be seen as one of the new forms of employment enabled by digitalisation, growing ICT sectors in the EaP economies and global transformations in the organisation of work, production and service provision. In this chapter we present new insights into its prevalence, types and working conditions in the EaP region, based on publicly available and new sources of evidence.

#### 3.1 Prevalence and nature of platform work in EaP countries

In all EaP countries we have identified the presence and use of both international and local online labour platforms, showing that in general, platform work is relevant in these countries. Interviews in the six countries indicate that although platform work remains underdeveloped, it is visibly growing and gaining in popularity.

However, based on our analysis, the prevalence of platform work differs significantly across the EaP countries. While Ukraine and, to a lesser extent, Belarus are already globally recognised as being

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<sup>8</sup> For example: [www.park.by/en/?fromlang=Y](http://www.park.by/en/?fromlang=Y)

among the European leaders in the ‘export’ of highly qualified platform labour, in Georgia, Azerbaijan and Moldova these forms of employment are still emerging. Interestingly, although Armenia is not recognised as a prominent platform worker country in the regional interviews, media and earlier research, the numbers of qualified platform workers from the country on the selected platforms indicates a relatively high prevalence of platform work among Armenian freelancers.

In the following sections, we present our specific findings about on-location and web-based platform work in the region, including worker profiles and other important aspects of working via online platforms for low-skilled and high-skilled workers. It should be highlighted that the findings are fragmented and limited in detail, as there are no comparable and representative statistics that directly compare the prevalence of platform work across the countries, the different types of platform work and the demographics of platform workers. Nonetheless, the evidence collected does confirm that the types of platform work described are gaining momentum in the EaP region, and presents a broad picture of the workers’ characteristics and working arrangements.

### 3.1.1 On-location platform work

The most widespread types of on-location platform work in the region are taxi driving and delivery services conducted via mobile apps, as well as various types of repair, cleaning and similar ancillary work. As discussed in Chapter 2, many of these types of work can be characterised by significant algorithmic management of work assignments and low levels of worker autonomy. In other words, often the workers have little or no opportunity to select their clients, set their own prices and decide on how the service is delivered, among other aspects.

**Table 3.1** provides information about global and regional on-location work platforms operating in the EaP countries and indicates the types of platform work intermediated by them. Ukraine exhibits the highest numbers of active international on-location labour platforms, while this sector of the online labour economy seems to be the least developed in Moldova. The interviewed representative of Bolt, which is present in all EaP countries except Moldova, explained that the company had not yet considered entering this market. As explained in Chapter 5, this may also be driven by the lack of legal framework in Moldova for flexible work arrangements.

At the same time, national platforms for on-location work are also present and emerging in all the EaP countries, mostly for ride-hailing, food delivery and various ancillary and repair services.

For on-location services requiring a highly skilled workforce (consultancy, training, etc.), little information was found during this stage of the analysis. Some platforms that intermediate such service provision do exist, but very few workers are using them. Most notably, clients can obtain services from subject and music teachers via Kabanchik in Belarus and Ukraine, but the numbers of workers offering these services are significantly lower than the numbers of workers offering other on-location services on the same platform<sup>9</sup>.

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<sup>9</sup> <https://kiev.kabanchik.ua/>, <https://kabanchik.by/>

**TABLE 3.1 INTERNATIONAL ON-LOCATION LABOUR PLATFORMS ACTIVE IN EAP COUNTRIES**

	Country of origin	Services	EaP countries of operation					
			AM	AZ	BY	GE	MD	UA
Yandex.Taxi	Russia	Ride-hailing	x	x	x	x	x	x <sup>a</sup>
Uber	United States	Ride-hailing, food delivery		x	x			x
Bolt	Estonia	Ride-hailing, food delivery	x	x	x <sup>b</sup>	x		x
Wolt	Finland	Food delivery		x		x		
Glovo	Spain	Food delivery				x	x	x
GG Taxi	Armenia	Ride-hailing	x			x		
Kabanchik	Ukraine	Wide variety of household and business services			x			x

Notes: AM – Armenia; AZ – Azerbaijan; BY – Belarus; GE – Georgia; MD – Moldova; UA – Ukraine.

<sup>a</sup> The Ukraine launch took place on 25 October 2016. By May 2017, the service was available in five cities. Seven months after the launch, Yandex.Taxi was banned in Ukraine along with all other Russian technology companies. Despite the ban, Ukrainians still use the service via a virtual private network. Yandex.Taxi does not receive any profit from the app in Ukraine.

<sup>b</sup> Although Bolt is starting in Belarus, it was not yet operational at the time of this analysis.

Source: Authors' elaboration, based on desk research.

It is important to note that in all EaP countries, on-location work via online platforms was found to generate hourly income similar to or higher than countries' average hourly pay. Hence, unlike in US and EU countries, platform work in the EaP countries is not considered to be low-income work. However, the instability of this income and the low level of worker security constitute serious drawbacks.

In this section we review in more details the main types of on-location platform work carried out by EaP workers.

### Work via ride-hailing apps

Driving using ride-hailing apps is probably the most widespread, best known and oldest form of on-location platform work in the EaP region. For example, the Ukrainian app Uklon was launched as early as 2010, six years before international competitors Uber and Bolt (then Taxify) entered the Ukrainian market.

As explained by a representative of Bolt in the Commonwealth of Independent States, when the company first started operating in the EaP countries (in 2014 in Georgia and later in other countries), both clients and drivers were already very familiar with the concept of such apps and how they work, which might have been the result of marketing and education programmes of local apps and Uber. In most EaP countries, the opportunity to work via ride-hailing apps is not limited to the capital cities. For example, by late 2020, Bolt operated (and therefore had drivers working via the platform) in nine cities in Ukraine (Dnipro, Ivano-Frankivsk, Kharkiv, Kyiv, Lviv, Odesa, Poltava, Vinnytsia and Zaporizhia),

three cities in Azerbaijan (Baku, Ganja and Sumgayit) and three cities in Georgia (Batumi, Kutaisi and Tbilisi)<sup>10</sup>. Similarly, Uber operated in seven Ukrainian cities<sup>11</sup>.

Unfortunately, none of the platform representatives interviewed disclosed the numbers of drivers who work using these platforms in specific cities, as this is commercially sensitive information<sup>12</sup>. However, the interviews did allow us to define the general profiles of workers.

- The overwhelming majority of workers are male.
- In some EaP countries (e.g. Azerbaijan), younger drivers are more common, while in others (e.g. Georgia), the average age of workers is likely to be above the average age of the country's workforce as a whole, as ride-hailing platforms attract older drivers as well.
- The vast majority are citizens of their country of residence, a notable difference from such work in EU countries, where a large share of workers are immigrants.
- Many of the drivers have worked in the taxi sector before ride-hailing apps entered the market. However, there are also cases of overqualified people who cannot find regular jobs working as drivers via ride-hailing apps.
- Drivers generally seem to fall into two broad categories of workers: experienced full-time taxi drivers who have switched to platforms as a convenient tool for organising their taxi work and finding clients; and other workers for whom ride-hailing is a temporary or secondary job. In the latter group, anecdotal evidence of the overqualification of workers was found.
- For most drivers, work on a specific platform is an occasional or secondary job. For example, one Azerbaijani interviewee worked as an ambulance driver and used Bolt during his free time to earn extra income.
- Many drivers may use several ride-hailing apps operating in a specific city at the same time (i.e. multi-homing, as explained by representatives of both Bolt and Uber)<sup>13</sup>.

Among the key motivations and benefits of providing such services via online platforms, the interviewed drivers mentioned flexibility, easy access to clients, and the compatibility of work schedules with their other commitments.

## Delivery

The market for delivery services via online platforms in the EaP countries seems to be more open to smaller local platforms. Although large international platform companies such as Uber, Bolt and Yandex do operate food and parcel delivery services in some EaP countries, they face increasing local competition. Even the EaP countries with the lowest rates of platform work have some national/local alternatives. For example, in Azerbaijan, the Runner<sup>14</sup> parcel delivery app is increasingly popular, while in Moldova, Straus<sup>15</sup> is popular for food delivery. Meanwhile, in Ukraine, Uber Eats discontinued their operations in June 2020 because they had lost business to Glovo and the Ukrainian platform Raketa (Yarova, 2020).

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<sup>10</sup> <https://bolt.eu/en/cities/>

<sup>11</sup> [www.uber.com/global/en/cities/](http://www.uber.com/global/en/cities/)

<sup>12</sup> Some ride-hailing and delivery platforms are accused of not disclosing the number of workers because they are purposefully aiming to increase their numbers so that drivers' pay can be reduced because of the increased supply of labour. This has led to food courier protests in some countries.

<sup>13</sup> The Uber interview was conducted in the context of another study covering the EU, but the insights presented are common in all the countries in which the platform operates.

<sup>14</sup> [www.runner.az/](http://www.runner.az/)

<sup>15</sup> [www.straus.md/ro/](http://www.straus.md/ro/)

According to the interviews, EaP delivery couriers tend to be men, are on average younger than ride-hailing drivers, and are often students. This is also influenced by the fact that in many cases couriers ride bikes and do not need a car, which is an important prerequisite for starting a driving job via online platforms. Regarding their motivation to engage in such work, the interviewees mentioned the flexibility of the schedule and the opportunity to earn extra income. For some of the taxi/ride-hailing drivers, platforms for food delivery are just another app that they use interchangeably to secure tasks and optimise their routes. The income of couriers working via platforms may depend on them having a means of transport to implement the delivery tasks. As evidence from Armenia shows, couriers with their own car can earn twice as much as couriers riding bicycles, which suggests that vehicle use can be optimised when both types of service are provided. Nevertheless, the hourly rates seem to be similar or higher than the average pay per hour in other sectors in the same country.

The Covid-19 crisis created conditions for expanding the market for food delivery services, including in EaP countries. This increased demand helped many drivers to keep their jobs during the lockdowns. The delivery platforms Raketa and Glovo in Ukraine also experienced higher demand during the pandemic and saw positive financial results (Gritsyk, 2020a).

### **Crafts, repair, cleaning and other services**

Examples of national platforms for various crafts, repair and cleaning tasks include Profy.ge, Caru.ge and MrMaster.ge in Georgia, IdealMaster.am in Armenia, and Kabanchik in Belarus and Ukraine. Kabanchik is probably the largest platform for this type of work in the region, with over 25 000 workers in total (in Belarus, Ukraine and Kazakhstan); its example illustrates well the variety of types of services that platform workers can offer: plumbing, electrical installation, cleaning, construction work, renovation, repair of equipment, babysitting, pet care, auto repair, personal training, beauty and health, and others<sup>16</sup>.

Although platform work in these and other fields of ancillary work was found in most EaP countries, less is known about the profiles of these workers and their working conditions. This is partly because this area of platform work is quite fragmented: platforms intermediating this type of work are numerous and mostly local. Moreover, the profiles of workers differ significantly depending on the specific services they offer: while care, cleaning and beauty services are dominated by women, the traditionally masculine occupations (e.g. plumbing, removals, light haulage, repairs, furniture assembly) are dominated by men. Generally, however, the share of women providing home services is higher than in other types of on-location work.

### **3.1.2 Remote platform work**

The results of desk research, data analysis and national fieldwork show that freelancers from EaP countries are largely familiar with, and active on, Russian- and English-language international freelancing websites (see [Table 3.2](#)). From the data available, it seems that the work conducted by most EaP workers on the most popular international platforms is higher-complexity specialist work rather than clerical and micro tasks. As illustrated in earlier studies, micro-tasking via platforms such as Mechanical Turk and CrowdFlower also exists in the region – in Belarus (Proskalovich, 2018) and Ukraine (Aleksynska et al., 2018) – although to a much lesser extent. The higher levels of complexity and skills requirements go together with greater worker autonomy in selecting tasks, setting and negotiating prices, and deciding on the work process.

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<sup>16</sup> For more information, see: <https://kabanchik.ua/>

According to the interviews, the growth of high-complexity web-based platform work in the EaP region is driven by the presence of a qualified workforce and by demand for these skills around the world. Furthermore, workers from EaP countries are attractive to international clients because of the difference in time zones: hiring workers in this region ensures that the work continues 24 hours a day across the globe.

In addition to the international and global online freelance marketplaces, national platforms are also emerging in EaP countries. For example, Freelancehunt was created in Ukraine, but is now also used by workers from other EaP countries. In 2015, iDo.ge was launched in Georgia as a freelancing platform, and was followed by studentjob.ge, Cartooli and others. Local alternatives also exist in other EaP countries, although they do not seem to be as popular among EaP workers as the international online freelance marketplaces.

**TABLE 3.2 PLATFORMS POPULAR IN EAP COUNTRIES**

Platform name	Country of origin	Main language	Approximate numbers of registered workers					
			AM	AZ	BY	GE	MD	UA
Fiverr	Israel	EN	50	60	110	210	90	740
Freelancer	Australia	EN	2 000	2 200	1 500	2 800	1 400	11 000
Freelancehunt	Ukraine	RU, EN	1 400	550	9 200	320	1 600	129 000
Guru	United States	EN	1 700	800	1 000	800	1 000	13 500
PeoplePerHour	United Kingdom	EN	120	80	100	120	80	800
Weblancer	Russia	RU	780	260	7 200	220	1 700	45 000
Dribbble	United States	EN	130	80	330	230	60	1 800
2Polyglot	Ukraine	UA, RU, EN	50	40	340	30	60	6 700
ProZ	United States	EN	1 000	1 100	2 200	860	900	12 200
Freelance.ru	Russia	RU	Exact numbers not provided, but freelancers from all six countries are present.					
FL.ru	Russia	RU						
Upwork	United States	EN						
Workzilla	Russia	RU						

Note: AM – Armenia; AZ – Azerbaijan; BY – Belarus; GE – Georgia; MD – Moldova; UA – Ukraine.

Source: Platform websites reviewed in November 2020. Based on the findings of desk research, EaP platform workers are active on a considerably larger number of platforms; however, these platforms do not provide exact numbers of workers.

The majority of these remote labour marketplaces intermediate between workers and clients for a variety of tasks, from software development and creative work to administrative and micro tasks. As the activities differ widely in their levels of complexity, workers implementing or offering these services also represent a wide range of qualification profiles.

Although overall the numbers of EaP workers on some of these platforms are large, it would be misleading to consider them all as actual platform workers. It is important to note that the large number of people who sign up with online labour platforms globally create a significant oversupply of labour (Graham and Anwar, 2019). Most workers who create profiles do not manage to secure assignments in the highly competitive online labour markets, advantaging freelancers who already have a track record of completed tasks. This issue has been widely discussed in the research literature as a factor

that further increases the precariousness of platform work (Sutherland et al., 2020), and this also applies in the target countries of this study. For example, a 2018 study of Upwork workers showed that out of 55 604 registered Ukrainian workers, only 8 506 had ever earned at least USD 1 on the platform, translating into almost 85% labour oversupply. However, this percentage is the lowest among 14 countries reviewed from various regions globally, with an average of 93.2% labour oversupply, showing the relative success of Ukrainian freelancers (Graham and Anwar, 2019).

Such a labour oversupply is present on various platforms, including Upwork, despite efforts to regulate the market by limiting admissions. For example, during the time of data collection, translation work was an area of growth in the EaP region and therefore the supply of translators (e.g. Ukrainian to English, Russian to English) was large. EaP translators applying to Upwork were put into virtual waiting rooms to avoid a flood of freelancers. As demand went up and more clients needed such translation services, the virtual waiting rooms were opened, and new translators then competed for the available jobs. Nevertheless, it is still the case that only a small proportion of these workers managed to secure work assignments.

Another important hypothesis that could explain low levels of activity among registered users (measured as tasks completed or income earned per worker profile) is that in some cases EaP freelancers may be using online labour platforms as service advertising websites, with the intention of finding clients and moving their relationship outside the platforms. This hypothesis is supported by the fact that a share of registered freelancers provide private contact details in their profiles, such as an email address, personal website, phone number or Skype name (when this is allowed by the platform; e.g. on Guru and Weblancer) to enable clients contact them outside the platform. The obvious benefit of this is that it avoids platform intermediation fees. However, platforms play an important role in ensuring trust and fairness between workers and clients, something that might be more difficult to achieve outside of them.

In addition, it is possible for a number of workers to receive and implement work assignments through a single account on a labour platform. The actual platform activity of different workers is therefore not observable through individual worker profiles. For example, if a successful platform worker (i.e. with a large portfolio of successfully completed projects on the platform and good review scores) has many task offers, they can outsource them to other workers and supervise their work. This trend was found strong in Belarus but is also present in other EaP countries. Furthermore, platform worker accounts are sometimes held by organisations that connect groups of freelancers with labour platforms and clients. These organisations collect orders through a single account, divide the labour into simpler tasks, and allocate the work among freelancers. This set-up may be tempting for those platform workers who do not have sufficient capacity to complete complex assignments or do not speak foreign languages.

Below we present more detailed longitudinal and cross-sectional analyses of web-based platform work in the EaP region, using quantitative data on EaP platform workers. We rely on two complementary data sources.

- The [iLabour dataset](#) (Kassi and Lehdonvirta, 2018) provides longitudinal insight into how the numbers of active workers from EaP countries have changed since 2017 until early 2021. The iLabour project by the Oxford Internet Institute has developed an economic indicator of web-based platform work that aims to provide the online gig economy equivalent of conventional labour market statistics. It measures the supply of and demand for online freelance labour across countries and occupations by tracking the number of projects and tasks across platforms in real

time<sup>17</sup>. The iLabour data on workers focuses on four major online labour platforms: Fiverr, Freelancer, Guru and PeoplePerHour. Each platform is sampled every day in each worker's home country, occupation category, and when they last completed a project. These samples are then weighted by the number of registered workers on each platform to calculate the total number of currently active workers on all platforms. The datasets are shared publicly. A 'currently active' worker is anyone who has completed a project over the past 28 days (Kassi, 2017).

- A [dataset of automatically collected, worker-level data](#) on selected Russian- and English-language platforms – Weblancer, Guru and Freelancer – provides cross-sectional insights into worker profiles. The dataset contains information on all EaP workers registered on these platforms by late 2020. Active workers are defined as those who have ever completed an assignment on the platform and who have been reviewed by at least one client. More information on this data and analysis by platform is provided in Annex 2.

### **iLabour index data: longitudinal insights**

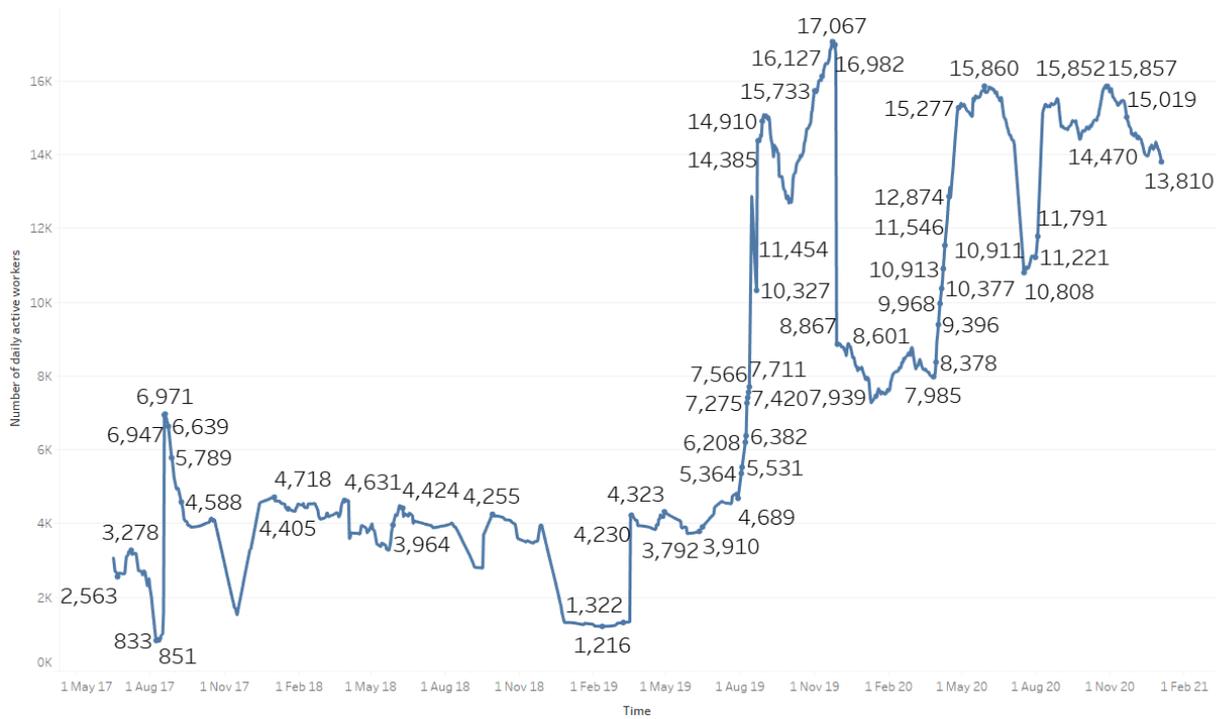
The analysis of the iLabour dataset shows that platform workers from the EaP countries were already active in 2017 when this data was first collected. This is not new information: Ukrainian platform workers had been studied earlier (Skybinskyi and Solyarchuk, 2014), and, as shown in Annex 1, EaP platform workers were already present on freelancing platforms more than 15 years ago. Since then, the number of active platform workers from EaP countries has grown significantly in all countries, except in Azerbaijan, where workers seem to be the least active in the online labour markets (see [Figure 3.1](#) and [3.2](#)). The largest increases were observed during the last quarter of 2019, which was followed by a sharp decline at the beginning of 2020 – possibly related to the Covid-19 crisis – and a steep increase in the second quarter of 2020, after which it stabilised.

Further, as illustrated in [Figure 3.3](#), the largest share of EaP workers is engaged in software development and technology work on the platforms, followed by creative and multimedia work. This trend has not changed since 2017. These two occupations also experienced the largest growth in the numbers of EaP workers over this period.

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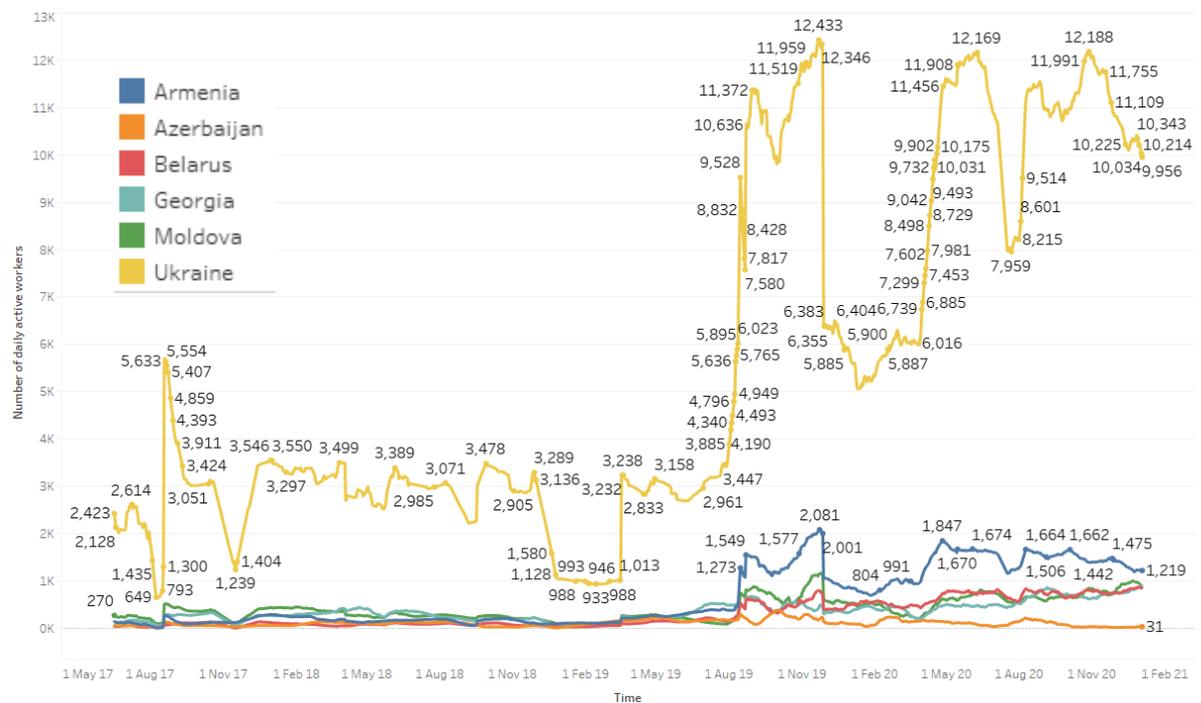
<sup>17</sup> At the time of data analysis, the sample of platforms used in iLabour was limited to the largest English-language platforms, as indicated by the unique monthly visitor estimate provided by Alexa. When the index was first developed in 2016, these were Freelancer.com, Guru.com, MTurk.com, PeoplePerHour and Upwork. The sample accounts for at least 60% of all traffic to English-language online labour platforms. These platforms also represent a range of different market mechanisms and contracting styles, from online piecework to hourly freelancing. The core unit of analysis in the Online Labour Index is a vacancy (i.e. a work assignment published).

**FIGURE 3.1 ILABOUR: NUMBER OF DAILY ACTIVE EAP PLATFORM WORKERS, MAY 2017 TO FEBRUARY 2021**



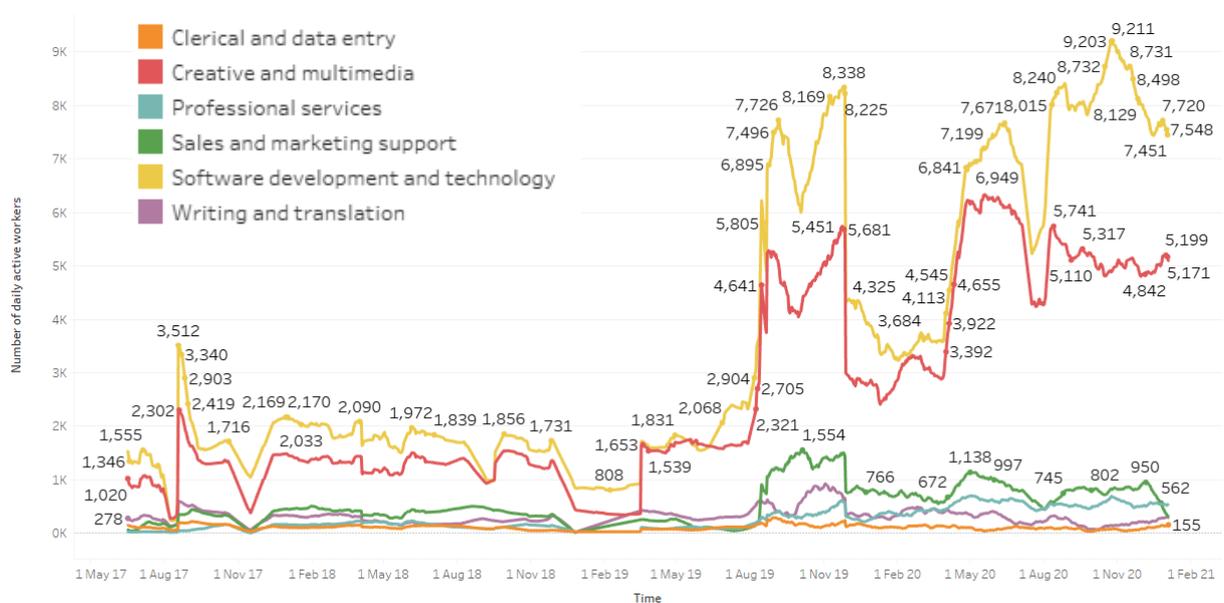
Source: Authors' elaboration, based on iLabour dataset.

**FIGURE 3.2 ILABOUR: NUMBER OF DAILY EAP PLATFORM WORKERS BY COUNTRY, MAY 2017 TO FEBRUARY 2021**



Source: Authors' elaboration, based on iLabour dataset.

**FIGURE 3.3 ILABOUR: NUMBER OF DAILY EAP PLATFORM WORKERS IN TIME BY OCCUPATION, MAY 2017 TO FEBRUARY 2021**



Source: Authors' elaboration, based on iLabour dataset.

### Cross-sectional insights on three selected platforms: active workers, demographic profiles and hourly rates

The research analysed three selected platforms – Guru, Freelancer and Weblancer – using automatically collected data. The three platforms offer services from tens of thousands of workers from the EaP countries. To provide a more in-depth understanding of web-based platform workers from EaP countries, we conducted three quantitative platform-level case studies, based on automatically collected data from the platform websites, presented in Annex 2. These were then used for a comparative overview of the main trends identified across all three platforms. We found several common insights that could be used – at least at a very general level – to talk about the broader landscape of web-based platform work in the EaP region.

First, given the large numbers of registered workers (over 81 000 across the three reviewed platforms), the international freelance labour exchange markets seem to be well known among online workers in EaP countries. This is especially true for freelancers based in the capital cities of these countries: Guru data on registered workers shows that they are strongly concentrated around capital cities. In Armenia, Azerbaijan, Belarus, Georgia and Moldova, the share of platform workers based in the capitals is between 70% and 90%, while it is considerably smaller in Ukraine. Ukrainian registered platform workers are more dispersed across the different regions of the country, with Kiev city still representing the largest group (around 25%), followed by the Kharkiv and Lviv regions. This concentration of platform workers around capital cities is also supported by data from other platforms not reviewed in this analysis, including Freelancehunt<sup>18</sup>.

However, the actual overall 'ever' activity rates – measured as having at least one review for a completed work assignment – are rather modest, indicating a large labour oversupply on the reviewed

<sup>18</sup> An interactive map of all freelancers active on this platform is available at: <https://en.freelancehunt.com/freelancers/map>

platforms (see [Table 3.3](#)). Interestingly, the highest activity rates were observed on the international platform Freelancer, rather than on Weblancer, the main platform of the Runet (the Russian-language community on the internet), although the latter leads in terms of absolute figures. The exceptions are Azerbaijan and Georgia, where there are more workers registered and active on Freelancer.

Another key take-away from the data on active and inactive web-based platform workers is that Ukrainian freelancers lead in all areas: absolute numbers of registered workers, ratio of registered workers to the country's total population, and activity rates. Meanwhile, Azerbaijan – the second largest EaP country in terms of population – is last on all these indicators. These findings are also very much in line with the insights from iLabour data, as well as the insights from Upwork (another platform popular among EaP workers, though not covered by the in-depth data analysis at this stage). According to the latter, while Ukrainian and Belarusian workers (mainly IT specialists) constitute a major share of the freelance work supply on Upwork on a global scale, the workers from the Caucasus region (Armenia, Azerbaijan, Georgia) are relatively less visible, but are steadily growing in number.

**TABLE 3.3 NUMBERS OF ACTIVE AND INACTIVE FREELANCERS**

		Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
Guru	Active	10	1	24	7	10	165
	Inactive	1 070	604	783	521	558	7 063
	Activity rate	0.93%	0.17%	2.97%	1.33%	1.76%	2.28%
Weblancer	Active	54	17	785	23	209	5 872
	Inactive	698	230	6 180	179	1 415	36 958
	Activity rate	7.18%	6.88%	11.27%	11.39%	12.87%	13.71%
Freelancer	Active	246	96	215	254	173	2 093
	Inactive	1 561	1 879	1 177	2 191	1 104	7 013
	Activity rate	13.61%	4.86%	15.45%	10.39%	13.55%	22.98%

Source: Authors' elaboration, based on platforms' data analysis.

**TABLE 3.4 REGISTERED FREELANCERS PER POPULATION**

	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
Population (million)	2.97	9.98	9.48	3.72	3.55	41.98
Total registered workers, three platforms	3 639	2 827	9 164	3 175	3 469	59 164
Registered workers per million population	1 225.3	283.3	966.7	853.5	977.2	1 409.3

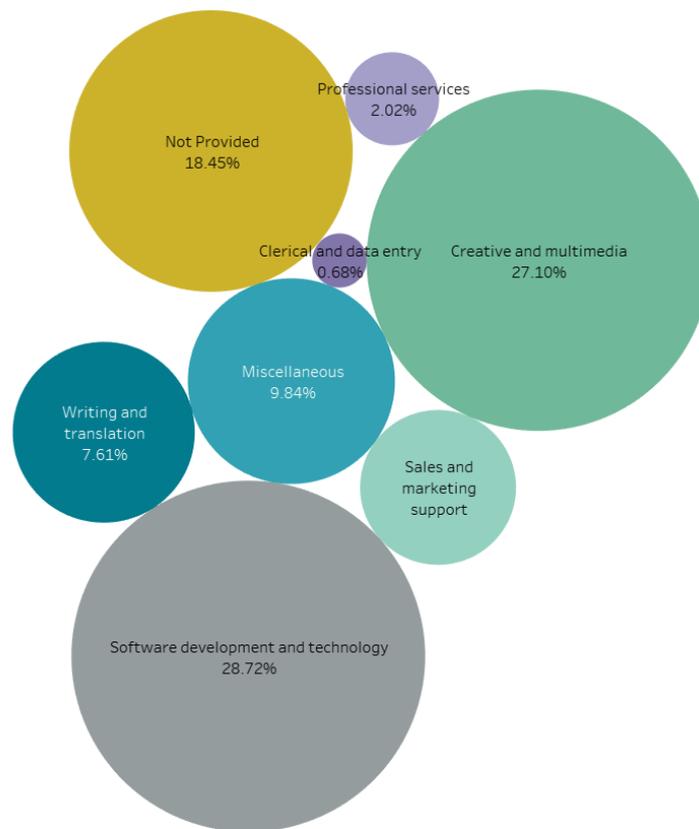
Source: Guru, Freelancer and Weblancer. Population data: World Bank, 2019.

According to the Upwork representative, the higher visibility of Ukrainian and Belarusian workers (who are 'global leaders among freelancers using Upwork in terms of numbers') in the global online freelancing marketplaces is related to several factors. First, freelancing is so common in these countries that it is perceived as a legitimate career. People are not afraid to become freelancers because they have multiple personal connections who already work on such platforms. Second, according to the interviewee, IT – which is the key service provided via the platform by Ukrainians and Belarusians – has long been an important sector in the two countries. Many foreign-capital IT

companies, both from the West and from Russia, have made significant investments to establish outposts in the region. Their presence there has led to the increase in the IT workforce. Freelancing, in turn, is seen as an appealing and appropriate way of starting an IT career.

In fact, the most popular occupations on the three platforms from EaP countries that were analysed are software development and technology and creative and multimedia work (see [Figure 3.4](#)). These higher-complexity and higher-skill occupations dominate among active workers across all platforms and countries. This finding is very much in line with the insights from the iLabour data and the interviews.

**FIGURE 3.4 OCCUPATION OF ACTIVE EAP WORKERS ON GURU, WEBLANCER AND FREELANCER**



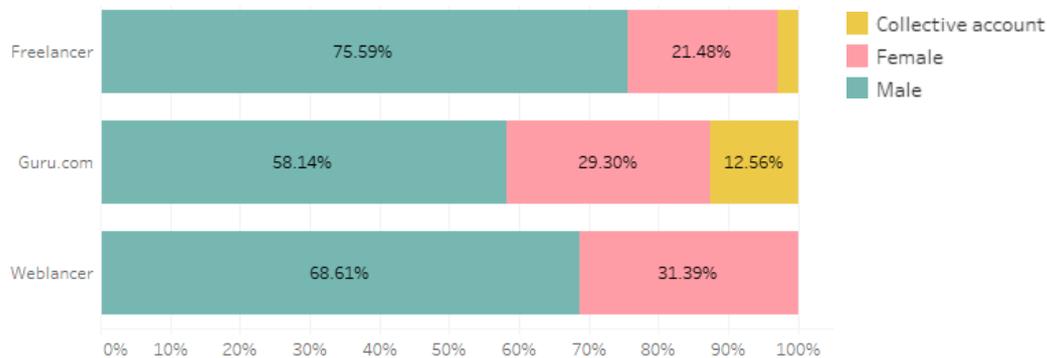
Source: Authors' elaboration, based on platforms' data.

With regard to worker demographics, the data on occupations indicates that most active web-based workers are highly skilled, as the dominant activities require specific high-level qualifications. The proportions of micro workers (possibly also covered by the miscellaneous and not provided categories) – those classified in the conceptual framework (see Annex 1) as lower-skilled web-based occupations/tasks workers – are comparatively smaller than for those in high-skilled occupations.

Further, looking at the gender distributions, EaP platform workers – both active and inactive – are predominantly male. Overall, men are 2.5 times more likely than women to be active workers on the platforms analysed, and male workers constitute at least two thirds of workers across all platforms. The most male-dominated platform is Freelancer.

In this respect, EaP platform workers do not differ from those in the global and European freelancing landscape. For example, according to the results of a survey of global freelancers by cross-border payments platform Payoneer (2020a), only 24% of them are female. In fact, Ukraine stood out among other countries in the survey with a share of female freelancers that was higher than average (30%).

**FIGURE 3.5 GENDER OF EAP WEB-BASED ACTIVE PLATFORM WORKERS**

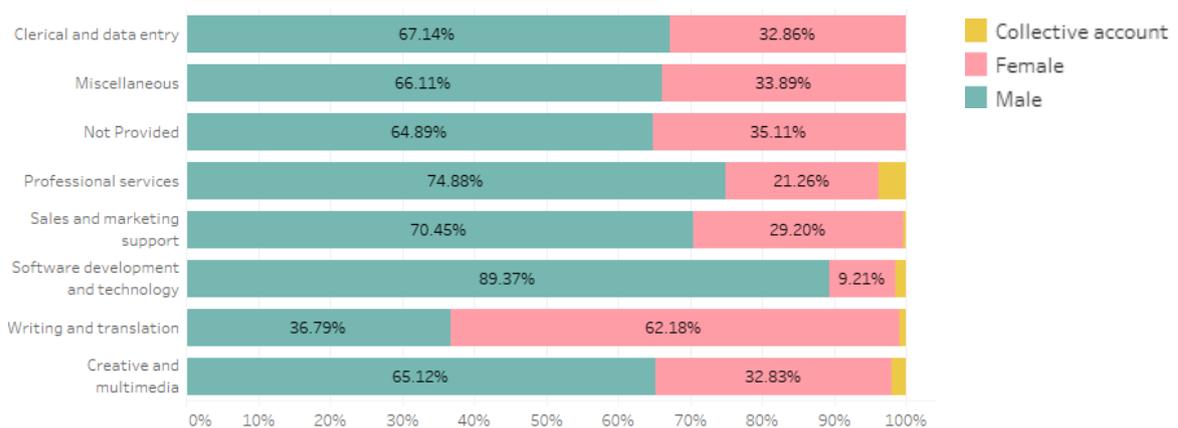


Note: Guru and Freelancer also present 'collective accounts', which are agency or organisational profiles; these could not be coded by gender. Weblancer, meanwhile, displays the names of individuals only, although user descriptions show that some of these also represent agencies.

Source: Authors' elaboration, based on platforms' data.

The greatest differences in gender distribution can be found in occupation type. Women dominate in writing and translation work. Meanwhile, software development and technology workers are overwhelmingly men, with women representing less than 10% of workers in this area. The other occupations demonstrate similar shares of female workers across all platforms – around one third of all workers (see Figure 3.6).

**FIGURE 3.6 GENDER OF ACTIVE PLATFORM WORKERS BY OCCUPATION ON GURU, WEBLANCER AND FREELANCER**

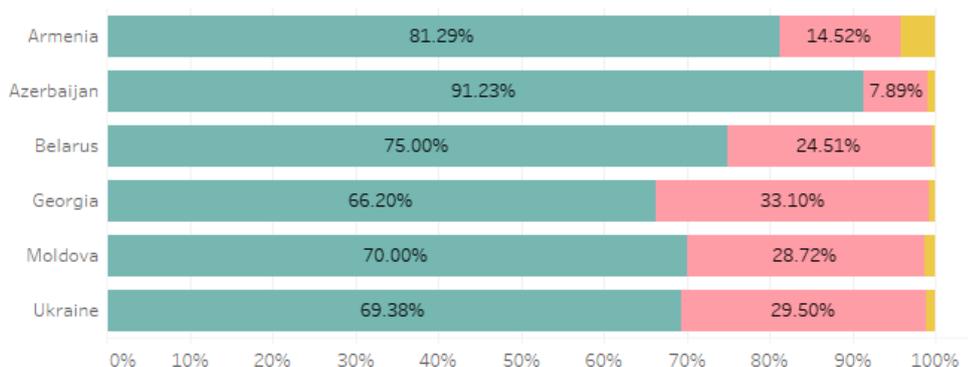


Source: Authors' elaboration, based on platforms' data.

These findings are broadly in line with global trends, as translation and clerical occupations are the ones with the highest average shares of female freelancers (Payoneer, 2020a).

The smallest share of active female workers (less than 8%) across all platforms is among Azerbaijani freelancers. Meanwhile, neighbouring Georgia has the highest share of active female platform workers (see Figure 3.7).

**FIGURE 3.7 GENDER OF ACTIVE FREELANCERS BY COUNTRY ON GURU, WEBLANCER AND FREELANCER**



Source: Authors' elaboration, based on platforms' data.

Although age-related data was available only for Weblancer, it does provide some insight into the age profiles of EaP platform workers. Their average age is 33.3 years, ranging from 31.7 in Armenia to 35.5 in Georgia, with no significant differences in the average age between men and women. This indicates that although workers are relatively young, most are not recent graduates looking for their first experience in labour markets, but rather experienced professionals.

Finally, with regard to the hourly rates of platform workers, although at platform level these vary by country, gender and occupation, no consistent trends were identified across all platforms. The most significant differences in hourly rates were found between platforms. The data shows that the average rate for active workers on the Russian-language Weblancer (USD 10/hour) is around half that on the English-language Guru (USD 17.5/hour) and Freelancer (USD 21/hour). Participation in these more international freelance labour markets seems to be more rewarding, if successful. However, the numbers of EaP platform workers active on Freelancer and Guru might indicate that the competition is higher in the more international platforms, and that the regional ones are a safer choice.

### 3.2 EaP platform work in times of crisis: impact of the pandemic

Both on-location and web-based platform work have been affected by the Covid-19 pandemic and related restrictions, both negatively and positively.

During the first wave of Covid-19, taxi-hailing services, a significant segment in on-location platform work in the EaP, suffered a severe loss of demand, although it recovered and even increased during summer 2020 (Kabachinsky, 2020). The lockdowns also created the conditions to expand the market for food delivery services. For example, Bolt took this approach in expanding such services, although this did not allow the company to completely avoid short-term losses in driving jobs in the EaP countries where it operates. Delivery platforms Raketa and Glovo in Ukraine also reportedly experienced higher demand during the pandemic and saw positive financial results (Gritsyk, 2020a).

Generally, the lockdowns seem to have affected on-location workers in all the EaP countries. For example, a survey conducted in Armenia<sup>19</sup> found that various platform workers (5% of the working population who were surveyed, including a significant share of on-location workers) had lost their work because of the restrictions. In Ukraine, Kabanchik faced a short-term decline in demand for various on-location services, although this recovered in the summer of 2020 (Belinskaya, 2020). In Azerbaijan, restrictions meant that drivers were not permitted to continue working during lockdowns.

Furthermore, Covid-19 has increased the level of interest in remote platform work. A brief sharp decline in remote worker activity from EaP countries was observed during the first outbreak of Covid-19 (as illustrated in [Figure 3.1](#)), but this quickly recovered and showed further growth in the second quarter of 2020. In fact, the evidence shows that the effect of Covid-19 on web-based platform work has been mostly positive. For example, the Upwork representative interviewed stated that the crisis had resulted in not only a sudden sharp increase of labour supply and demand on the platform, but also a steady growth in subsequent months. Various companies started using freelancer services to satisfy the needs triggered by the crisis, for example for the development of a food delivery infrastructure, which led to the expansion of platform work in this sector, as discussed above. Other businesses started using a freelance workforce on Upwork to adjust to new priorities and goals. Meanwhile, half of Ukrainian web-based freelancers surveyed by Payoneer stated that demand from the EU and US had either remained stable or increased (Payoneer, 2020b). However, a similar survey by AIN.UA found that 20% of freelancers experienced lower rates (Gritsyk, 2020b), probably in part as a result of the increased labour supply and therefore competition between freelancers. It can be expected that the pandemic will further contribute to the growth of platform work among EaP workers.

The pandemic was not the only crisis affecting the EaP region in 2020. For instance, in Belarus, with the political turmoil and ongoing protests, police crackdowns have affected technology companies operating digital labour platforms. In August 2020, at the beginning of the wave of protests, Belarusian police forces raided the Minsk offices of Uber and Yandex, presumably in order to detect location data from the two popular ride-hailing companies (Cimpanu, 2020). It remains to be seen how the political unrest in Belarus will further affect the economy and the platform work sector. However, it can be assumed that web-based platform work involving Belarusian workers on international platforms may have decreased, as all financial transactions entering Belarus are under strict governmental scrutiny. At this point there is no evidence that the political unrest in Armenia, following the conflict with Azerbaijan, has impacted platform work in particular.

### 3.3 Summary

Although no representative quantitative data exists on the EaP region as a whole, the initial findings of the country-specific and international-level research show that platform work is increasingly prevalent in EaP countries. Localised on-location work platforms were found in all the six countries. Meanwhile, the growth in the participation in web-based platform work was observed not only in Ukraine – which is a notable ‘exporter’ of online freelancers on a global scale – but also in the smaller EaP countries. Nonetheless, differences between the countries are significant. For example, Belarus and Azerbaijan, which are similar in terms of population size, exhibit quite different levels of popularity of online freelancing. Armenia remains an interesting case: it did not emerge as a significant country for platform workers in the international interviews and desk research, but the numbers of Armenian

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<sup>19</sup> A survey by the American University Armenia: <https://cbe.aua.am/surveys/>

remote platform workers exceeded the numbers of such workers from Belarus, which was recognised as a platform work exporter country in the interviews with platforms.

As the analysis presented above shows, we found intensive platform worker activities in the segments of low-complexity/low-skilled on-location services and high-complexity/high-skilled web-based services. The summary of services supplied via online labour platforms in EaP countries is provided in Table 3.5.

**TABLE 3.5 TYPES OF PLATFORM WORK IN EAP COUNTRIES**

	On location	Remote/web-based
Higher complexity/skills	Kabanchik is used by teachers in Belarus and Ukraine; no or little information about other EaP countries.	A large number of regional, national and international platforms for highly skilled freelancers are used by workers from all EaP countries.
Lower complexity/skills	A variety of regional, national and international platforms for ride-hailing, delivery and ancillary services are used by workers from all EaP countries.	Micro-tasking platforms are used by a small share of workers in Ukraine, Belarus and probably other EaP countries, but little data is available.

Meanwhile, the worker profiles tend to differ significantly by the nature of the work carried out, but similar trends emerge from the data collected across all sectors and types of work.

- As platform work opportunities include a variety of tasks of differing complexity, the skills levels of platform workers also vary significantly. Nevertheless, it is safe to conclude that most types of work in which EaP workers engage on remote labour platforms require tertiary education (and some, such as Kolabtree, which is targeted specifically at scientific workers, and on which several EaP workers are present, even require doctoral degrees<sup>20</sup>). Meanwhile, in the on-location segment of platform work, greater diversity can be found, and not only in terms of the type of tasks, and overqualification seems to be present in some cases.
- As in EU countries, in which around two thirds of platform workers are men and one third are women, the majority of EaP platform workers are also male. However, the gender composition varies by occupation, pointing to an occupational gender segmentation. For example, while men dominate in IT services, women do so in writing and translation. The on-location segment of platform work seems to be especially male dominated, particularly in driving and delivery. However, in countries where platforms for home services exist, for example cleaning and care services, more female on-location platform workers can be found.
- Most types of platform work are primarily an employment opportunity for young workers. In the remote platform work segment, the vast majority of workers are under the age of 40. Greater diversity can be found in the on-location platform work segment (e.g. older drivers also engage with ride-hailing platforms), although most workers seem to be relatively young.
- The hourly earnings from platform work differ significantly by occupation, type of work carried out, and platform. IT specialists working on English-language remote platforms seem to have the best opportunities to achieve high earnings. However, the hourly pay for on-location driving and delivery services is also higher than the national averages in the offline economy. Thus, for many

<sup>20</sup> [www.kolabtree.com/](http://www.kolabtree.com/)

this can be an attractive opportunity for additional income. Indeed, platform work seems to be a secondary job for many, one that is taken up to generate additional income.

- Most platform workers are based in the larger cities and capitals of the EaP countries. While on-location labour platforms do not operate in rural areas, neither are there many remote freelancers outside the cities.

However, these are just the most general insights, and various nuances exist in reality. So far, no representative studies have been conducted to quantify and compare the prevalence of platform work across the EaP region, to define worker profiles, and to identify an exhaustive list of services provided via online platforms by workers in the region. This represents an important gap to be filled by future research.

## 4. PLATFORM–WORKER RELATIONSHIPS AND WORKING CONDITIONS

As detailed in Chapter 3, the nature of platform–worker relationships, various aspects of work organisation and working conditions depend on the type of service provided and the specific platform. The overview presented above identified a number of platforms – for both on-location and remote work – that are popular among EaP workers. Here, we review the insights into work organisation and working conditions on these platforms.

### 4.1 Work organisation, algorithmic control and client-worker matching

As described in the previous chapter, both on-location and web-based types of platform work and both higher- and lower-complexity tasks are carried out by EaP workers. These two broad types of platform work, however, differ greatly in terms of the organisation and monitoring of the work processes.

Generally, the provision of lower-complexity tasks and services tends to have higher levels of algorithmic control and low levels of worker autonomy. For example, in ride-hailing and delivery apps (such as Bolt, Uber and their local counterparts), workers cannot set their fees, choose their clients or even freely select their driving routes. Moreover, the whole process of service delivery is monitored using Global Positioning System (GPS). Refusal to accept a task or lower ratings by clients often results in penalties for workers by the platforms. Remote micro-tasking on some of the platforms has similar characteristics, as the platforms such as CrowdFlower and Appen coordinate the work allocation for individual workers, and workers do not have direct contact with their clients. Such workers are generally vulnerable to unilateral changes in pay rates and other policies implemented by the platforms.

Meanwhile, higher-complexity web-based work assignments through international freelancing marketplaces (Upwork, Freelancer, Freelancehunt and others), as well as some specialist on-location services on platforms such as Kabanchik, often involve actual contact and negotiation between workers and clients before they agree to collaborate. Workers create their own profiles and presentations, set their rates, prepare offers for specific tasks, and have considerable autonomy in their work organisation, tools and methods.

Various models exist for how workers and their clients are matched. For example, clients can post their projects and be assisted with matching to skilled freelancers; clients can choose an open competition, receive bids/solutions to the problem and select the winner; or workers can post their services from which clients then choose. When securing clients, several characteristics of competing workers are relevant: location/time zone (on international platforms), success rate and skills level, ranking, and previous client feedback. Often negative or positive reviews can determine the success (or lack of it) of a new worker on a platform.

Overall, there seems to be little or no safety net in place for remote platform workers. For example, workers have limited rights in the case of disputes with clients, or clients neglecting to pay. Generally, platforms protect workers by providing a ‘safe deal’ option: the client deposits the payment, which is not transferred to the worker immediately but only upon completion of the project (Kolyosova, 2020). However, in the case of a dispute, the interests of the client are protected by the money being refunded (e.g. if the work was not fulfilled as agreed), and the worker not receiving payment. Platforms tend to insist that they are impartial in the disputes between clients and workers. Nonetheless, from

the economic perspective, it is important to understand the incentives that platforms may have to side with either clients or workers. On the one hand, the business models (see [Box 4.1](#)) of most, though not all, labour platforms imply that a monetary transaction between workers and clients must be made in order for platforms to receive their commission fees. They are therefore incentivised to ensure that the task is accepted and paid for by the client. On the other hand, because of the oversupply of labour on the platforms (especially international platforms for remote work), the economic incentives for platforms may be stronger to side with and defend their reputation among clients rather than workers if disputes arise.

#### **BOX 4.1 HOW LABOUR PLATFORMS MAKE MONEY**

In the most general sense, labour platforms generate revenues by collecting commission fees on each transaction from workers, clients or both. However, the exact business models vary by platform.

The business model of Upwork – one of the most popular international freelancing platforms among EaP workers – is based on charging a fee for every successful job the company promotes on its platform. To maintain the supply of work (i.e. clients and number of jobs posted), joining the platform and posting a job is free of charge. Freelancers pay a fee ranging between 5% and 20% of the cost of the work<sup>21</sup>, depending on the transaction volume: the more successful a worker is, the smaller the percentage. On top of that, the company offers membership plans to clients to ‘hire better candidates at a faster rate’, charging a monthly fee starting at USD 49.99<sup>22</sup>. In addition, as Upwork is also responsible for handling payments, a payment processing and administration fee of 2.75% is applied for every transaction.

Other remote freelance marketplaces monetise the process in a similar way, although the exact percentage charged to workers or clients varies, as does the presence of plans for clients. For example, Fiverr has a flat fee of 20% on each piece of work sold by a freelancer<sup>23</sup>. Freelancer takes a cut of 13% (3% from the employer and 10% from the freelancer<sup>24</sup>) on each completed project, and has a number of subscription plans for freelancers<sup>25</sup>, as well as extra paid services for employers.

Similarly, Uber, one of the best known on-location work platforms for ride-hailing, takes a commission fee on each trip when transferring the pay for the trips to the driver’s account. The commission rates vary from 15% to 30%, depending on the market. Uber’s competitor Bolt, meanwhile, takes 15% commission per ride from drivers, which they advertise to workers as 10% less than similar platforms.

Meanwhile, the food delivery subdivisions of these platform companies, as well as other delivery start-ups operating as on-location labour platforms, also take a commission fee from their restaurant partners, as well as the commission paid by workers.

Some clients already have concerns, and these can be detrimental to the reputation of labour platforms. For example, fraud was mentioned as one of the most frequent challenges that platforms face, according to the interview with Freelancehunt. Meanwhile, a Kabanchik manager revealed that

<sup>21</sup> <https://support.upwork.com/hc/en-us/articles/211062538-Freelancer-Service-Fees>

<sup>22</sup> <https://support.upwork.com/hc/en-us/categories/360001191293-Service-Options>

<sup>23</sup> <https://forum.fiverr.com/t/i-want-to-know-about-fiverr-fees/195595>

<sup>24</sup> [www.freelancer.com/feesandcharges](http://www.freelancer.com/feesandcharges)

<sup>25</sup> [www.freelancer.com/membership/?ngsw-bypass=&w=f](http://www.freelancer.com/membership/?ngsw-bypass=&w=f)

the platform has no oversight of the financial arrangements between client and platform worker, and hence can interfere only to a very limited extent. The only form of punishment mentioned was limiting access to the website for those who violate agreements. Therefore, depending on an individual worker's negotiation skills, they may be even more dependent on the client's good will, and have fewer mechanisms to solve disputes fairly.

To mitigate the likelihood of fraud and increase the trust between workers and clients, platforms also apply several ex-ante measures. For example, Freelancehunt checks its platform workers by requiring confirmation of a mobile phone number for registration, and a passport number is required for identification and verification. In this way, the platform aims to become 'the third party with trust from all sides', in a context where the client and platform worker were not previously known to each other. However, this is not a universal practice across platforms. For example, Upwork has rather low requirements: the workers must be over 13 years old and have a bank account.

With regard to work organisation, the study identified a number of 'collective' accounts on remote specialist work platforms. These may operate as agencies in securing assignments on the platform and then distributing them to a pool of workers. Platform workers earn credibility and professionalism with time (by successfully securing and completing tasks and receiving good reviews), and they are then more likely to secure further projects. If a successful platform worker has many offers, they can outsource them to others and supervise their work (Shulyakova, 2019). Another working scheme seems to be when services are offered or taken up by organisations or companies 'that connect groups of freelancers' with labour platforms (Proskalovich, 2018). In these instances, the business strategy is of intermediation, with a manager of the organisation collecting orders, possibly dividing the labour into simpler tasks and allocating work among freelancers. This set-up may be tempting for those workers who do not have qualifications to complete more complex tasks, do not speak foreign languages or prefer to avoid administrative elements.

As illustrated in Annex 2, the analysis of data from selected platforms identified a number of collective accounts or accounts with extremely large numbers of reviews (indicating large amounts of activity) on the platforms reviewed, supporting this insight in all EaP countries. However, further research is needed to better understand the extent to which individual freelancers choose this model, as well as the benefits and disadvantages of working through such intermediaries.

## 4.2 Working conditions

Physical working conditions differ significantly between web-based and on-location platform workers. Web-based platform workers seem to be solely responsible for providing their own working space and conditions. The most popular working site is at home, as confirmed by the manager of Kabanchik in an interview. According to a poll conducted two years ago by Freelancehunt and insights shared during our interview, 83% of platform workers from Belarus, Ukraine and Russia work from home. Many choose to work from coffee shops, as the second most popular working location. Interestingly, freelancing is earning a bad reputation as a result. For example, Belarusian coffee shop owners complain about lost revenue and a decline in customer numbers as a result of the presence of remote or platform workers. Some describe it as a 'silent war' waged by coffee house managers against freelancers (Myfin.by, 2019).

Co-working spaces are arguably the most suitable location for this type of work, but there are still very few of these in EaP countries. Nonetheless, the number of co-working spaces is increasing and they

can be found in the capital cities of all EaP countries<sup>26</sup>. For example, several new co-working spaces opened in Minsk in 2020, many catering to IT sector workers and offering individual working rooms. One such new project, for instance, claimed that clients who rent co-working spaces are predominantly (98%) from the IT sector and are mostly working as freelancers for Western companies; however, it is difficult to isolate the proportion of platform workers within this category (Telegraf.by, 2020). Such places also allow for communities to emerge, forming collegial relationships similar to those in more traditional offices.

A representative of Cartooli in Georgia, who also has experience of working as a freelancer, noted that there are differences between local and international online work platforms. He considered that international platforms create better conditions for freelancers in terms of equal employment and non-discriminatory practices. This could be because Georgian platforms are still rather new and underdeveloped compared with large international platforms.

With regard to on-location workers, it is difficult to generalise because of the diversity of on-location services provided via platforms. However, it is likely that as independent contractors, they suffer most significantly as a result of the lack of the regulation and protection associated with employment status. For example, couriers working via platforms are not covered by any insurance against accidents, whereas standard employees are covered under labour codes (see more details in Chapter 5 and the country-specific references). This raises serious concerns about aspects of workers' health and safety.

### 4.3 Skills development opportunities on platforms

As platform work is increasingly becoming a widespread phenomenon, its structure in terms of skills needs is starting to resemble that of traditional labour markets. The online platforms profit from skill pools available in the countries, both remotely and on location. There are often no formal skills requirements to enter the market, but workers need to prove their competences through service delivery and positive client ratings. While the platforms recognise the benefits of lifelong learning approaches for them and their workers or service providers, they do not seem to assume responsibility for skills development. Only some of the on-location platforms provide introductory training, including for developing soft skills linked to customer relations. The web-based training offer is also fragmented, and workers are very often directed to free or paid online resources or external training providers. While platforms as intermediaries offer an easy entry to the market, further guidance and support is rather limited in terms of upskilling or career development opportunities.

Moreover, although engagement in platform work often does not require formal qualifications, it is related to a certain **skill set as a key precondition**.

- First, all potential platform workers must have at least the basic **digital skills** necessary to navigate the online task search and work organisation environments. According to the findings of Cedefop's CrowdLearn study (Cedefop, 2020), in countries where online platform work is less common, this was partly due to a lack of digital skills in the workforce, alongside economic and labour market factors. This is relevant in EaP countries, and could be the factor preventing faster development of the online labour economy, especially among more disadvantaged groups (ETF/Ermsone, 2019, p. 5).

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<sup>26</sup> [www.coworkbooking.com/europe/](http://www.coworkbooking.com/europe/)

- Second, the strong competition in international marketplaces for the highest-paid platform jobs means that a good command of the [English language](#) is required. As of 2020, the English-language skill levels of EaP populations are notably lower than in most EU countries. While Belarus, Ukraine and Georgia are classified in the English Proficiency Index as moderate-proficiency countries, Armenia falls into the low-proficiency group and Azerbaijan is classed as having very low proficiency (Education First, 2019). Interestingly, this somewhat correlates with the current prevalence of remote platform work in these countries. Thus, attention to the development of foreign language skills is important in making platform work opportunities available to broader groups of EaP workers.
- Third, successful platform workers need a [range of occupational skills, personal dispositions and competences](#) developed through formal education and training prior to commencing work in the platform economy (Cedefop, 2020). As platforms provide intermediation between workers and clients for a wide variety of tasks based on their complexity, the required types and levels of qualifications also vary. The low prevalence of web-based platform work in some of the EaP countries can be explained, at least to some extent, by the general lack of a workforce with the ‘marketable’ skills necessary for digital platforms. For example, in Belarus, the size of the IT workforce is around five times greater than that in Azerbaijan, even though the two countries are similar in terms of population size (Mayors for Economic Growth, 2019). This is also reflected in the data collected on IT specialists from these countries on the web-based labour platforms reviewed, with Belarusians, for example, significantly more active and visible on these platforms than Azerbaijanis.

As in regular work environments – and in some cases even more so – work via online platforms can be associated with on-the-job learning and other modes of skills acquisition. However, the skills development potential of digital labour platforms has not yet been fully exploited. All types of platform play some role in skills development and learning processes for platform workers, through methods such as skill tests and participation in contests to secure work assignments. However, these processes differ radically in platform work from those associated with standard employment. While standard employees can expect their employers to provide continuing training relating to new work elements or technologies in the workplace, platform workers are responsible for their own learning and skills development (Margaryan, 2019). According to a report by Doteveryone (Perera et al., 2020), platform workers implementing on-location tasks such as transportation and delivery tend not to even have time for skills development, given that their primary goal is income generation. Platforms for on-location work provide only general orientation training, as revealed in several interviews in the EaP countries. The training often includes very practical information on self-employed working, registering with the authorities and using the platform’s mobile applications. However, in some cases it also focuses on transversal skills (e.g. communication) and customer service. In some countries this can be a very important step towards improving the overall quality of services<sup>27</sup>.

The situation seems to be quite different for remote platform workers. Our findings confirm those of the Cedefop CrowdLearn study (Cedefop, 2020) on remote platform workers, who are, on average, the higher-skilled segment of all platform workers. We also conclude that self-regulatory learning skills are a fundamental skill set. These include the ability to understand and identify changing skill requirements; to be proactive in seeking feedback; and to be self-reflective and capable of changing one’s learning strategies when they are not working. Successful platform workers consider skills

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<sup>27</sup> The Armenian expert, for example, noted that the quality of taxi services intermediated by platforms in Yerevan is notably higher than in traditional taxis. This can be associated with higher service standards and driver training.

development to be an essential feature of their experience. This is corroborated by another study of freelancers on Fiverr, which found that improving their skill sets helps platform workers to achieve better success and performance in the platform economy (Huang et al., 2019). The CrowdLearn survey of remote platform workers showed that two thirds of workers developed their professional skills and technical skills on at least a weekly basis while working on platforms. Around half of online workers reported having improved their technical and communication skills, and more than 75% developed their core expertise in the month before the study was conducted. Most of this learning was done through individual initiative. Platform workers were also willing to invest time and money in developing skills that immediately helped them to solve problems in their current work or expand the range of new work they can bid for on the platforms. Often the learning practices of platform workers are social in nature, taking place in online communities (Lehdonvirta et al., 2019). The sources reviewed reveal similar worker practices on platforms on which EaP workers are also active. Particularly interesting is the strong sense of community and mutual support to complete more complex tasks, as well as the dedication of a significant amount of time to searching for the best solutions for completing assignments. Workers tend to share their knowledge and support each other through established communities within platforms, but also externally, for example on Facebook. Such self-organised communities often serve as job intermediaries and career support. They also provide very specific and instant solutions to task-completion problems, which would be very difficult to obtain through a standard training course.

Naturally, there are differences in these self-learning processes according to the type of platform work conducted, the level of complexity and the skills requirements. The findings showed that both types of workers (on location and remote) are engaged in workplace learning activities, as well as self-regulatory learning. However, higher-skilled freelancers tend to undertake free online courses/tutorials and learn by receiving feedback more often. In addition, external private providers offer upskilling opportunities and skills certification, but the offer tends to be limited to specialised IT professional skills. For example, Google, Microsoft, Cisco and other digital giants offer specialised IT courses and their certifications are recognised internationally.

Individual learning for freelancers is also facilitated by a variety of free and paid internet sources, including a large variety of massive online open course (MOOC) platforms<sup>28</sup> and YouTube tutorials. Some paid training platforms that are relevant to platform freelancers, such as Udemy<sup>29</sup>, operate as a sort of labour platform themselves. Individuals can register as teachers, prepare courses and get paid, as well as buying these courses as users. Some labour platforms, such as Fiverr, also offer various online training courses for current and potential workers, although these are not provided free<sup>30</sup>. Others, such as PeoplePerHour, have commercial partnerships with online learning providers (in this case, Skillshare<sup>31</sup>) and recommend courses to their workers. Although it is too early to draw any general conclusions, this trend is likely to expand further if the platform labour markets become increasingly prominent.

Nevertheless, a more purposeful inclusion of remote platform work (or elements of it) into skills development systems requires the involvement of the public and private education and training system, as well as other actors. From the perspective of the public sector, platform workers remain

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<sup>28</sup> <https://digitaldefynd.com/best-freelancer-training-courses/>

<sup>29</sup> [www.udemy.com/teaching/?ref=teach\\_header](https://www.udemy.com/teaching/?ref=teach_header)

<sup>30</sup> <https://learn.fiverr.com/>

<sup>31</sup> [www.peopleperhour.com/blog/buyers/partnership-skillshare-get-3-month-free-membership/](https://www.peopleperhour.com/blog/buyers/partnership-skillshare-get-3-month-free-membership/)

outside the group of beneficiaries of upskilling opportunities offered by, for example, employment services and sectoral organisations. Limited lifelong learning provision does little to help workers who are locked in to relatively well-paid but low-skilled platform work, which, in turn, can result in deskilling.

It is clear that continuous upskilling is a precondition for competing successfully in online labour marketplaces. Further research will be needed to better understand the skills development needs of platform workers themselves and possible ways to support them.

Examples exist of platform collaborations with non-governmental organisations (NGOs) and governments to establish upskilling and job opportunities for online work in other developing countries. Sama (previously called Samasource) is a micro-tasking platform that has established training centres in various African and South Asian countries. Such work centres provide local people with technical and professional skills required to succeed on the platform. For most of Sama's workers, this is their first formal job. The organisation reports that 84% of workers continue to work or pursue their education after they leave Sama<sup>32</sup>. More importantly, the platform itself focuses on preparing local instructors and targets individuals who are marginalised and disadvantaged (Lehdonvirta et al., 2019, p. 16). Investment in similar social start-ups in EaP countries could also be a tool for addressing graduate unemployment and the lack of digital skills in the region.

Another important consideration is the recognition and validation of skills gained while working online. Currently, the core information on workers' skills and trustworthiness is presented in platforms' reputation systems, as evaluations by platforms, ratings and client reviews. These details are limited to the specific platform on which this reputation data is earned by a worker: the information cannot easily be transferred to another platform or used in offline job markets as proof of qualifications. In other words, freelancers signing up to new platforms can attach any information they wish to their profiles, including diplomas or copies of certificates earned from learning providers, but they cannot transfer client feedback or other evidence from another platform that would 'validate' the information they have supplied. Therefore, work experience and skills developed on the job are not portable between platforms. Platforms do not have incentives to develop data interoperability structures to allow the recognition of workers' skills across different platforms, or outside them. At the same time, this could be a good opportunity to enable freelancers not only to migrate more easily across platforms, but also to engage in platform work as a step in their careers, allowing them to build skills that can later be applied in other organisations.

Supplementary tools that might support access to validation arrangements in the future are being explored; examples include e-portfolios, electronic badges and Youthpass<sup>33</sup>. The current reflection at EU level on the micro-credential system and individual learning accounts could be helpful in addressing challenges faced in the current setting of platform work. Further discussions are still needed, carefully assessing the needs of freelance, remote and platform workers.

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<sup>32</sup> [Our Impact | Sama](#)

<sup>33</sup> [www.youthpass.eu/en/](http://www.youthpass.eu/en/)

## 5. REGULATION AND LABOUR MARKET STATUS OF PLATFORM WORKERS

Because of its fast evolution, diverse nature and ambiguous effects, platform work is a significant challenge for policy-makers and legislators around the world. At the core of the majority of these discussions is the employment status of platform workers. The legal regulation traditionally divides the labour market into a number of predetermined categories (most notably employee vs self-employed), to which rights and duties are then attached. The tests determining which category an individual engaged in platform work falls into are often unclear and easily manipulated.

Certain distinctions exist in platform work to guide the determination of employment status. For example, for workers on platforms for low-skilled on-location work (e.g. Uber or Yandex.Taxi), the level of (algorithmic) control over workers, the provision of the means of work and the remuneration arrangements strongly resemble the relationship between employer and employee. Meanwhile, on platforms focused on high-complexity services (e.g. Upwork), work relationships are characterised by high degrees of worker autonomy and flexibility, allowing these to be considered as genuine self-employment.

Despite these differences, most platforms assert that platform workers are self-employed, independent contractors. As a result, workers are not covered by worker-protective norms relating to minimum wage, working time, health and safety, unfair dismissal protection, social insurance, freedom of association and collective bargaining. The lack of social protection became especially problematic during the Covid-19 crisis, which highlighted the importance of access to social services and cash support.

In the EU, many legal experts agree that in many scenarios, platform workers should be classified as workers within the scope of domestic employment law (Adams et al., 2018). Platform work, then, is more often a form of casual work rather than genuine self-employment (De Stefano, 2017; De Stefano and Aloisi, 2018). A number of options have been proposed for dealing with this issue in the existing body of literature.

- **New categories could be created** that fall between ‘employee’ and ‘self-employed’. However, this complicates the overall legislative framework, creating confusion and administrative burdens. The distinction between the self-employed and employees still has to be made, as it determines the rights and obligations of workers.
- **A basic floor of rights could be extended** to all working individuals, regardless of their legal status (Adams et al., 2018).
- **A functional concept of employer could be adopted** as a regulatory solution to platform employment, with platforms, workers and service users each having an appropriate share of employer responsibilities. For example, some authors (Prassl and Risak, 2015) argue that the Uber business model demonstrates a platform exercising all employer functions<sup>34</sup> and can thus easily be identified as an employer. Consequently, drivers should be seen as workers rather than independent contractors. Other platform business models, however, lead to a fragmentation of

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<sup>34</sup> (1) Inception and termination of the employment relationship; (2) Receiving labour and its fruits; (3) Providing work and pay; (4) Managing the enterprise-internal market; (5) Managing the enterprise-external market.

employer functions. As a result, multiple entities may come to be seen as employers for different purposes (Prassl and Risak, 2015).

These legal considerations are being reflected in courts' rulings across EU countries and the UK. In February 2021 the UK's highest court ruled that Uber drivers were workers and not self-employed. Spain's supreme court said in September 2020 that workers for Glovo were actual employees. There have been similar court rulings in Italy, the Netherlands, France and Belgium. The European Commission has launched a broad consultation over the rights of workers in the gig economy with a view to granting or approximating the rights found in standard employment.

The introduction of regulation in this field faces a number of issues. Policy should assess its potential social and economic implications and ensure that it does not undermine the principles of fairness, social protection, fundamental labour rights and equal opportunities. At the same time, it needs to foster a positive environment for innovation and skills development. Another important question for any policy intervention is its timing. Digital platforms consist of codes and algorithms that impose certain behavioural constraints and incentives. For example, algorithms determine how workers are ranked in the search results of potential clients, how workers and clients are matched in on-location service apps, how the pay is estimated, and so on, with little or no human control in real time. The question is whether policy-makers should intervene at the development stage of these rules and algorithms, or whether the policy should govern the ex-post results of the new technology (Pesole et al., 2018). Enforcement of labour and tax regulations (and even their comprehension by freelancers themselves) might be complicated by the 'digital nomad' lifestyle of some freelancers, who may live in several countries and work for numerous companies in a given year. This is a global challenge for setting conditions for freelance or remote work (Lai, 2020), rather than an issue at single country level.

## 5.1 The 'formal' statuses of EaP platform workers

Legal regulations in the EaP countries traditionally divide the labour market into a binary system of predetermined categories of employee (i.e. labour contract under the labour code) and self-employed (various types of registration and contracts under the civil code). Different rights and duties of workers and employers are then attached to these statuses – including payment of taxes and the right to social protection, safe working conditions and collective bargaining.

Most platforms – both for on-location and remote work, and with high and low levels of worker autonomy – tend to assert that platform workers are self-employed, independent contractors. Tax law and employment law incentivise the actors involved (primarily platforms) to choose this model over regular employment. Moreover, the irregular and flexible nature of platform work, involving multiple clients in a short-time frame, may not fit within longer-term regular employment contracts as effectively as it would with short-term arrangements. At the same time, while self-employment status may well reflect the actual situation of highly qualified online freelancers working via platforms, this can often be a misclassification (i.e. bogus self-employment) in the case of low-skilled on-location platform work. On-location workers, similar to standard employees, often have limited control over their work schedules, processes and pay rates, and are provided with work equipment by the platforms. The country-level research uncovered disputes relating to these issues between platforms and national authorities (see [Box 5.1](#)).

### BOX 5.1 MENU.AM CASE IN ARMENIA

A disagreement on the status of delivery personnel arose between the Ministry of Labour and Social Affairs and the State Revenue Committee on one side, and the menu.am delivery platform on the other. According to the public authorities, the work carried out by delivery personnel resembles traditional employment and should be governed by the Labour Code and employment contracts, and these personnel should have the status of ‘employees’. To justify such a claim, the authorities put forward the arguments that the menu.am delivery personnel were using bikes provided by the company, that they have uniform provided by the company, and that the working conditions are almost identical to any other employment conditions. Menu.am’s position was different: the company claimed that the delivery personnel with bikes provided by the company were only a small part of the overall staff and that the majority use their own cars. The platform also claimed that the delivery personnel still have a certain degree of freedom in whether to take on a delivery request or reject it.

As a solution that would satisfy both parties to some extent, an intermediate position was taken. The delivery personnel were registered as private entrepreneurs and were to pay 5% tax on the turnover. Menu.am took on all the accounting tasks relating to the private entrepreneur status, though in general the idea of being a private entrepreneur is that you deal with your own accounting (menu.am is not formally their employer). Under this arrangement, the delivery staff paid some taxes, although these are still much lower than they would have paid if they were engaged as employees (the income tax rate was 23% in 2020). This maintained some competitive advantage for menu.am, whose business model cannot operate if it has to employ every delivery person.

TABLE 5.1 FORMAL LABOUR OPTIONS MOST COMMONLY USED BY PLATFORM WORKERS

		Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
Employment	Labour law						
	Formal labour contract	Standard employment contracts	Standard employment contracts	Standard employment contracts	Standard employment contracts	Standard employment contracts	Standard employment contracts
Self-employment	Civil law						
	Service/work/short-term contract	Service delivery contracts (ծառայությունների մատուցման պայմանագիր)	Civil law contract for service provision (xidmət müqaviləsi)	Work agreement (договор подряда)	Service agreement (მომსახურების ხელშეკრულება)	Service agreement (contract de prestări servicii)	Short-term civil law contracts (договір цивільно-правового характеру)
	Private/sole entrepreneur	Private entrepreneur (անհատ ձեռնարկատեր)	Individual entrepreneur (sole proprietor) (fərdi sahibkar)	Individual entrepreneur (индивидуальный предприниматель)	Individual entrepreneur (ინდივიდუალური მეწარმე)	Individual entrepreneur (intreprindere individuala)	Private entrepreneur (фізичні особи – підприємці)
	Self-employment (as a separate formal status)		Self-employment (özünüməşğulluq)	Self-employment (sole proprietor) (самозанятость)	Self-employment (თვითდასაქმებული)		

Legend: Not used Used in some cases Main form for platform work

Source: National labour and civil codes, and interviews conducted by national experts. ‘Self-employment’ in the table is one of the legal categories of self-employment as a broad concept that contrasts with employment, as discussed above (as it can take the form of various statuses under civil law), and should not be confused. Depending on the national legal framework, it can include or exclude types of economic activity that are intermediated via online platforms.

Overall, the existing legal framework within which platform work is conducted in the EaP region consists of the labour codes and the arrangements for self-employment and freelance/contract work under the civil codes. As the findings show, the latter are the main framework for platform work in the EaP countries, regardless of the type of platform work (see [Table 5.1](#)).

In most cases, a platform worker is legally not perceived as an employee but as a natural person contracted for a service. Moldova is an exception in this regard, as most on-location workers in taxi and delivery services are treated as employees. This is influenced by the lack of a legal framework for flexible self-employment with multiple clients, a situation that the platforms operating in Moldova criticise. However, such a solution gives greater protection to the workers.

Platform workers classed as self-employed or freelance are generally not part of workers' trade unions. They do, however, try to raise awareness of their working conditions and exert some pressure to improve their status, for instance in Ukraine through self-organised workers' communities on Facebook. Ukraine is now considering moving towards declaring drivers and delivery service providers to be employees. However, as of early 2021, this initiative received strong opposition from the platforms (see [Box 5.2](#)).

#### **BOX 5.2 CONSIDERATIONS OF EMPLOYMENT STATUS IN UKRAINE**

On 9 February 2021, the Ukrainian government submitted to parliament [Draft Law No 5054](#), proposing amendments to the Labour Code on the definition of employment and seven criteria for defining employment status that are typical of regular employment. The simultaneous presence of at least three criteria is considered to define relations between employee and company as regular employment. The draft is explained by the need to comply with the EU Employment Directives and to ensure social protection for employees. The characteristics of regular employment are:

1. personal performance by a person of work on behalf of and under the control of the person in whose interests the work is performed;
2. regulation of the permanent labour process and, as a rule, not envisaging the setting of a specific result (volume) of work for a certain period of time;
3. performance of work by a certain workforce agreed with the person in whose interests the work is performed, in compliance with the internal labour regulations;
4. organisation of working conditions, in particular the provision of means of production (equipment, tools, materials, raw materials, workplace) by the person in whose interests the work is performed;
5. systematic/regular remuneration payment to the person performing the work;
6. established duration of working time and rest time by the person in whose interests the work is performed;
7. reimbursement of costs for business trips and other financial costs associated with the performance of work by the person in whose interests the work is performed.

This draft law de facto considers Bolt, Uber and Uklon drivers and Glovo riders as employees, which would mean that they will have to become employees. The draft law was criticised by representatives of the sector and some experts as it could mean stronger regulation and higher taxes to be paid by companies and workers.

So far, the discussions on legal status, working conditions and other aspects of new forms of work are not very evident. None of the EaP countries have so far recognised platform work per se in laws or policies on employment. In addition, little evidence on policy discussions has been found and social partners seem not to be much involved in initiating such reflections. As a result, suitable frameworks to support and organise this form of employment are lacking, which is a similarly situation to that in many countries, including in the EU.

The current situation creates a number of challenges for workers and for EaP labour markets more broadly.

First, the current laws and regulations are not flexible enough to accommodate the nature and technological aspects of digitalised work, including platform work conducted by individuals. Because of technological advances and digitalisation, many services can be divided into smaller tasks and carried out by individuals outside of the firm, which means that traditional contractual relations based on the idea of long-term cooperation are not valid for such cases. Importantly, this goes beyond outsourcing to other organisations, as individuals working independently are now becoming valid counterparts for many functions. In all EaP countries, national experts noted that the legal system is outdated and lacks the flexibility to facilitate platform work. For instance, an economic theorist interviewed in Belarus argued that ‘there are no clear criteria that people can rely on when they work through labour platforms’; this makes platform workers vulnerable, as ‘they work in a sector that is not well defined and [...] they have no real regulations to follow’. Nonetheless, in the EaP context, Belarus can be considered relatively well advanced, as several options exist for freelancers and platform workers to formalise their work. In contrast, the Moldovan law is the most restrictive. As a result, platform workers there are either employed through employee contracts under the labour law (even though these do not provide enough flexibility for the nature of work carried out) or work informally (for further details, see Section 5.2).

Second, the tax requirements and administrative rules for the self-employed are not always optimal. Generally, engagement in work under civil law implies in all countries that the contractor (worker) is responsible for payment of tax. The approach to taxation can differ based on the type of contract or legal position of the platform worker and specific arrangements between platforms, workers and regulatory authorities. For example, in Armenia, a dispute between one of the delivery platforms and labour market authorities led to the platform being made responsible for registering workers (with private entrepreneur status) and paying taxes for them. However, in most cases tax is the individual worker’s responsibility. Complicated tax requirements, lack of special structures for platform work, limited observability of platform work transactions, and lack of enforcement drive many platform workers into unregistered informal employment and tax evasion. Although Ukrainian law is the most advanced in terms of regulating the special position of platform workers (‘individual contractor with special status’), a limited enforcement (e.g. in terms of taxation) may lead many workers to still choose to work informally.

Third, contractual relationships under the civil code do not provide the same degree of benefits and protections as employment relationships. Employment under the civil law often means that platform workers, even those working formally, miss out on a number of rights guaranteed by the labour code, such as those relating to working time, holidays, social security, sick leave, unemployment benefits and similar support.

Social benefits associated with self-employment status do exist to some extent in EaP countries. For instance, in Ukraine the simplified tax system introduced in 1998 at the beginning of this millennium

covers platform workers who are registered as entrepreneurs with social security and minimum pension rights. Individual entrepreneurs are also entitled to active and passive labour market policies delivered by the state employment centres. This approach ensures that platform workers can still access some of the protections guaranteed by labour law. In Georgia, self-employed persons also receive a pension. Similarly, all workers in Armenia are required to make payments towards the contributory pension system, regardless of their employment status. However, self-employed persons remain at risk of lower wages, lack of union rights and discrimination<sup>35</sup>.

This is noted by the workers themselves. For example, a survey among freelance workers in Belarus confirmed that working conditions (i.e. lack of paid holidays and leave) and instability are the main challenges faced by non-standard workers in the country (Tut.by, 2020). The rapid growth of platform and remote work has led unions in Belarus to call for better protection of non-traditional workers, for example by introducing 'contingent workers with the same hourly wages as regular employees' (Interfax, 2017). Similar movements have recently emerged in Ukraine (Movchan, 2019) and Georgia (Georgia Fair Labour Platform, 2021).

## 5.2 Informal employment

While civil codes do not provide for all labour rights, they do in most cases provide a framework for the legal status of platform workers that would allow access to social security and pension rights. The lack of a regulatory framework facilitating platform work and enforcement of tax laws, complex legislation and limited awareness among platform workers about their responsibilities often drive platform workers into informal employment as an easier option.

Generally, informal work is a widespread phenomenon in most EaP countries, representing a significant portion of the labour market and signalling the prevalence of vulnerable employment in the region. Armenia shows the most concerning numbers, with almost a third of young people without employment contracts and 41% in informal employment, while an estimated 58% of Ukrainian young people are in informal employment relationships (ETF/Sargsyan and Castel-Branco, 2019; ETF/Sichkar and Ermsone, 2019).

The national research results indicate that platform work is one of the areas in which informal work occurs frequently. The lack of an appropriate regulatory framework for platform work, as discussed above, is one of the key factors. For example, the Armenian labour law does not per se hinder formal platform work, but neither does its outdated content facilitate it. According to the law, a new service contract should be signed for each platform labour activity (e.g. each food delivery). These requirements, which prevent the efficient execution of platform work, cause many workers to operate informally. Indeed, interviews in Armenia with the Ministry of Labour and Social Protection and the State Revenue Committee, as well as with students and professionals engaged in web-based platforms, reveal that – with rare exceptions – the job arrangements (either with or without contracts) are not formally registered and no fiscal consequences for the service providers arise. Meanwhile, the Moldovan labour law experts noted that without a framework for platform or freelance work, informal platform work is also a common choice. Contractual obligations set by clients are often disadvantageous and formal employment involves high tax requirements. As a result, informal workers in Moldova, when audited, are fined for their tax evasion.

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<sup>35</sup> Interview with a Cartooli company representative, Georgia.

In countries where more suitable regulatory frameworks do exist, the administrative burden and lack of clarity becomes an obstacle. For example, according to a Belarusian business manager, most Belarusian platform workers are employed in 'grey' or informal arrangements, because the current regulatory system does not provide them with clear instructions on how to pay taxes and work legally. A Freelancehunt representative in Belarus indicated that 'due to the legal challenges, it is much harder to work legally as a labour platform worker in Belarus than in Russia and Ukraine'.

Another key issue is lack of enforcement. For example, platform workers in Ukraine are responsible for paying their own taxes and the simplified tax system facilitates this. However, as Bolt's representative indicated, enforcement of the law and the tax system is minimal, and many platform workers therefore do not pay taxes.

Nevertheless, in some EaP countries, developments or discussions are starting to take place to update the labour legislation. Despite the lack of recognition of platform work structures in labour laws, the new approaches are intended to be more flexible towards freelance or remote forms of work. The findings of the study show that significant benefits would arise for both platform workers and authorities if platform work was stimulated and incentives for formal work introduced, including through closing existing gaps. Platform workers would benefit from social security and flexible contractual arrangements, while governments could set clear guidelines for this employment sector and receive tax revenues.

## 6. PLATFORM WORK IN THE EASTERN PARTNERSHIP REGION: AN OVERVIEW OF STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Although the regulation (or lack thereof) of platform work is problematic in its current form and results in significant levels of informal labour, platform work in the EaP countries is not in itself an area of concern for the future. Rather, the lack of its development within the formal economy – and the underlying reasons for that – might be the more important issue. Platform work is seen by some as an important tool for labour market integration, and especially for addressing youth unemployment, as many workers are relatively young. It may also bring employment opportunities for adult workers at all skills levels. For example, the Georgian experts interviewed believe that platform work will become an important factor for alleviating unemployment, particularly among young people, and for retaining the qualified personnel needed for the country's development (e.g. IT specialists). Ukrainian experts perceive the same trend and believe that platform work could also lower labour migration out of Ukraine by providing more well-paid job opportunities. Similarly, experts in Armenia express the view that platform work is already contributing to the decrease in unemployment and that it provides various positive benefits (flexibility, above-average wages) to both platform workers and Armenian companies. In particular, individual platform workers represent an excellent alternative to full-time employees and to outsourcing to firms, both of which include high transaction costs.

At the same time, a number of additional barriers exist for the successful integration of platform work into labour market strategies. Overall, the growth of the phenomenon of platform work in the EaP region can be seen through the lens of strengths, weaknesses, opportunities and threats (SWOT). [Figure 6.1](#) presents a brief overview, and more details are presented in the sections that follow.

### 6.1 Strengths of platform work in the EaP region

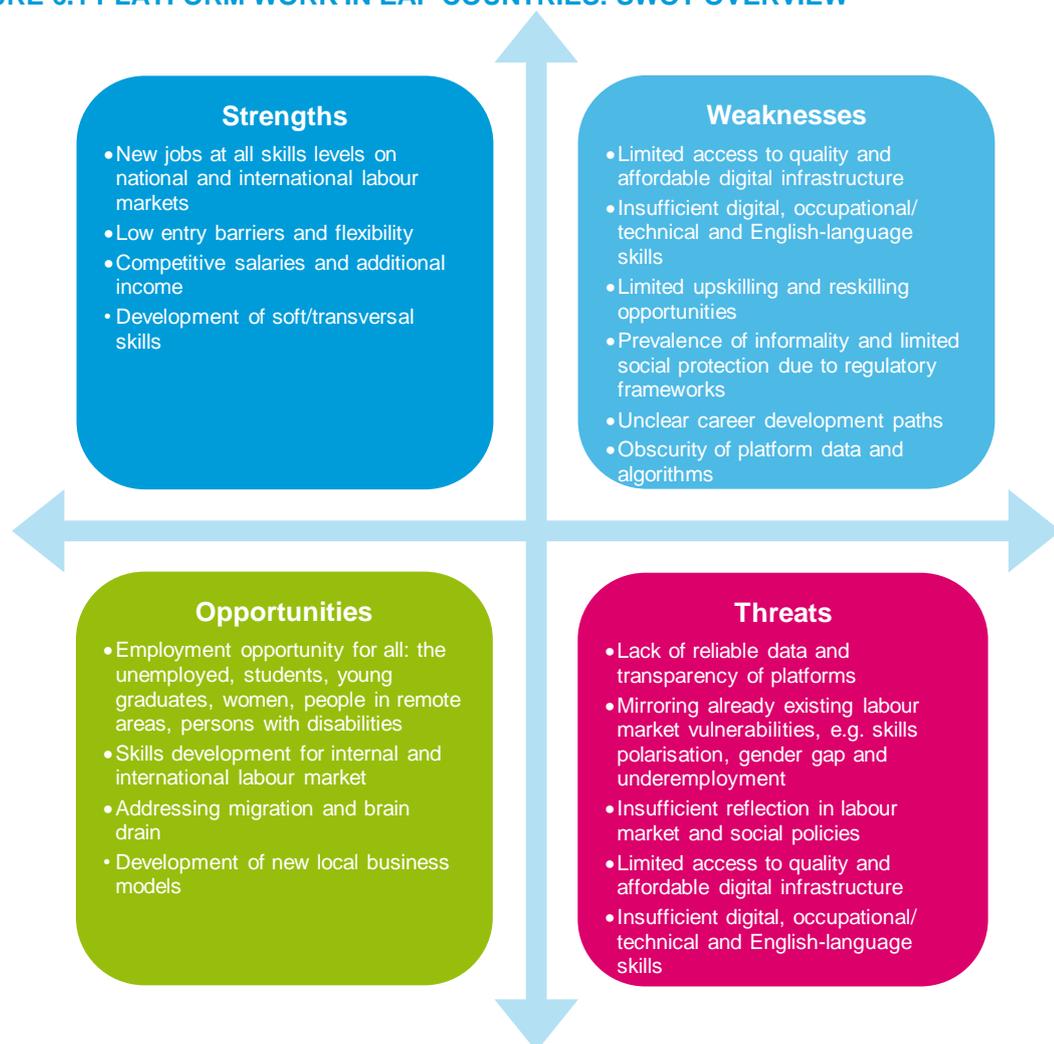
The emergence of platform work globally is associated with a number of advantages of this new form of work and work organisation. It creates a wide range of new employment opportunities, especially for part-time employment, allowing many workers to earn additional income on top of the earnings from their main jobs. These new employment opportunities are also characterised by increased flexibility in terms of working schedules, working time and location. This can be especially attractive to workers who, for personal or other reasons, cannot engage in standard full-time employment.

Platform work (especially as a secondary job) is also attractive because of its lower entry barriers in terms of formal skills requirements and flexibility of working locations and schedules. These are related, at least in part, to a reduced burden for workers and clients in comparison with traditional recruitment and employment procedures. For some types of work, such as micro-tasking, the basic requirements are reduced to regular access to a computer with an internet connection, knowledge of languages, and basic digital skills. For on-location work the minimum requirements are often possession of a means of transport and a mobile device with an internet connection. Other types of remote work do not require physical presence, commitment to working hours, or formal qualifications such as a university diploma, although high global competition between freelancers may introduce additional barriers.

Further, for highly qualified remote workers from EaP countries, platforms provide access to global markets and clients from highly economically developed regions, resulting in opportunities for more diverse and interesting work, as well as higher earnings. At least in theory, access to higher-paid jobs in the home country can reduce incentives for economic outward migration.

Moreover, recent research (Cedefop, 2020) shows that at least some types of platform work (notably remote work) are associated with continuing worker skills development. This relates not only to specific skills requirements to implement tasks but also to workers' soft skills, such as time management, self-presentation and communication with clients. These are gained through a variety of online sources (e.g. YouTube videos, MOOCs), through training by platforms themselves (e.g. training curricula of remote work platforms such as Fiverr, customer service courses by on-location platforms), and on the job. However, the skills development potential of digital labour platforms has not yet been fully tapped for the benefit of workers and labour markets through lifelong learning approaches. Skills development online and in platform work is rather fragmented and it very much relies on the worker's responsibility. Skills acquired in online contexts are not widely recognised or validated, unless they are gained through international professional skills certifications such as those provided by Microsoft, Cisco, Oracle, SAP, etc.

**FIGURE 6.1 PLATFORM WORK IN EAP COUNTRIES: SWOT OVERVIEW**



## 6.2 Opportunities of platform work in the EaP region

Given the advantages of platform work and the current labour market and skills development contexts in the EaP region, platform work can bring significant opportunities.

Platform work can be viewed from the perspective of new employment opportunities, which is especially relevant in many EaP countries for a number of reasons. First, all countries highlight the issue of an oversupply of graduates and the lack of graduate-level jobs (ETF/Ermson, 2019, p. 18). Vocational education is relatively unpopular, and students more often opt for a university education, even if that risks them being overeducated for the jobs available. There seems to be a delay in adjusting education policies to address trends in labour markets. In the context of labour market conditions in EaP countries, in contrast to the situation in the EU, platform work is not associated with precariousness, but rather with a source of employment at different skills levels and with additional income. In this sense, international remote freelancing platforms offer new open job markets for qualified workers, often with competitive salaries. At the same time, on-location platforms offer new opportunities without any specific skills requirements.

Platform work creates a wide range of new employment opportunities, especially for part-time employment, allowing many workers to earn additional income besides the earnings from their main job and work the hours they wish in a flexible way. This can be especially attractive to workers who, for personal or other reasons, cannot engage in standard full-time employment.

In the face of persisting unemployment in some of the countries, micro-tasking and on-location work platforms provide employment opportunities for the lower-skilled workforce in the cities. The potential of platform work to solve unemployment and underemployment problems in the region has already been noted, for example by the World Bank (Raja et al., 2018). Platform work has strong inclusiveness potential for individuals who are in a less favourable situation in the labour market in terms of gender, geographical access, age or disability, although this potential has not yet been tapped.

New economic opportunities for workers – especially highly skilled and well-paid work for foreign clients that can be carried out without leaving the home country (through platform work or other types of outsourcing) – could help to address the issues of economic outward migration and brain drain (Novikova, 2018). Most EaP countries suffer greatly from these (Koropey, 2017). Emigration is especially notable among workers from the high-added-value ICT industry (Shelest et al., 2018), which has also expanded significantly into the online platform labour marketplaces. Emerging local business models driven by innovation have significant potential to contribute to competitiveness and employment growth, including through labour outsourcing for EU and US clients and new entrepreneurial opportunities.

Furthermore, some previous research has found that platform work contributes both to the improvement of workers' acquired skills through regular use and to the development of new skills, which could help not only in online labour marketplaces, but also in finding regular employment in the future. For example, as evidenced by studies in the EU context, online work can be useful for professional growth and portfolio-building, and can provide the skills necessary for job seeking and employment; some platform workers have even reported improving more specific visualisation, customer service and management skills (Lehdonvirta et al., 2019, p. 11). In addition, the use of online platforms for job search can help workers to develop soft skills, such as foreign languages, analytical and problem-solving skills, self-presentation and intercultural communication. This seems to be true not only for highly qualified freelancers, but also for micro-tasking and on-location workers. Given that

private sector companies in the EaP region have noted the lack of necessary skills – both technical and transversal (ETF/Sargsyan and Castel-Branco, 2019, p. 23; ETF/Diakonidze and Bardak, 2018, p. 27; ETF/Lungu and Bardak, 2018, p. 38) – in the workforce to fill vacancies (ETF/Ermsone, 2019, p. 18), platform work could become one of the avenues for on-the-job training for various specialists.

It is important to note that learning opportunities exist not only for highly qualified freelancers but also for micro-tasking and on-location workers. In general, working online teaches people non-trivial skills as they learn to understand various interfaces, find jobs and promote themselves, and all such tasks contribute to a person's digital competence.

Platform work also requires a great deal of coordination and self-discipline, and thus it can teach workers to manage their own work, time and employment (Lehdonvirta et al., 2019, p. 12). Therefore, platform work contributes to developing self-management and career management skills. Some platforms, such as Freelancehunt, reinforce their efforts to popularise platform labour through their media presence, posts and articles, as well as through regular information they provide on their website's blog<sup>36</sup> regarding legal aspects, taxation issues and other questions relating to platform work. Similarly, Kabanchik provides information on the requirements and steps for registering as a sole proprietor, which could be seen as an example of guidance services that the platform provides to its users. Ride-hailing platforms such as Uber and '7220'<sup>37</sup> that are active in Belarus also highlight that they offer an opportunity 'to improve and learn skills' such as client service and communication.

### 6.3 Potential weaknesses of platform work in the EaP region

Despite its promised benefits, experience shows that platform work itself can pose a number of challenges if it is not properly set up and framed. Platform work also seems to replicate, suffer from or reinforce many of the existing flaws in the traditional labour markets of EaP countries.

As the study findings show, informal work arrangements are very common in the platform work economy in the EaP region, replicating the general labour market issues in the online work environments. According to national interviewees, the lack of an appropriate legal framework, weak enforcement of existing regulations and lack of awareness of tax requirements on the part of platform workers are some of the key factors in this current situation. Meanwhile, lack of observability of platform work transactions for the authorities, especially in transborder remote work, makes tax enforcement more difficult. Because of the prevalence of 'grey' labour arrangements on digital labour platforms, countries lose tax revenue, while workers lose access to social security and other benefits.

Nevertheless, as lessons from the EU show, worker social protection and working conditions can become serious issues, even in the formal economy; this is especially the case when platform work becomes bogus self-employment or disguised employment in situations where workers depend heavily on one client. This concerns strongly algorithmically coordinated on-location work in particular. Such work is often characterised by work processes that are very similar to regular employment (i.e. high levels of control by the platform and low worker autonomy in setting their schedules, prices, working methods, etc.), but in which the platforms treat workers as independent contractors, thereby avoiding employer responsibilities.

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<sup>36</sup> <https://freelancehunt.com/blog/>

<sup>37</sup> <https://7220.by>

Platforms themselves often dispute this, and do not disclose information that would support the view that they are acting in the role of employers. In the interviews, the main international platforms proved to be very reluctant to disclose any data on registered workers. Many of them also have measures in place to block any attempts at automated data collection from their websites. The algorithms that they use for worker–client matching, work organisation and other aspects also lack transparency. In addition to effectively complicating the collection of evidence for policy, such information asymmetries can be used against the interest of workers<sup>38</sup>.

Furthermore, certain groups of people require special attention in the labour market as a result of their disadvantageous position. Such groups include women, people with disabilities, minorities and rural residents, who often have more difficulties than other citizens in finding stable employment. The analysis conducted by this study shows that platform labour markets largely mirror these existing inequalities in traditional labour markets. For example, the evidence collected shows that platform workers are concentrated in the largest cities of the EaP countries and that hardly any are from rural areas, where the employment issues, especially seasonal unemployment, are more pronounced. Moreover, the online labour platforms in the EaP region are overwhelmingly dominated by men. Despite the fact that throughout the region, more women obtain higher education degrees, women have lower employment rates in all six countries, with the largest gender disparities in Georgia and Azerbaijan. The time taken to transition from education to work is twice as long for women as for men (ETF/Ermson, 2019, p. 22). Furthermore, most EaP countries report that women tend to be concentrated in certain occupations, usually education and social work; these are occupations associated with lower pay, and, importantly, they are not in great demand in the online platform labour markets. Without measures to tackle these issues, platform work will not provide viable employment opportunities for everyone and may further deepen the segmentation of employment. In addition, the current skills demand on the platforms drives skills polarisation in these countries.

Finally, although there is potential for platform work to provide opportunities for skills development, this mostly applies to higher-skilled workers in the professional services sectors. Certain weaknesses market failures exist in the area of further training and lifelong learning for platform workers, especially concerning lower-skilled workers. From a purely economic perspective, the enhancement of platform workers' skills remains each worker's own 'problem'. Given the flexible nature of the relationship between platform and worker, the platforms cannot be certain of a return on their investment in worker skills development. Meanwhile, from the perspective of the public sector, platform workers remain outside the group of potential beneficiaries of training programmes (which are provided to unemployed individuals or those in vulnerable employment). Moreover, becoming locked in to relatively well-paid low-complexity (mainly on-location) platform work can result in deskilling.

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<sup>38</sup> For example, courier unions in the EU argue that platforms have an opportunity to unilaterally reduce pay rates when more couriers sign up on their apps, increasing the labour supply. However, the platforms do not disclose worker numbers and deny such practices.

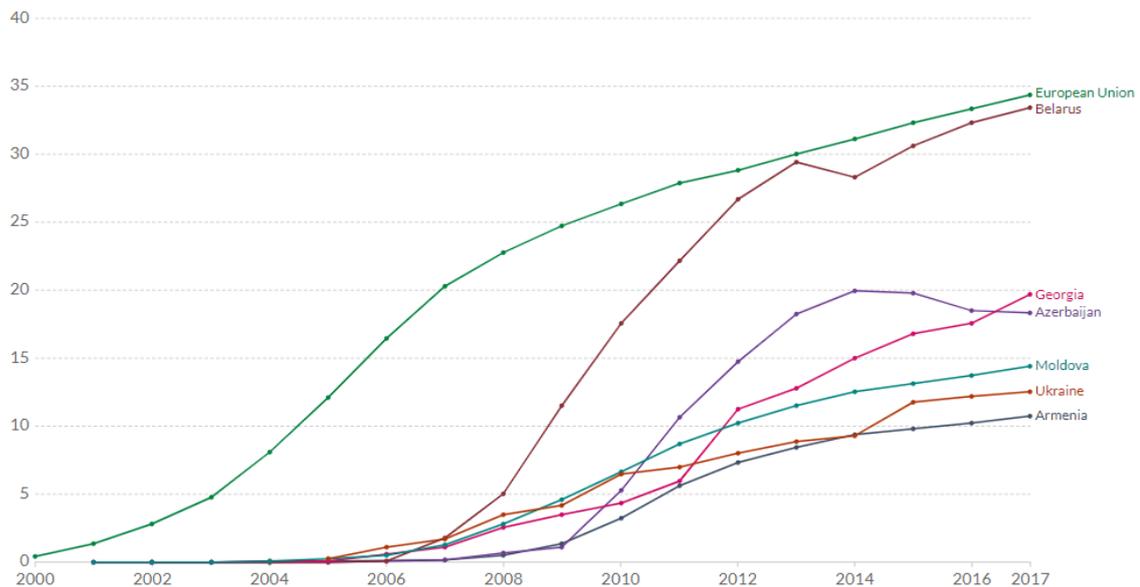
## 6.4 Threats to the development of platform work in the EaP region

The further development of platform work in the EaP region as an option for accessible employment opportunities also faces a number of challenges.

Digitalisation is recognised by all EaP countries as a crucial trend influencing the labour market, both now and in the future<sup>39</sup>, but connectivity remains the key future challenge for the expansion of the digital platform labour economy. Access to high-quality internet is the core precondition for the spread of platform work. However, the indicators for internet access and use are still considerably lower in the EaP region than in EU countries.

Although the EaP countries have the cheapest internet in the world (EU4Digital, 2020), as of 2017 the level of broadband subscriptions was similar to the EU only in Belarus. In other countries, the level was half that in the EU, or lower (Figure 6.2).

**FIGURE 6.2 BROADBAND SUBSCRIPTIONS PER 100 PEOPLE, 2000–17**



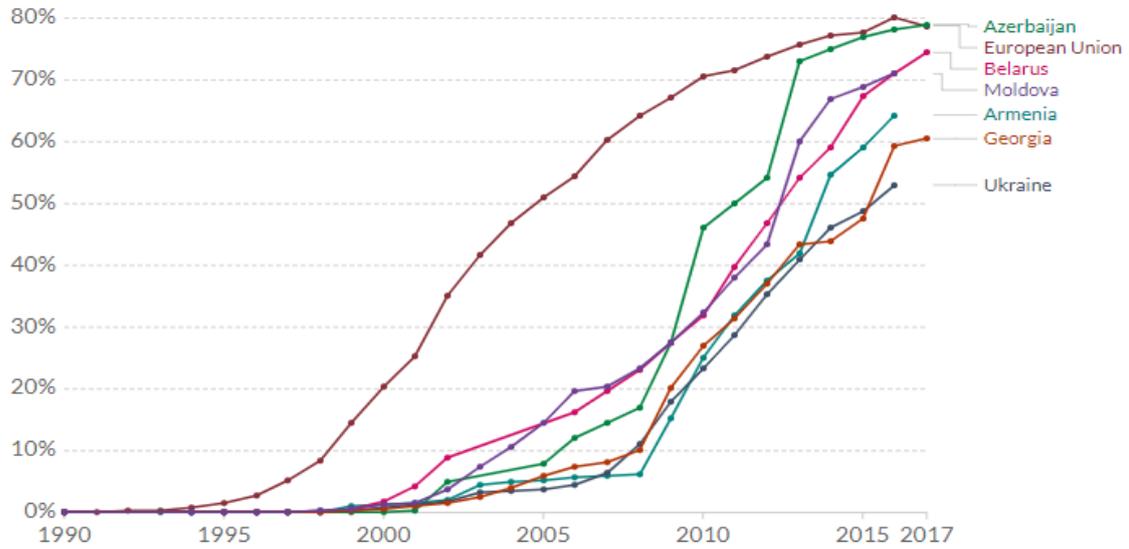
Source: World Bank, [Fixed broadband subscriptions \(per 100 people\) | Data \(worldbank.org\)](https://data.worldbank.org/IT/BS)

The share of the population using the internet is also significantly lower in Ukraine, Georgia and Armenia than in the EU and other EaP countries. Most internet users – as is the case for platform workers – are concentrated in cities rather than rural areas. Most of those in disadvantaged groups – such as women, individuals from ethnic minorities and elderly people – also tend to have poorer access to digital technologies (Raja et al., 2018).

Moreover, although engagement in platform work often does not require formal qualifications, it is related to a certain skill set as a key precondition. This includes digital skills, occupational skills, language skills and personal qualities.

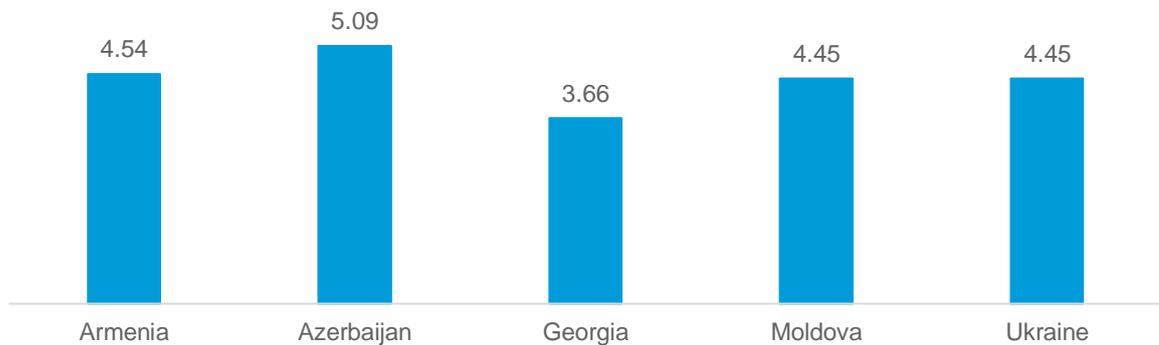
<sup>39</sup> This is visible in the national strategies of countries that address labour market developments, education systems and the overall direction of the countries.

**FIGURE 6.3 SHARE OF POPULATION USING THE INTERNET, 1990–2017**



Source: World Bank, [Individuals using the Internet \(% of population\)](#) | Data ([worldbank.org](#))

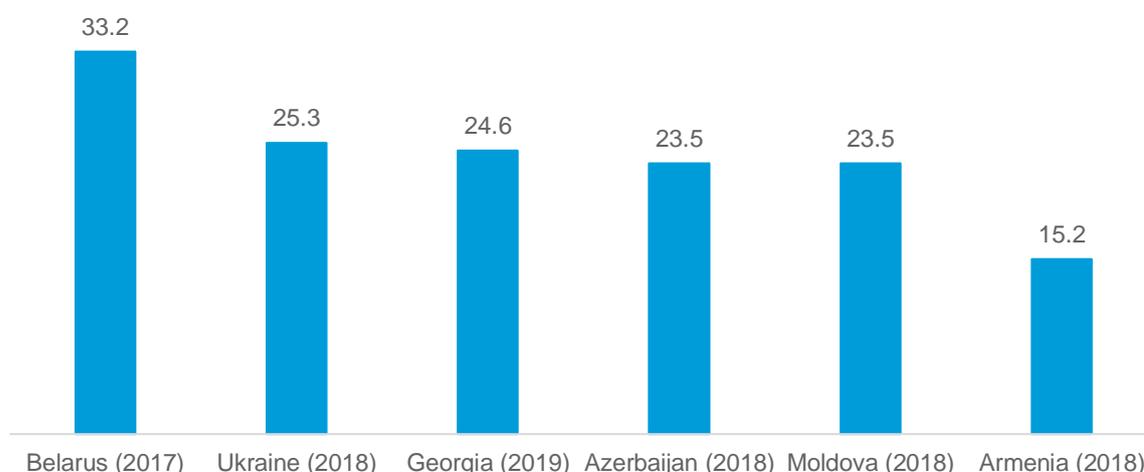
**FIGURE 6.4 PERCEIVED DIGITAL SKILLS AMONG POPULATION BY BUSINESS LEADERS, ON A SCALE OF 1 (LITTLE/NO SKILLS) TO 7 (EXCELLENT SKILLS)\*, 2019**



\* Responses to the following question: 'In your country, to what extent does the active population possess sufficient digital skills (e.g. computer skills, basic coding, digital reading)? 1=Not at all; 7=To a great extent.' No data for Belarus.

Source: World Economic Forum's Executive Opinion Survey 2019–20 and International Telecommunication Union (ITU) survey among business leaders across the world, WTDS database 2020.

**FIGURE 6.5 SHARE OF TERTIARY EDUCATION GRADUATES WHO COMPLETED STEM PROGRAMMES**



Source: ETF/Badescu (2020b).

Furthermore, the regulatory frameworks in the areas of labour and self-employment in the EaP region are not well suited to accommodating and promoting platform work and other new forms of employment. Labour legislation currently in force in the EaP countries mainly builds on the traditional understanding of (full-time) employment, with an employee who is based in the company or on location and whose employment is established through a traditional labour contract with the company. National civil laws regulate self-employment that relates to individual entrepreneurial activities, but these arrangements are also often not well suited to flexible freelance work and other non-traditional forms of employment.

Finally, EaP countries do not yet recognise the increase in platform work and its importance for combating unemployment and the other opportunities it presents. Policy debates and actions are hampered by insufficient evidence. So far, only partial information is available at regional and country level on the prevalence of different types of platform work and on workers' demographics and motivations. Further research is definitely needed, but there are serious concerns relating to gathering the evidence. Platforms tend to protect their data on the numbers and profiles of workers as a trade secret. Platform workers are considered service providers and not employees who should be reported to the authorities. Meanwhile, national-level labour market information systems (e.g. labour force surveys), do not comprise measurement of the specificities of digital labour, including platform work. Thus, the research so far relies on estimations based on limited knowledge, platform-specific data that does not capture the whole variety of platform work, and in many cases anecdotal evidence on workers' profiles, motivations and characteristics. This prevents platform work being taken into account in labour market supply and demand forecasts, discussions on regulation, and strategic approaches.

## 7. DISCUSSION AND FINAL REMARKS

**Platform work is increasingly prevalent in the EaP region**, as part of the new trends in labour markets that are driven by digitalisation. First and most significantly, a large share of what we see as platform work is related to the expanding ICT sector in EaP economies. On the one hand, like specialist platform work itself, this is creating a demand for highly qualified specialists. On the other hand, it is driving the emergence of national tech start-up and platform ecosystems, which increasingly include labour platforms. Moreover, platform work is part of the increasing popularity of specialist freelancing. This phenomenon also strongly benefits from platforms as a means of finding clients and securing work assignments for EaP workers. Finally, platform work has become one of the modes of international outsourcing of EaP talent to work for international clients.

The research results indicate the **presence and expansion of platform work in the region** in various segments: **both on-location and remote service provision and both high-complexity/high-skilled and low-complexity/low-skilled work**. While we aimed to present this situation transparently, the information based on the available sources should be treated with caution. It allows a picture to be presented of platform work in the region, but additional comparative research is necessary to fill in the knowledge gaps. There are also further methodological considerations relating to estimating the prevalence of platform work through quantitative methods, as well as further qualitative research on motivation, skills development strategies and success factors. The research conducted so far at international level is also fragmented. There is no unified methodology or approximated methodological frameworks that would help us to interpret the results in a comparative manner, given that the expansion of platform work is transborder and global in nature.

The research we have conducted so far identifies a **wide range of opportunities in the region**. They relate to tackling unemployment and underemployment and the development of worker skills for national and international labour markets through platform work. However, these opportunities are not necessarily ready to be realised. Platform work as a mode of organisation for labour markets has a number of weaknesses that still need to be addressed, probably with the intervention of policy-makers. At the same time, the exploitation of platform work as an opportunity is threatened by a number of issues in EaP countries, including the limited necessary worker skills, connectivity, policy approaches and the recognition of platform work by policy-makers and social partners. It also should be noted that the different types of platform work (i.e. high and low complexity, remote and on location) are linked to different benefits and drawbacks and may require very different approaches.

The findings of the study point to **several actions that could address the weaknesses and threats** to platform work in the EaP region, making better use of the strengths of this mode of work and of the related opportunities. While some of these are quite specific to platform work, others concern broader areas of skills development, digitalisation and regulation of the labour market. The specific actions outlined below could encourage the more sustainable development and take-up of platform work.

**The first important step is recognising platform work** and the benefits it could bring (along with other new forms of employment in the increasingly digitalised economies) in policy discourses as well as in labour market and education and training development strategies. However, the policy discussion in EU neighbouring countries is at a very early stage and limited initiatives are taking place, for example in Ukraine. Furthermore, a broader international reflection incorporating the EaP countries is still needed owing to the transborder nature of platform work. A number of initiatives have been launched at EU level to improve working and skills developments – including the European Pillar of

Social Rights, the New Skills Agenda and the Digital Services Act and new initiatives are on the way. Country-specific initiatives have been implemented, to regulate platform work, for example in the UK, Spain and Italy,

**Access to digital opportunities is also a precondition.** Specific actions may relate to further investment in the development of ICT infrastructure and digital skills. Access to digital infrastructure is particularly important outside the major cities of EaP countries, especially in rural areas, as this could encourage participation in the digital labour market. Tackling the digital divides will be vital if platform work and other forms of digital employment are to become opportunities for wider groups of workers in the EaP region.

In the area of **labour regulation and labour market policies**, a regulatory background that is more suited to the new forms of employment in digitalised economies might be needed. Such regulation should provide frameworks for flexible self-employment (freelancing) activities with multiple clients and create incentives to work formally. Nevertheless, it is important to consider a number of aspects. Flexibility of working times, schedules and locations (enabled by – among other things – lack of regulation) is one of the greatest benefits of platform work for the workers. It lowers the entry barriers, allows easier reconciliation of platform work with other commitments, and becomes an especially attractive option for generating additional earnings. Worker security, however, becomes the key trade-off for those who choose this as their primary job. Platform work is often very competitive, securing tasks takes a lot of unpaid time, and workers are not eligible for the same social benefits as traditional employees in relationships that are regulated by the labour codes. Even more importantly, this trade-off is much lower in the EaP countries than in the EU countries, given the underdevelopment of social support systems. Therefore, not having an employment relationship – or even not declaring work at all – is an acceptable option for many workers, given the benefits of higher earnings. A new regulatory framework for freelance and platform work would need to take these factors into account.

**Addressing informality** in platform work requires a level of digitalisation for governments themselves. Various types of platform work can be contrasted with traditional employment by the fundamental differences in transaction costs (for workers and clients/employers) of matching demand and supply. The technologies behind the platforms also enable almost complete recording of transactions and levels of individual engagement for all market participants. In this regard, proper registration and taxation of platform work requires policy approaches and specific technological solutions, such as linking platform billing systems with tax authority systems. Further development of electronic systems, such as universal income declaration systems for natural persons, is another step in reducing informality. This would separate the fiscal obligations from the type of contractual relationship in which platform workers participate.

**The role of public employment services (PES)** in supporting the transition into employment and from job to job in the platform economy should not be underestimated. Platform work may become a pathway to work for those who are unemployed or underemployed, through counselling, training and other support services. Enhancing access to services for platform workers, in particular to career guidance and skills development opportunities, will also be important. Examples of publicly supported programmes that help people to gain skills in using such online freelancing platforms (awareness, knowledge and access to technology) and to generate income or find employment can be found in other developing countries, for example Malaysia, Kosovo (Raja et al., 2018) and a number of African

countries<sup>40</sup>. However, that also requires updating the current employment service delivery modalities and types of services to reflect the increasing digitalisation of work.

The research outlines **several implications for education and training systems**. With regard to skills and education curricula, the education and training systems will need to focus even more on the skills needed for highly digitalised and dynamic economies, with the highest 'premiums' for workers in the global economy. This refers primarily to learning occupational (technical) skills, such as STEM and ICT disciplines, accompanied by foreign language skills (English and Russian in particular). Education curricula at all levels should also include the development of transversal skills, such as self-organisation and time management, communication with clients and self-presentation, learning to learn and entrepreneurship, which are necessary for individuals to successfully compete in global freelance markets.

**Initial education and training will need to focus strongly on improving young people's core competences**, as online platform work could facilitate their first entry into the labour market. Young people should be equipped with digital literacy, core/technical expertise, and learning to learn and interpersonal skills. However, **continuing training and adult education also have a very important role to play**. Stronger emphasis on adult skills development – embracing the growing diversification of learning pathways, training programmes and skills certification modalities – is essential for supporting the transition from other jobs/sectors or within the online work sphere. While support for career development is very limited in the digital labour market, career management skills are becoming very important. Linked to this, the availability of career information, guidance and counselling services, as well as access to them for non-standard clients, is gaining even more importance.

Both national qualification systems and international certification programmes should also be considered as a way of **ensuring that skills** gained through either platform work itself or platform job skills acquisition **are visible and widely recognised** for the online and traditional labour markets. This is particularly relevant to, for example, advanced digital skills development among IT sector specialists, given that in this sector formal education tends to receive less attention, while the focus is on actual/practical skills that could be gained through non-formal or informal learning. Learning taking place within platform work should then be recognised and validated. Supplementary tools that might support access to validation arrangements in the future could then be explored; examples include e-portfolios, Youthpass and electronic badges. Recognition of skills and experience acquired on a platform would support their portability to another platform or to offline work. The current reflection at the EU level on micro-credential systems and individual learning accounts could be helpful in addressing the challenges faced in the current platform work setting. However, a more forward-looking reflection on skills development systems change at international level would be needed. For instance, one of the key questions is the responsibility of training provision to workers not covered by standard working arrangements.

**Policies to encourage and regulate platform work need a holistic approach**, taking into consideration incentives and benefits that a new policy can create for different players. For instance, attempts to reclassify platform workers as employees can face pushback from both platforms and workers, as this would mean less flexibility for both parties. Therefore, the reflection should aim to provide protection for workers while maintaining the innovation potential and flexibility of the platforms. At the same time, incentives for workers to formalise their work and income can also stem from

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<sup>40</sup> [www.sama.com/](http://www.sama.com/)

regulation in areas not directly related to employment<sup>41</sup>. For this, trust in government and social dialogue are key components necessary for new policies to take effect. Therefore, policy and regulatory attempts should be followed by appropriate institutional organisation, communication and clear information on rights and obligations.

Finally, our research points to the **need to build more thorough and comparable evidence** across countries to help in addressing policy challenges. The analysis conducted so far is fragmented and does not give the full picture. Clarifying and standardising the terminology at the international and national level would provide a better understanding of the phenomena and capture current and future trends. This may include ensuring consistency with existing labour force statistics. Envisaging questions on platform work in labour force surveys of official statistical agencies could complement the limited data shared by the platforms. Moreover, increasing data transparency on the part of platforms will be crucial for any policy action, as evidence collection is currently hampered by platforms' protective policies, while unintelligible algorithms govern worker–client matching and work organisation. In addition, further research would benefit from the international research community joining forces to build and apply suitable methodological frameworks widely for better comparability of research findings across the countries.

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<sup>41</sup> As illustrated in Ukraine, where a new anti-money-laundering law encouraged freelancers to start declaring their income. For more details, see the country profile (published separately).

# ANNEX 1. CONCEPTUAL AND METHODOLOGICAL FRAMEWORK

The collection of evidence and analysis of platform work in the EaP region builds on established research and knowledge on the topic from EU countries and the US. We reviewed the core sources and themes to develop the conceptual framework applied in this study. In this annex, we present its key aspects: definitions and typologies used, core themes in platform work research, and a summary of the issues relating to platform work.

## Conceptual framework

### Definitions and typologies of platform work

Platform work can be viewed as part of broader trends in several areas. From the perspective of labour markets, it is one of the new forms of work enabled by digital technologies, along with casual work, collaborative employment, ICT-based mobile work, and others (Eurofound, 2021). These have been transforming many aspects of what has been understood as traditional employment, with broad policy and regulatory implications. Highly skilled work via platforms can be seen as both an enabler and a manifestation of the increasing trend in international outsourcing of high-complexity work. However, from a broader economic perspective, labour is just one of the many factors for which the organisation has moved online. Online platforms, operated by giant tech companies, are increasingly penetrating numerous aspects of everyday life, resulting in both positive and negative developments.

Like social media networks and e-commerce marketplaces, digital labour platforms have emerged through the combined effects of decentralised information networks, big data analytics and mobile digital devices. In Europe they were first recognised, along with other types of digital platforms, as an element of the collaborative economy: an expanding ecosystem of marketplaces in which clients and consumers rely on each other instead of on large companies to meet their wants and needs. Collaborative economies consist of exchanges of goods and services between individuals for a fee, generally with the help of a web-based intermediary – a platform. Eventually, online labour platforms transcended the limits of ‘collaborative’ platforms, as not only individuals but also businesses increasingly started using the services of individual workers. Such platforms can therefore best be understood in the overall context of online intermediation services.

Online labour platforms represent new ways of coordinating economic labour activities. On the one hand, platforms incorporate elements of firms and markets: they bring together supply of and demand for a certain service, and also directly manage the transaction. On the other hand, online labour platforms also transcend markets: they dramatically reduce transaction costs, can provide more transparency and efficiency, expand the range of economic activity and introduce new models of work organisation (Pesole et al., 2018). However, the precise definition of platform work is still evolving.

The European Commission’s Directorate-General for Employment, Social Affairs and Inclusion defines platform work as all labour provided through, on, or mediated by online platforms, in a wide range of sectors. This work can vary widely in type and form. However, it must be provided in exchange for payment, and thus does not include genuine sharing or volunteering activities. Platform workers, in turn, are persons providing ‘platform work’ according to the above definition (European Commission, 2020).

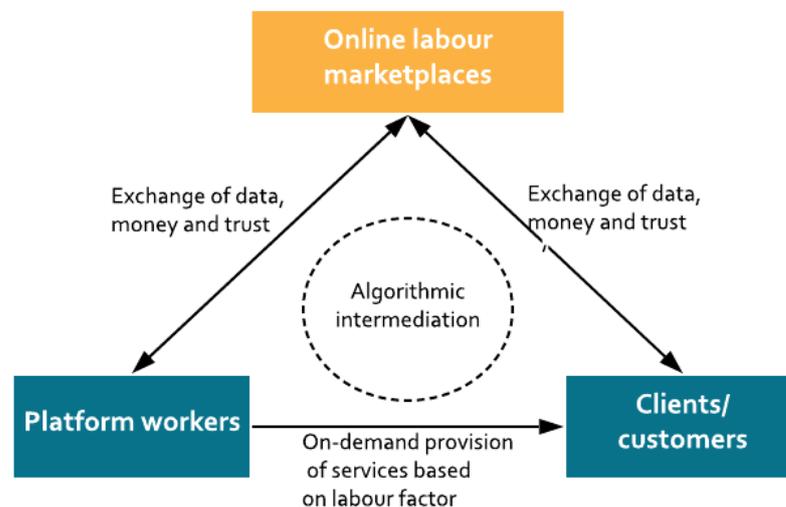
As in the regular economy, the flows of capital and labour are the two key elements of the collaborative and platform economy, and this also allows us to distinguish between two types of collaborative online platforms (Farrell and Greig, 2016):

- **digital capital platforms** connecting consumers with providers who lend money, lease assets or sell goods (e.g. Airbnb, HomeAway, Etsy, Amazon, eBay);
- **digital labour platforms** connecting customers with professional (freelancers) or contingent workers who carry out specific projects or assignments (e.g. TaskRabbit, Freelancer, Deliveroo, Uber).

**The focus of this study is digital labour platforms** and their workers; digital capital platforms fall outside the scope of this assignment.

In its 2016 report on the sharing economy, the Joint Research Centre provided a comprehensive definition of digital labour platforms: '(1) digital marketplaces for non-standard and contingent work; (2) where services of various nature are produced using preponderantly the labour factor (as opposed to selling goods or renting property or a car); (3) where labour (i.e. the produced services) is exchanged for money (i.e. the work is paid); (4) where the matching is digitally mediated and administered (i.e. three parties are involved: the online platform, the worker and the client); although (5) performance and delivery of labour can be electronically transmitted or be physical' (Codagnone et al., 2016). Eurofound added to this definition that the work is contracted out, jobs are broken down into tasks, and services are provided on demand (EurWORK, 2018).

**FIGURE A1.1 SIMPLIFIED CONCEPTUALISATION OF PLATFORM WORK**



Within this definition, there are **several dimensions** by which platform work can be further classified that are useful for this specific study.

First, there are **two types of platform work** (see also [Table A1.1](#)) based on whether the workers can work online remotely, or must meet the client or go to a specific place to implement the task:

- **digital labour markets for web-based services:** remote delivery of electronically transmittable services (e.g. freelance marketplaces), also referred to as cloud work, crowd work (Duggan et al., 2020), online freelancing (Popiel, 2017) or global-reach platform work (WEF, 2020);

- **digital labour markets for on-location services:** delivery of services is physical, although matching and administration services between consumers and service providers are digital (e.g. transportation, cleaning or delivery services); also referred to as app work (Duggan et al., 2020), location-based digital labour or mobile labour markets (Schmidt, 2017).

**TABLE A1.1 MAIN CATEGORIES OF PLATFORM WORK SERVICES**

Web-based	On location
<ul style="list-style-type: none"> <li>■ Online clerical and data-entry tasks, micro tasks (e.g. customer services, data entry, transcription, object classification, tagging, content review, website feedback and similar)</li> <li>■ Online professional services (e.g. accounting, legal, teaching, consultations, project management and similar)</li> <li>■ Online creative and multimedia work (e.g. animation, graphic design, photo editing and similar)</li> <li>■ Online sales and marketing support work (e.g. lead generation, posting ads, social media management, search engine optimisation and similar)</li> <li>■ Online software development and technology work (e.g. data science, game development, mobile development and similar)</li> <li>■ Online writing and translation work (e.g. article writing, copywriting, proofreading, translation and similar)</li> </ul>	<ul style="list-style-type: none"> <li>■ Transportation services (e.g. services similar to taxi, removals)</li> <li>■ Delivery services (e.g. courier and food delivery services, grocery delivery)</li> <li>■ Housekeeping and other home services</li> <li>■ Construction and repair services</li> <li>■ At-home beauty services</li> <li>■ On-demand sports and health services</li> <li>■ On-demand pet care and veterinary services</li> <li>■ On-demand photography services</li> <li>■ On-demand child-care and elderly care services</li> <li>■ On-demand teaching and counselling services</li> <li>■ Temporary ancillary work</li> <li>■ Tourism and gastronomy services</li> <li>■ Mystery shopper activities</li> </ul>

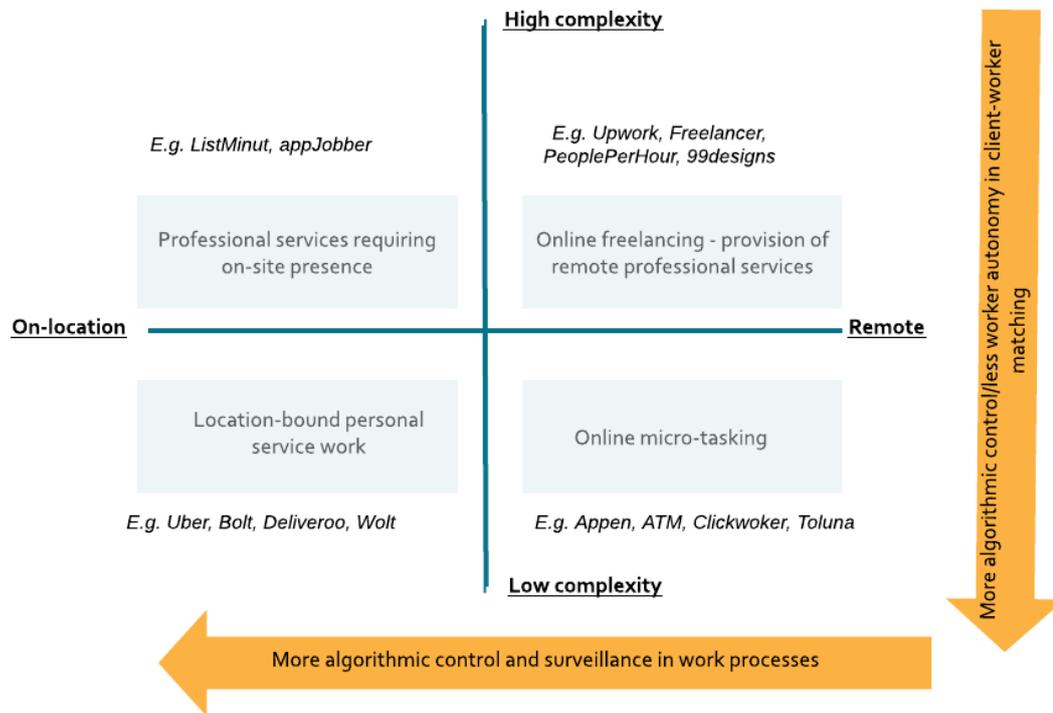
Source: Authors' elaboration based on various sources (including the iLabour project of the Oxford Internet Institute) and review of specific online work platforms.

Second, the type and level of **algorithmic management**, the form of worker–client matching and intermediation by platforms varies across platforms and types of platform work. In many – though not all – cases, the differences in algorithmic management by platforms are significant between on-location and web-based platform work. In certain types of on-location services, an algorithm quickly identifies and offers labour to one person (e.g. a driver or courier), linking service providers and clients without their intervention, and then monitoring both parties using apps while the service is being provided (e.g. an Uber drive or food delivery). This is called ‘app work’ in some sources. Meanwhile, in web-based platform work, it is very often the customer who decides and selects whose services to pay for (e.g. a specific translator, programmer, designer or other online freelancer), and the workers and clients may interact before they decide to proceed with the transaction. In some sources, this is sometimes called simply ‘online freelancing’. Overall, the level of algorithmic management and control has a lot of influence on worker autonomy and other working conditions. It also tends to correlate with skills levels and tax complexity: lower levels can be associated with higher algorithmic control.

**Skills levels and complexity**, therefore, is the third important dimension in classifying platform work. Such classification, expanding the distinction between on-location and web-based platform work, has been developed by Eurofound (2018a) and the World Economic Forum (2020) (see [Figure A1.2](#)). Although on-location platform work is more often associated with lower skills than web-based/global-reach platform work, this is not necessarily true in all cases. While web-based freelancing can involve

carrying out low-complexity tasks that do not require any additional skills besides basic digital literacy, on-location work can also involve high-complexity tasks, such as teaching, consultancy and similar services.

**FIGURE A1.1 DIMENSIONS OF PLATFORM WORK**



Source: Authors' elaboration, based on Eurofound, WEF and additional desk research.

We apply these three distinctions within platform work further in the conceptual framework. For the sake of consistency of the terminology used, it is important to note that all types of platform work are also sometimes referred to as 'gig work', 'crowd work' (Schmidt, 2017) or 'on-demand services' (Berg, 2016), terms covering both on-location and web-based work.

### Main themes in the platform work research discourse

From its inception, coinciding with the emergence of the largest labour platforms (such as Amazon's Mechanical Turk and Uber), research in this field has focused on **two broad directions** (Brancati et al., 2020), often intertwining:

- studies aiming to define, classify and estimate the current and predicted future **size of the platform labour economy**; examples come from all around the world (Kassi and Lehdonvirta, 2018), including Australia (McDonald et al., 2019), Europe, the US (Schultz, 2020; O'Farrell and Montagnier, 2020), New Zealand (Riggs et al., 2019), the UK (Lepanjuuri et al., 2018), and globally (Berg et al., 2018);
- studies on **specific aspects of platform work**, such as working conditions, motivations of platform workers, and platform workers' legal labour market status.

In the following sections we briefly discuss the main findings and topics in these two directions of platform work research.

## Measuring the size of the platform work economy

The pioneering studies aimed at estimating the size and scope of platform work were conducted in the US. Various authors have come up with quite different figures for the number of platform workers (i.e. those providing labour and other services via online platforms) as a share of the country's population (although sometimes defined and measured differently), ranging from 1.5% to 4.3% (Katz and Krueger, 2016; Farrell and Greig, 2017; Robles and McGee, 2016) to 22% (Aspen Institute, 2016) as of 2016. The European-based platform economy, meanwhile, has been considered immature and unstable, in particular with respect to the main competitor platforms (which are mostly US-based). Nonetheless, it has evolved rapidly over the past decade, with most platforms having been set up from 2010 onwards (Fabo et al., 2017). The highest concentration of European platforms is in large Western EU countries and the UK, while there are generally fewer platforms operating in small EU Member States (Pesole et al., 2018).

So far, surveys have been the key method for collecting data to measure the size of the platform work economy. Several survey-based studies provide some idea of the prevalence of platform work in Europe.

- A special flash Eurobarometer on the use of collaborative platforms (Directorate-General for Communication, 2016) provided the first comparative evidence on the prevalence of digital labour use and provision between Member States. Around 17% of respondents in the survey said that they had visited collaborative platforms. A third (32%) of the respondents who had visited collaborative platforms said that they had provided services on these platforms once (9%), occasionally (once every few months) (18%), or regularly (every month) (5%).
- In 2017 and 2019, the Joint Research Centre conducted a pan-European online survey on work patterns in digital labour platforms (COLLEEM). It was carried out by the Public Policy and Management Institute (PPMI) in 14 and 16 EU Member States, respectively. In total, 32 389 responses were collected in 2017 and 38 022 in 2019. The two waves produced quite consistent results, shedding light on the incidence of platform work, worker profiles, motivations and working conditions. The survey suggested that only a small proportion (around 1.4%) of the working-age population carries out platform work as a main form of employment, although the percentage of people who have ever tried platform work ranges from around 5% to 15% by country.
- A 2017 study by FEPS, UNI Europa and University of Hertfordshire (Huws et al., 2017) (online survey and 15 in-depth qualitative interviews with platform workers) estimates that the proportion of workers who had carried out platform work 9% for Netherlands and the UK, 10% for Sweden, 12% for Germany, 18% for Switzerland, 19% for Austria and 22% for Italy. However, only around half of these platform workers in the listed countries provide services via platforms frequently (i.e. at least weekly).
- The European Trade Union Institute (ETUI) Internet and Platform Work Survey implemented in Bulgaria, Hungary, Latvia, Poland and Slovakia found that the proportion of adults who have ever tried platform work ranged from 1.9% in Poland to 7.8% in Hungary. The share of regular platform workers was much lower. The proportions of those who engage in platform work on a monthly basis, or more frequently, varied from 0.4% in Poland to 3% in Hungary (Piasna and Drahokoupil, 2019).
- In the EaP region, a similar survey has so far been conducted only in Ukraine, using a mixed-method approach (Aleksynska et al., 2018). It found that those working on online platforms were located in every region of Ukraine, ranging from 0.5% in Uzhgorod to 9.2% of workers in Dnipro. The survey was launched again in 2020 and showed a significantly increased online labour supply in the country, especially in the software development segment (ILO, 2021).

Although these estimations allow a better understanding of the prevalence of platform work, they are very hard to compare with each other. The findings suffer from the absence of a formalised definition of platform work and are likely to contain measurement and sampling errors, which are generally difficult to avoid in online surveys.

Alternative measurements for the prevalence of platform work tackle some of these issues. For example, the Online Labour Index (Kassi and Lehdonvirta, 2018), developed by the Oxford Internet Institute as part of the iLabour project, presents the online gig economy equivalent of conventional labour market statistics. It measures the utilisation of online labour across countries and occupations by tracking the number of projects and tasks posted on platforms in near-real time. Its algorithms take into account all the projects/tasks posted on the four largest English-language online labour platforms, representing at least 70% of the market by traffic. The index shows, among other things, that platform work is affected by seasonality and holiday periods, but generally has shown an upward trend since 2016 when the index first was launched. Its data is analysed in Chapter 4 of this report.

### Investigating the specific aspects of the platform economy and related challenges

The existing body of literature on specific aspects of platform work has investigated many issues relating to this increasing phenomenon. The most recent studies published in 2019 and 2020 increasingly focus on working conditions: worker autonomy (Jarrahi et al., 2020; Pichault and McKeown, 2019) and algorithmic surveillance (Wood et al., 2019a; Jarrahi and Sutherland, 2019), a fair and safe work environment (Friedland et al., 2020), modes of work organisation (Watson Manheim and Ahuja, 2019), and worker well-being (Berger et al., 2019). In addition, a number of recent research papers have investigated the motivations of platform workers (Jabagi et al., 2019), platform work as a source of income (Keith et al., 2019), human resource management (Duggan et al., 2020; Craven, 2019), and work identities (Petriglieri et al., 2019). Finally, several authors have examined the effects of platform work on the various aspects of the overall macroeconomic situation (Li et al., 2019; Banik, 2019; Collins et al., 2019), and discussed the necessity of regulation (Wood et al., 2019b). Although the research has mostly been conducted in the EU and the US, the findings are, to a large extent, generalisable to the EaP region, given that most of the characteristics of workers and working conditions are similar to the platform business models and practices of international platforms.

Overall, the literature examined has often seen platform work from the perspective of challenges and opportunities, and how the potential threats can be transformed into benefits. These issues concern a number of fields, including labour markets, working and social conditions, as well as the economy and society at large.

On the one hand, online labour platforms provide **opportunities**. For example, platform work can lower the entry barriers to the labour market, facilitate work participation through better matching procedures and make it easier for specific groups, such as workers with family commitments, people with disabilities, and those with a migrant background, to access the labour market. It is transborder in nature, with supply and demand for labour meeting online, and implies a genuine globalisation of work, potentially helping to solve specific employment-related issues in countries where the workers are based. On a wider scale, platform work is even expected to contribute to economic growth and to decrease the mismatches between labour supply and demand across regions (Berg et al., 2018).

On the other hand, platform work introduces considerable change and **uncertainty**. Online work platforms contribute to a significant reorganisation of work and production processes. The Joint Research Centre (Pesole et al., 2018), for example, warns that digital labour platforms contribute to an ‘unbundling of tasks’, which means a radical deepening of the division of labour. The ability of digital

platforms to easily pool together millions of service providers, with increasing offshoring and outsourcing of tasks, can result in further task specialisation, to the detriment of jobs. The broader social implications of this breakdown of jobs and unbundling of tasks are still unclear. As jobs are strongly related to positions in the social structure that provide access to resources, identity and recognition, the consequences can extend outside the areas of work and employment. Given that most platform work in Europe is currently conducted as a side activity, this may not be problematic for now, but could become so once this employment form becomes more widespread as the main job.

To better understand these challenges and opportunities and their relevance in society, a number of studies on platform work conducted in Europe and beyond have attempted to shed some light on the **profiles of platform workers**. First, several studies show that these workers are more likely to be young (although with some variation across countries). Second, in most European countries the platform labour market is dominated by men. The proportion of female platform workers decreases as the intensity of platform work increases. Third, they are highly educated: most platform workers have a degree-level qualification (although their tasks do not necessarily require that; and, in general, people with a wide range of skill levels – from those carrying out basic tasks to specialist consultants – can be found on digital labour platforms). The findings on European platform worker profiles are, to a large extent, consistent across existing studies (Eurofound, 2018a).

Furthermore, evidence shows that most of these workers engage in platform work as a side job and also have regular employment (Huws et al., 2017; Pesole et al., 2018; Codagnone et al., 2016). As mentioned above, they also engage in platform work with different frequency: although a significant share of people have performed platform work at least once, only a fraction of them are regular platform workers. For example, as previously mentioned, according to the COLLEEM survey, on average around 11% of the adult population have ever used online platforms for the provision of some type of labour services. However, less than 8% of the population do this kind of work with some frequency, and less than 6% spend a significant amount of time on it (at least 10 hours per week) or earn a significant amount of income (at least 25% of their total income). Nonetheless, these shares are likely to increase in time. For example, some companies are already addressing the gig economy in their workforce planning strategy (Gasca, 2020), thus increasing the demand for full-time freelance work.

Finally, several studies have also explored the **motivations of platform workers** to engage in such work. In general, this motivation features of a mix of push and pull factors. The most prominent push factors are the need (or wish) to earn (additional) income (Codagnone et al., 2016) (in line with some findings that platform workers tend to have a low level of personal income) as well as labour market access. Pull factors are mainly the opportunity to gain experience, build up a reputation and try out new tasks (referring mostly to professional online tasks), as well as the flexibility that platform work offers (e.g. the discretion to select tasks, control one's work schedule and work from home) (Eurofound, 2018b). For example, according to the COLLEEM results, the key motivations of European platform workers were flexibility over place and time, compatibility of work with family commitments, interesting and fulfilling work and being one's own boss. Nonetheless, it is likely that in the EaP countries other motivational factors are important, such as the difficulty of finding a job, and opportunities to gain access to foreign markets and to better-paid tasks.

Another core theme in platform work research is **working conditions** (especially the deterioration thereof), which are often framed as one of the challenges relating to platform work (Gomez-Herrera et al., 2017; Hall and Krueger, 2015; Gandini et al., 2016). First, authors generally flag the variability and unpredictability of income. Micro tasks seem to be related to low earnings, while higher-skilled online

tasks and locally delivered tasks are found to result in decent earnings (Eurofound, 2018a). Nonetheless, it is hard to say what the scope of these effects might be. For example, researchers from the JPMorgan Chase Institute who analysed the effects of the collaborative economy on income volatility in the US (Farrell and Greig, 2016) concluded that online labour platforms functioned as a secondary source of income, and participants did not increase their reliance on platforms in the long term. Similar conclusions – that in many cases platform work is a secondary source of income in addition to regular employment or other activities – were also reached by the European studies mentioned above.

Work–life balance and working time is another important element of working conditions. Some studies have found that workers who engage in platform work as their secondary job work for limited hours, but anti-social working hours and unpaid time (waiting periods, searching and bidding for tasks) do occur. A few authors have also analysed the social and professional isolation of platform workers and have generally found that these workers have limited opportunities for personal and professional interaction. Meanwhile, with regard to flexibility, autonomy and control, some of the available data suggests that workers can decide which services to offer, and when, where and how to realise the task (Eurofound, 2018b). Other researchers have argued that the algorithmic matching processes generally leave workers with less autonomy and participation in decision-making. In general, most platform workers are strongly affected by unilateral changes in platform policies. Therefore, while flexibility for many platform workers is one of the motivations to engage in these activities, platform terms and conditions (including ratings and algorithmic task assignment) may impose significant limitations on this flexibility.

The working conditions also strongly depend on the **type of work or task performed** (and the skills levels of platform workers). Most studies show that platform workers tend to provide many different types of services via platforms. For example, the most common types of services provided, according to the COLLEEM survey results, were online clerical and data-entry tasks. COLLEEM also found that many platform workers have tight deadlines, work on monotonous/routine tasks and face stressful situations. Satisfaction with work also varies according to the nature of tasks performed. From an occupational safety and health perspective (Garben, 2017), higher **health and safety** risks are related to workers who provide on-location services. The satisfaction with and perceived meaningfulness of platform work also varies considerably by task. Standardised, low-skilled and micro tasks are widely considered as **monotonous** and possibly related to frustration and **deskilling**. Meanwhile, creative and professional platform work is likely to be motivating and to provide **on-the-job learning** opportunities (Eurofound, 2018a).

## Summary of the main dimensions of platform work

Table A1.2 summarises the key dimensions of platform work, as explored in EU-level and international research literature. In the analysis of platform work in the EaP countries, we used this to structure our analysis, discuss the policy-relevant issues, and identify research gaps.

**TABLE A1.2 DIMENSIONS OF PLATFORM WORK**

Dimension	Description
<b>Platform workers</b>	
Profiles of platform workers	Age, gender, skills/education, income, motivations, nationality and occupation profiles differ for workers engaging in on-location and web-based platform work. This has implications for other aspects related to work, employment, social relations and other dimensions of platform work.
Motivations to engage in platform work	Motivations to engage in platform work may be related to numerous push and pull factors. These vary for people in different parts of the world (and therefore microeconomic conditions, policies, impacts of the pandemic, currency stability, job opportunities, attractiveness of foreign labour markets, etc.), of different genders, with different socioeconomic statuses, of different education levels, with different family commitments, etc.
Type of platform work conducted	The type of platform work conducted (the 'platform occupation' of a worker) determines many other aspects of their platform work conditions. The main distinction here is between web-based and on-location work. These can be further divided into smaller categories, as described above.
<b>Employment</b>	
Employment status, social protection and taxation	Different statuses of platform workers may exist, for instance self-employed and any other intermediary categorisation between employees and the self-employed. This is the core issue, and is closely related to other major aspects (e.g. social security, working conditions and collective bargaining). Because platform workers do not on the whole have employment status regulated by labour codes, they are likely to face challenges in relation to unemployment benefits, healthcare, parental leave, and benefits in the event of accidents at work, occupational diseases and disability – all these being related to regular employment status.  The legislation frequently pairs social protection with ensuring proper taxation of income earned from self-employed activities. This also relates to practical issues: for example, different types of platform workers may have insufficient information regarding taxation. They may be taxed differently because of differences in pay rates or work performed. Certain platform work arrangements may also enable tax evasion.
Earnings	Research in various countries shows that pay for platform workers varies widely by the type of service they provide. While on-location workers tend to earn very low wages, qualified freelancers are well paid. In Europe, a significant number of platform workers thus strongly depend on the income gained through platform work, and many platform workers do not earn sufficient income through their platform work activities to make a living. Platform workers are typically expected to cover costs associated with platform work, such as fuel, insurance and other costs, and to bring their own materials and equipment, as well as to pay the commission fees of the platform.
<b>Social relations</b>	
Collective rights of platform workers	Platform workers are likely to have limited opportunities for collective action. They may also face difficulties owing to a lack of information and consultation regarding collective action, as well as legal barriers to collective action of the self-employed.
Equal treatment and discrimination	The use of algorithms, reputation systems and online profiles to select a platform worker are relevant in this context, as they may lead to an uneven distribution of tasks among workers. Any biases that exist in the 'real world' could be aggravated if platforms allow selection on these features (e.g. based on looks by making pictures available). Socioeconomic, gender and racial discrimination can also be prevalent on various platforms, depending on the type of services and users, and the platform design.
<b>Work and skills</b>	
Work organisation, worker autonomy and role of technology	Issues of workers' working time, autonomy, task allocation and related decision-making, and work–life balance have been widely analysed in the context of platform work. Many of the findings indicate that platform workers are often in a worse position than offline workers on all these dimensions. Most platform workers have generally less autonomy, participate less in work-related decision-making, and are strongly affected by unilateral changes in platform policies. This especially applies to on-location workers who use apps that algorithmically control all aspects of service provision, leaving very little autonomy for the worker. Meanwhile, other workers appreciate the flexibility provided by platforms in terms of selecting when and how long to work, what tasks to choose, etc. Challenges resulting from the application of technology (algorithms) in employment and work relations (including close monitoring and the role of evaluation) are also linked to the solitary nature of platform work. High anonymity and turnover further imply that platform workers generally have little or no contact with colleagues on the platform, which leaves platform workers with little support.

<b>Work relations</b>	Challenges may arise due the triangular relationships between platforms, workers and clients. Dispute resolution and mediation are important, and platforms may make decisions that are more beneficial to consumers with the aim of maintaining their customer base. Some evidence shows that in disputes between clients and workers, platforms often take the client's side.
<b>Skills, training and career prospects</b>	Platform work is sometimes described as a way to effectively match skills with tasks, with platforms taking up the role of intermediaries. However, many workers are overqualified for the type of work they perform through online platforms and indicate that there are few opportunities to learn or develop their skills. Being locked into such jobs for long periods of time can result in loss of skills (especially for those who are overskilled). This is also related to the fact that platform workers generally have limited opportunities to advance their careers within platform work.
<b>Physical environment, health and safety</b>	Health and safety is an important challenge for platform work. Several studies found that platform workers are not always able to assess the health and safety risks relating to a task or are unaware of and uninformed about potential risks, and receive limited or no training on health and safety. This especially applies to on-location platform workers. Only some platforms offer protective clothing or equipment for workers.
<b>Other</b>	
<b>Undeclared work</b>	Non-standard forms of work, including platform work, have been discussed in relation to undeclared and underdeclared work as a means of legalising undeclared work. This discussion is expected to help regulate informal and flexible employment relationships and to diminish undeclared work.
<b>Transborder work and migration or workers</b>	<p>The transborder nature of platform work enables truly global labour markets to operate. However, the challenge of transborder work relates to the choice of jurisdiction and applicable law, as well as social security coordination. Transborder work can also increase the risks of fraud, abuses, deprivation of rights, social dumping and undeclared work. These challenges can affect any type of platform work, but especially tasks performed online.</p> <p>In some countries, on-location platform work attracts workers with a migrant background, including those lacking national language skills, job opportunities, or even legal permission to work in the host country.</p>

Source: Authors' elaboration based on the literature reviewed above.

## Methodological approach

The EaP regional analysis presented in this report builds on a mixed-method approach – quantitative and qualitative – for national- and international-level data collection and analysis: desk research, literature review, interviews and automated data collection from the web. To ensure the consistency of evidence collected and presented across the six EaP countries, the national experts were given detailed national data collection guidelines and reporting templates.

Socioeconomic analysis complements the findings on recent trends in the countries and at the regional level. Further insights and consideration were collected during an expert seminar that took place in January 2021.

The research creates a solid background for further investigation, including attempts to measure platform work through, for example, specific representative surveys. Nevertheless, the coverage is not exhaustive and the methods applied do not aim to estimate the exact prevalence of platform work in the countries, nor its share of the labour market.

## Desk research and literature reviews

A focused desk research and literature review exercise covering academic and grey literature, policy documents and online publications was implemented in English, Russian and the national languages of the EaP countries. Generally, the exercise followed a standard set of steps:

1. **defining search keywords** (e.g. platform work, gig work, freelancing) and translating them into Russian and national languages (and validating the appropriateness of translated terms in desk research) of EaP countries;

Search keyword	Armenia	Azerbaijan	Belarus (RU)	Georgia	Moldova	Ukraine
Remote work	հեռահար աշխատանք	məsafədən iş	удаленная работа, дистанционная работа	დისტანციური შრომა, დისტანციური სამუშაოები	lucru la distanța	дистанційна робота
Platform work, gig work, app work, crowdwork	აշխատանք ანგანს ხარթასკონ, ღვარქასბოქას ს ანგანს, აშასათნქ ჩსთქრსთქ ძჩიგოქ	platforma işi, onlayn əmək, onlayn işlər	электронная биржа труда/ онлайн биржа, работа в интернете	პლათფორმის ფარგლებში მუშაობა, ონლაინ დასაქმება, ონლაინ სამუშაოები	munca de multime, lucrați pe internet	робота на платформах, работа в интернеті
Labour market	აშასათაშოქსას	əmək bazarı	рынок труда	შრომის ბაზარი	piata muncii	ринок праці
Freelancer	ფრჩასსთქ	freelancer	фрилансер	ფრელანსქერი	freelancer	ფრელანსქერი
Flexible work	flexibleქონს ასაშასათანქ	çevik iş	гибкая работа	მოქნილი სამუშაო	muncă flexibilă	გნუჩკა робота
Online, digital platform	ანგანს ხარթას	rəqəmsal platforma	интернет-биржа, биржа фриланса	ონლაინ პლათფორმა	platforma digitală	ციფრვი პლათფორმა
Digital economy	ქასქის თსთსთქქონს	rəqəmsal iqtisadiyyat	цифровая экономика	ციფრული ეკონომიკა	economia digitală	ციფривა ეკონომიკა
Digital infrastructure	ქასქის სსქასათოქსასბქ (not widely used)	rəqəmsal infrastruktur	цифровая инфраструктура	ციფრულ ინფრასტრუქტურა	infrastructură digitală	ციფრивა ინფრასტრუქტურა
Self-employment	ჩსქსასღვარქასბოქონს	özünüməşğulluq	самозанятость, работа на себя	თვითდასაქმება	angajat pe cont propriu	самозайнятості
Non-standard employment	ოქ ასასთქაროთ ღვარქასბოქონს	qeyri-standart (qeyri-ənənəvi) məşğulluq	нестандартная занятость	არასტანდარტული დასაქმება	forme de muncă nestandardizate	ნესტანდარტна зайнятість
Digital skills	ქასქის ხსთოქქონსსთქ	rəqəmsal bacarıq	цифровые навыки	ციფრული უნარები	cunoștințe digitale	ციფრვი ნავიჩკი

2. **searching using universal search engines** (e.g. Google, Google Scholar, Google Dataset Search, Yandex), scientific literature databases and publication repositories of relevant organisations, projects and initiatives (e.g. ETF, ILO (n.d.) and World Bank (Honorati et al., 2019)); Boolean

search strings containing several search keywords and Boolean operators (AND, OR, NOT) were used in addition to the simple searches using only the individual keywords;

3. **refining the search results based on their relevance and quality**; we included a variety of sources, including the following (a full list of sources reviewed is provided at the end of this document):
  - academic research papers;
  - reports by international organisations, such as the ILO;
  - national and regional media reports;
  - national policy documents, especially those relating to labour market and skills strategies;
  - existing legislation on labour market regulation, in terms of its applicability to platform work;
  - websites of identified national and international platforms;
  - national statistics and the Online Labour Index<sup>42</sup> datasets;
4. **synthesising relevant findings**; systemisation of findings was implemented in English; the results of this exercise are presented in this report, along with evidence gathered using other methods described.

The full list of sources used is provided at the end on this document. It is important to note that in the absence of academic peer-reviewed publications on the topics of interest and comparable representative data across countries, the analysis relied heavily on internet sources and media reports. These very often provided fragmented or contradictory information. While we aimed to present this situation transparently, the information based on these sources should be treated with caution: although it allows a picture to be presented of platform work in the region, additional comparative research is necessary to fill in the knowledge gaps.

## Interviews

In the preparation of this report and accompanying outputs, we implemented 42 interviews in the 6 target countries and with regional platform representatives. The numbers and types of interviewees are presented in [Table A1.3](#).

**TABLE A1.3 INTERVIEWS**

Country	Interviewee type	Platforms	Policy-makers	Experts/ social partners	Workers	Total number of interviews
Armenia		2	2	1	0	5
Azerbaijan		2	1	5	0	8
Belarus		2	0	2	0	4
Georgia		2	1	3	0	6
Moldova		3	0	4	0	7
Ukraine		2	1	2	5	10
Regional		2	0	0	0	2
Total number of interviews		15	5	17	5	42

<sup>42</sup> Available at:

[https://figshare.com/articles/dataset/Online\\_Labour\\_Index\\_Measuring\\_the\\_Online\\_Gig\\_Economy\\_for\\_Policy\\_and\\_Research/3761562](https://figshare.com/articles/dataset/Online_Labour_Index_Measuring_the_Online_Gig_Economy_for_Policy_and_Research/3761562)

The interviews were conducted by the national experts in national languages, as well as by the research team in English and Russian. They took a semi-structured format, focusing on the main research questions (provided to national experts as part of the standardised templates for national-level reporting) and each interviewee's area of expertise.

### Big data application: automated collection of data from the web

To better understand the prevalence of platform work and profiles of platform workers in the six EaP countries, we supplemented the insights from desk research and interviews with data from three major international online labour platforms for web-based service provision: Guru, Weblancer and Freelancer.

The data collected complements the data sets available through the Online Labour Index<sup>43</sup> of the iLabour project collected from four major English-language online labour platforms. The iLabour dataset (Kassi and Lehdonvirta, 2018) provides longitudinal insight into how the numbers of active workers from EaP countries have changed from 2017 until early 2021.

The iLabour project by the Oxford Internet Institute has developed an economic indicator of web-based platform work that aims to provide the online gig economy equivalent of conventional labour market statistics. It measures the supply and demand of online freelance labour across countries and occupations by tracking the number of projects and tasks across platforms in real time<sup>44</sup>.

The raw data is collected by periodically sampling workers on Fiverr, Freelancer, Guru and PeoplePerHour. Each platform is sampled once every 24 hours, collecting information on each worker's home country, occupation category (six categories: clerical and data entry, creative and multimedia, professional services, sales and marketing support, software development and IT, writing and translation) and when they last completed a project. The samples are weighted by the number of registered workers on each platform, to calculate the total number of currently active workers on all platforms. A 'currently active' worker is anyone who has completed a project over the past 28 days (Kassi, 2017). The datasets are shared publicly.

The complementary selection of platforms was influenced by several factors. First, these are international websites (one English-speaking, one Russian-speaking and one available in both languages) that have significant numbers of registered workers from across the EaP. Second, these platforms are not strictly specialised, and list a variety of jobs requiring a variety of skills and qualifications (as opposed, for example, to platforms focusing specifically on designers, programmers or translators, etc.). Third, the websites of these platforms display the information in a way that is particularly convenient for data scraping (e.g. they provide skills and hourly rate data in search results, while other Russian-language platforms do not) and do not implement active blocking of scraping bots.

To collect the data, we filtered all the freelancers available on the platform by country of interest and scraped these search results. The scraped information was presented on the platform websites as

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<sup>43</sup> Full methodology of the Online Labour Index: <https://ilabour.oii.ox.ac.uk/online-labour-index/>

<sup>44</sup> At the time of data analysis, the sample of platforms used for iLabour was limited to the largest English-language platforms as indicated by the unique monthly visitor estimate provided by Alexa. When the index was first developed in 2016, these were Freelancer.com, Guru.com, MTurk.com, PeoplePerHour.com and Upwork.com. The sample accounts for at least 60% of all traffic to English-language online labour platforms. They also represent a range of different market mechanisms and contracting styles, from online piecework to hourly freelancing. The core unit of analysis in the Online Labour Index is a vacancy (i.e. a work assignment published).

brief platform worker profiles, with data on their activity, ratings and skills. Data from each platform was scraped, cleaned, coded and first analysed as three separate datasets, as the information provided on each platform was not identical in its form and content, and therefore not strictly comparable. This analysis is presented in Annex 2, along with the more detailed description of the steps taken to prepare the data for analysis. The main dataset with data from all three platforms was then compiled using fewer indicators that contained comparable information across all of them.

On-location platforms Bolt and Uber were also examined for automated data collection. Such platforms for on-location lower-skilled work can be characterised by a very high level of algorithmic control and algorithmic worker–client matching. Little information on workers’ characteristics is accessible online. This can be contrasted with high-skilled remote work platforms in which clients prefer having worker information rather than strong algorithmic matching efficiency. The review of worker profiles is a key component of worker–client matching, and this information is therefore displayed publicly. Thus, for Bolt and Uber, instead of web scraping, we explored the possibility of accessing relevant worker data through the on-location labour platforms’ APIs<sup>45</sup>. However, the real-time data accessible there was not useful for the purposes of the study if taken only once. We therefore aimed to cover the questions about on-location platforms through desk research and interviews.

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<sup>45</sup> API (application programming interface) is a software intermediary that allows two applications to ‘talk’ to each other. APIs of the ride-hailing applications allow for the building of specific solutions for on-demand services for developers outside these companies.

## ANNEX 2. ANALYSIS OF DATA ON SELECTED PLATFORMS

To better understand the prevalence of platform work and profiles of platform workers in the six EaP countries, we supplemented the insights from desk research and interviews with data from three major international online labour platforms for web-based service provision: **Guru**, **Weblancer** and **Freelancer**. This selection was influenced by several factors. First, these are international websites (one English-speaking, one Russian-speaking and one available in both languages) that have significant numbers of workers from across the EaP. Second, these platforms are not strictly specialised, and list a variety of jobs requiring different skills and qualifications (as opposed, for example, to platforms focusing specifically on designers, programmers or translators, etc.). Third, the websites of these platforms display the information in a way that is particularly convenient for data scraping (e.g. they provide skills and the hourly rate data in search results, while other Russian-language platforms do not) and the research had to be conducted in a given timeframe.

To collect the data, we filtered all the freelancers available on the platform by country of interest. The search results, which we scraped, are presented as brief platform worker profiles (see [Table A2.1](#)). Each platform was scraped and further analysed as a separate dataset, given that the information provided on each platform was not identical in its form, and therefore the datasets could not be merged, without a risk of either losing important information or introducing duplications.

**TABLE A2.1 PRESENTATION OF WORKER PROFILES ON INTERNATIONAL WEB-BASED LABOUR PLATFORMS**

Platform	Worker Profile
Freelancer	<p> <b>ukroficer</b>  <span>Hire Me</span></p> <p>WordPress, UI/UX, Laravel, Web Design, Native Apps</p> <p><b>5.0</b> ★★★★★ 9.1  371 reviews \$25 USD per hour</p> <p><b>PHP, Website Design, HTML, Graphic Design, JavaScript</b></p> <p>Hello! We are "WebCapitan" and we are a creative and highly professional digital studio based in Europe. Our diverse and experienced team excels in Logo design, Branding, Graphics &amp; Illustrations, Website and App design &amp; development, UI, UX, PH, MYSQL, Jquery, JavaScript, Code Igniter, CSS, HTML, WordPress,...</p>
Guru	<p><input type="checkbox"/>  <b>Tsybals Design Studio</b> <span>MEMBER</span> <span>Get a Quote</span></p> <p> Kharkiv, Kharkivs'ka Oblast', Ukraine ·  66,701/year ·  100%</p> <p> <b>Shoe photorealistic 3D modeling</b> \$35/hr · Starting at \$1,500</p> <p>We create a Top Quality 3D model of shoes and cloth for games, product illustration, virtual fitting rooms. Among our clients, there are well-known brands like Timberland, Adidas, Nike and others.</p> <p><span>3d</span> <span>3D Graphics</span> <span>3D Modeling</span> <span>3d Visualization</span> <span>3ds Max</span></p>



**Артём Г. WebArtyom**

34 года, Украина ✓

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Once scraped, the data was cleaned for duplicates (those resulting from the data collection activities, as well as duplicate profiles actually present on the platforms based on their descriptions), and further coded to enable more detailed analysis. The key coding efforts were directed at developing the following new variables:

- Occupation.** One of six occupations was assigned to each platform worker using the same classification as that applied by the iLabour Project<sup>46</sup>, which is also in line with the conceptual framework presented in Chapter 2. To assign specific occupations to platform workers, we used as keywords information from the 'tags' of worker skills provided by Freelancer and Guru, as well as platform worker introductions provided by Weblancer (Table A2.2). This exercise was most complicated on Weblancer's dataset, as the data was not organised as conveniently into tags as on other platforms, but rather was included the freelancer's personal introduction. Hence, the coding required a significant amount of manual work, and we therefore coded the occupations of active workers only. Moreover, in many cases the skills information was not provided, as the introduction included quotes of famous people, or slogans such as 'Timely, qualitatively, cheap!'. In such cases, the occupations were coded as 'miscellaneous'. Overall, the process of occupational coding was to a significant extent manual, as our researchers had to review and research the existing keywords to decide which occupation they represented, until each freelancer was assigned an occupation.
- Gender.** To derive a new variable for gender, we used the name information of each platform worker. This process was, to a large extent, manual and country specific. In Ukraine and Belarus (i.e. Slavic languages), we first coded all persons with names/surnames ending -a and -я as female, and then again manually inspected these codes to find and recode the short forms of male names (such as Саша, Женя and Боря). We relied on Wikipedia for the lists of most common Eastern Slavic short names<sup>47</sup>. The names ending with other letters were coded as male, while companies or organisations that were present in the datasets were coded as missing (identified by names such as Studio, Agency or Group, which most probably represent a group of workers under one registered account). A similar process was followed for the Moldovan dataset to identify female names, and for the Azerbaijani dataset using surname information (when this

<sup>46</sup> See the detailed methodology in Kassi (2016).

<sup>47</sup> [https://en.wikipedia.org/wiki/Eastern\\_Slavic\\_naming\\_customs](https://en.wikipedia.org/wiki/Eastern_Slavic_naming_customs)

was provided). In Azerbaijan (in cases where a surname was not provided), Armenia and Georgia, in addition to identifying relevant names ending in -a and -я, we researched the most popular female names with a different last letter (e.g. Miriam, Nino, Tamar, Katevan, Aylin, Berjouhi) and coded platform workers with such names one by one. Although this strategy is not error-free (i.e. small numbers of female workers with rare names could still be coded as male in the datasets), it did allow determination of the gender of the majority of freelancers registered on the selected platforms, to gain a general overview. Finally, for the Weblancer dataset, given the possibility, we triangulated this information with data on activity that was worded in a way that revealed the gender of the subject (i.e. Была онлайн vs Был онлайн).

- **Activity.** Many workers who register on web-based work platforms never manage to secure work assignments. We therefore used the indicator of the number of reviews to understand the activity rates of platform workers. More specifically, we classified workers with at least one review as active, meaning that they have completed at least one task via the platform and were assessed by their clients. At the same time, it should be noted that as group accounts were identified, we can refer to the activity per account rather than per worker.

**TABLE A2.2 CODING OF OCCUPATIONS**

Occupation	Examples of work	Examples of coding keywords
Clerical and data entry	Customer service, data entry, transcription	Data entry, transcription, order processing
Creative and multimedia	Animation, graphic design, photography	Design, audio, Photoshop, 3D modelling
Professional services	Accounting, legal, project management, architecture	AutoCAD, business analytics, mathematics, legal
Sales and marketing support	Lead generation, posting ads, SEO	SEO, content marketing, social media, advertising
Software development and technology	Data science, game development, mobile development, testing	HTML, Android, Python, development, Java
Writing and translation	Article writing, copywriting, translation	Writing, rewriting, English, Russian, translation
Miscellaneous	Combination of skills, keywords belonging to different occupations, or unclear descriptions	

Note: HTML – hypertext mark-up language; SEO – search engine optimisation.

Source: Authors' elaboration based on iLabour project.

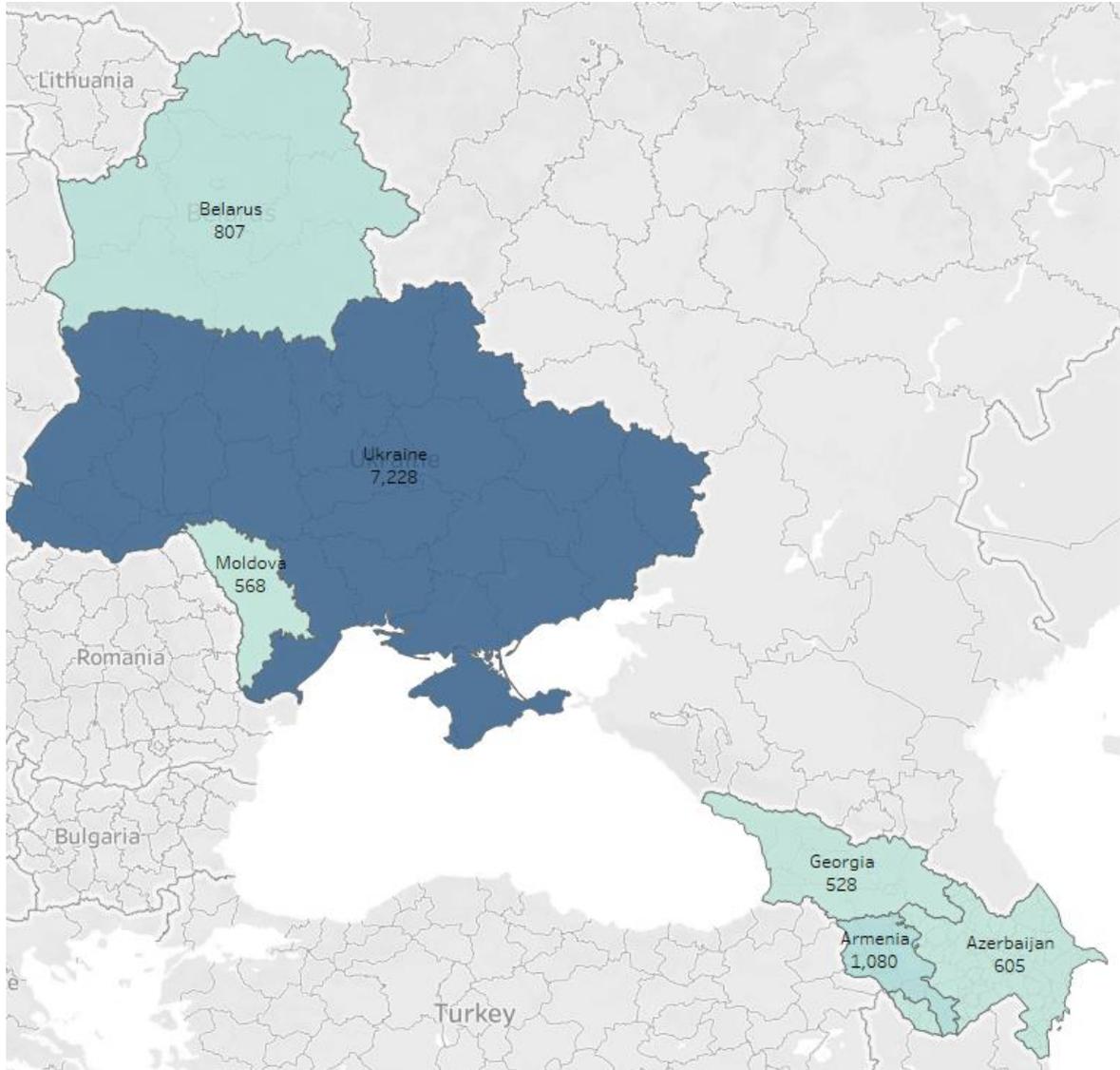
The platform-specific findings are presented below.

## Guru

Guru is an international English-language freelance marketplace founded in 1998 in the US. It claims to have the lowest transaction fee for both platform workers and clients. Freelancers offer services in programming and development, art and design, writing and translation, administrative and secretarial jobs, business and finance, sales and marketing, engineering and architecture, legal, education and training, and other areas. Guru has around 2 million registered workers and a record of over a million completed jobs. It is free for freelancers from around the world to join.

As of October 2020, Guru had over 10 800 registered freelancer profiles (excluding duplicate profiles) from EaP countries, the majority of them (over 7 200) from Ukraine.

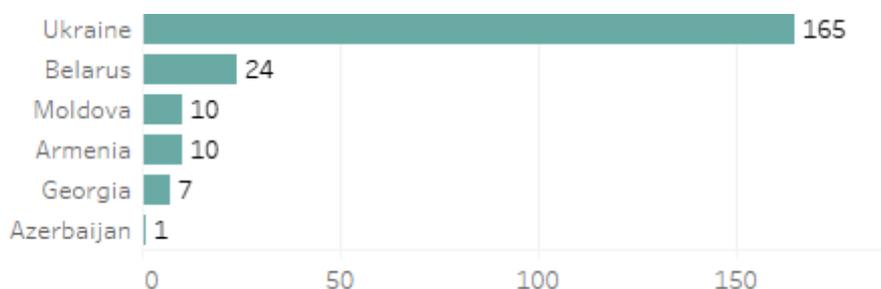
**FIGURE A2.1 EAP PLATFORM WORKERS ON GURU**



However, it is important to note that these numbers represent all the registered workers on Guru. Their actual engagement in work assignments, indicated by the presence of reviews (meaning that they have completed jobs via the platform), is surprisingly low. In the total cleaned dataset, only 217 workers had reviews, which represents only 2% of all registered workers (Figure A2.2). Although this finding is somewhat unexpected, it is difficult to interpret in terms of EaP platform workers' success on the platform. First, some clients may be reluctant to leave reviews for completed assignments. Second, some registered workers could have been engaged in ongoing assignments for which no reviews have yet been submitted. Unfortunately, information on ongoing assignments is not provided. Third, freelancers who have not completed assignments via the platform may have done this outside it with clients they found on Guru. For example, many freelancers provide their personal contact details (email, phone number, social media account or personal website) in their personal introduction, which

would allow clients and workers to communicate and conduct transactions outside Guru, thus avoiding intermediation fees.

**FIGURE A2.2 NUMBER OF ACTIVE WORKERS ON GURU FROM EAP COUNTRIES**



As this number of active workers is too small for a detailed cross-sectional analysis, in the following sections we present the findings from with the entire dataset of registered Guru workers from EaP countries.

### Regional distribution of registered platform workers

Unlike the other platforms, Guru provides data on the regions from which the platform workers come, which allows additional insights. The analysis of Ukrainian platform workers shows that registered freelancers on Guru come from all the country's regions, including Crimea (annexed by Russia in 2014) (1.16%), as well as the Donetsk (2.86%) and Luhansk (0.69%) oblasts, which continue to be affected by the international conflict. However, the majority of Ukrainian platform workers come from Kiev city (25.7%), Kharkiv oblast (13.78%) and Lviv oblast (9.21%).

A similar trend – the majority of platform workers around the capital cities and other heavily urbanised areas – is noticeable in other EaP countries. However, in these other countries, the concentration of platform workers in a single region is much more pronounced than in Ukraine.

In Belarus, although platform workers on Guru come from all the regions, their largest concentration (73.9%) is in Minsk region. Over 87% of Armenian platform workers on Guru come from the Yerevan area, while other regions of the country – all of which have platform workers present – represent up to 3.06% of Armenian platform workers.

Meanwhile, in Azerbaijan, almost 80% of platform workers are based in the Baku region, and over 6% in neighbouring Absheron. Platform workers on Guru are not represented in all the country's regions (although it should be noted that very detailed regional data is provided for Azerbaijan, compared with the other countries analysed), and those that are represented have less than 1% of the country's platform workers, amounting to 1–6 people. Interestingly, one such area with a platform worker is the Nagorno Karabakh region, which, at the time of data collection, was at the epicentre of the Armenian–Azerbaijani armed conflict.

In Moldova, very similar to the situation in other EaP countries, almost 80% of platform workers are located in the Chisinau area. As in Azerbaijan, in Moldova, not all the regions of the country are represented by platform workers on Guru. Most regions outside Chisinau (apart from Transnistria with 3.17%) have less than 1% of Moldovan platform workers, which equates to one–eight people.

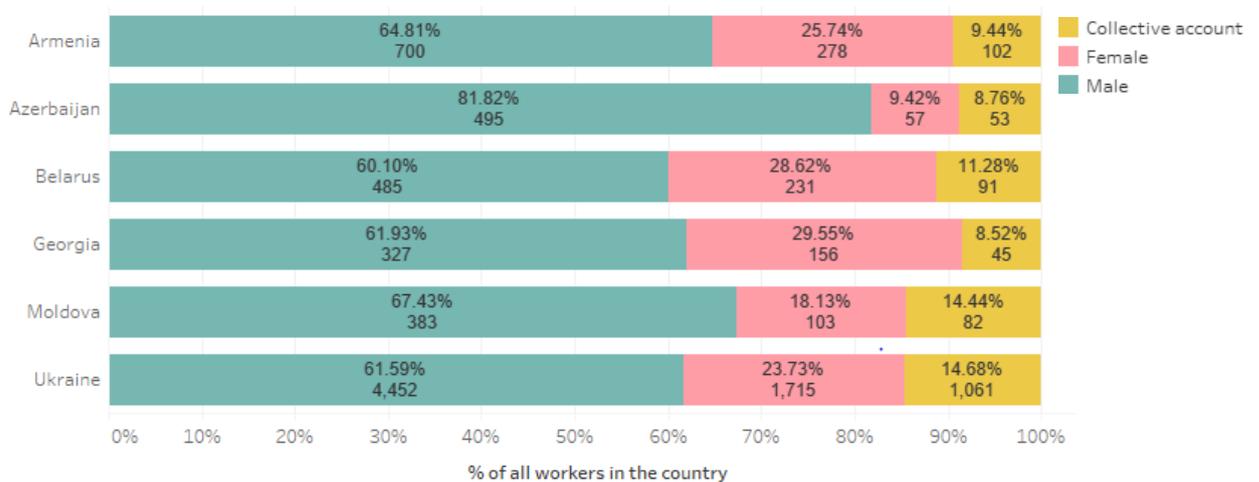
Finally, over 82% of Georgian platform workers on Guru come from the Tbilisi area. Other regions are represented by between 1 (e.g. Guria) and 17 (e.g. Adjara) platform workers.

## Demographic profiles of platform workers

Overall, on average, there are 2.7 times as many men from the EaP countries than women working on Guru. At the region level, 63.26% of workers are male and 23.48% are female; for the remaining 13.26% of workers, gender could not be identified, either because instead of a name they provided a vague nickname, or because the worker profile belonged to an organisation.

Certain differences by country also exist. In Azerbaijan, less than 10% of platform workers are women, while this share is more than 25% in Armenia, Belarus and Georgia (see [Figure A2.3](#)).

**FIGURE A2.3 GENDER OF REGISTERED PLATFORM WORKERS ON GURU BY COUNTRY**

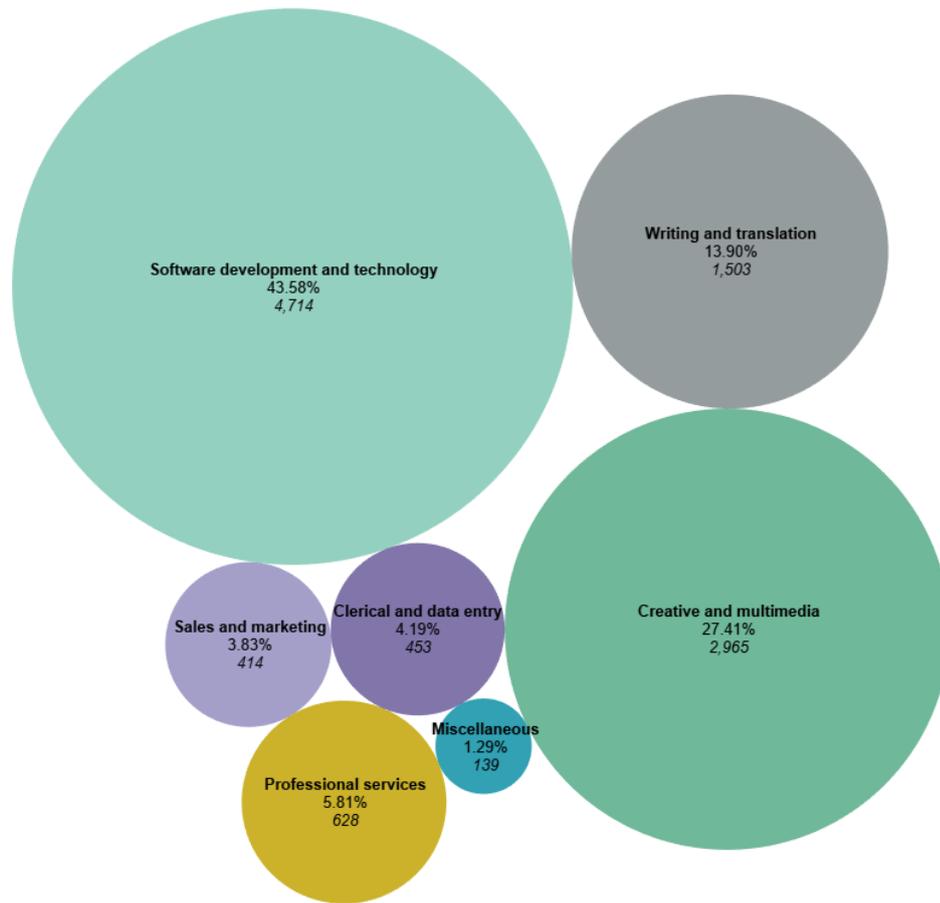


## Occupational profiles

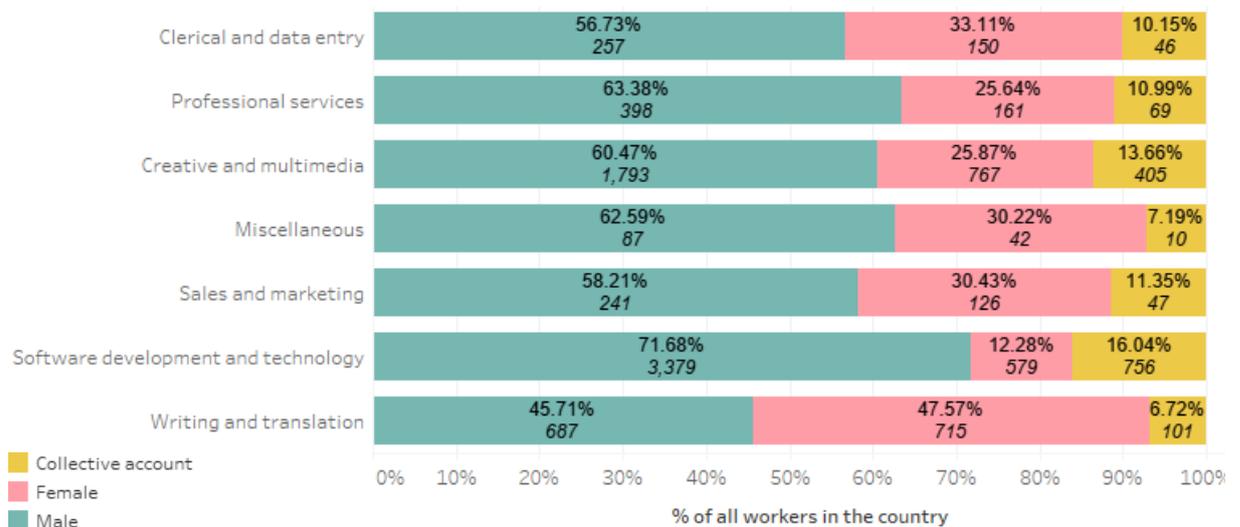
In line with the findings from other existing sources (e.g. iLabour datasets), the most popular type of platform occupation on Guru among active platform workers from EaP countries is software development and technology work, followed by creative and multimedia work, and writing and translation (see [Figure A2.4](#)).

Gender differences are notable among freelancers in different occupations. All occupations except writing and translation, in which the gender distribution is almost equal, are dominated by men. This dominance is especially pronounced in software development and technology work, where only slightly over 12% of workers are female (see [Figure A2.5](#)).

**FIGURE A2.4 OCCUPATION OF EAP WORKERS ON GURU**

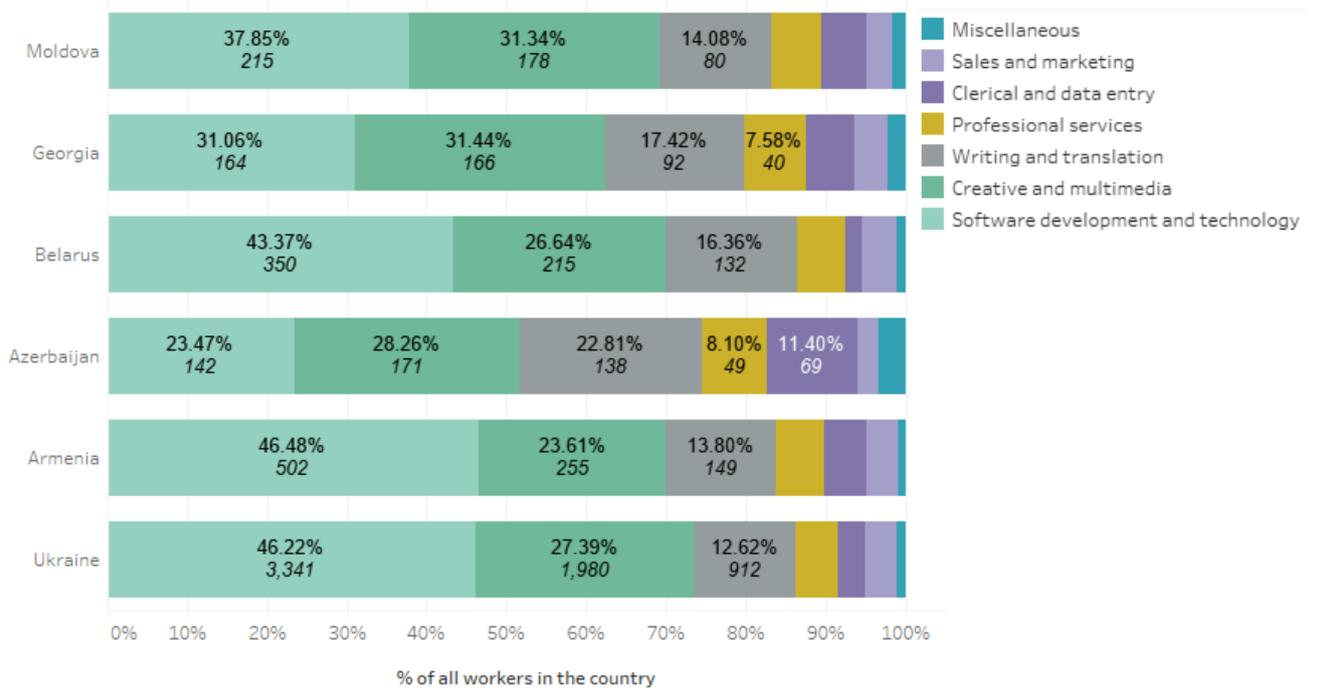


**FIGURE A2.5 SHARE OF MALE AND FEMALE WORKERS ON GURU BY OCCUPATION**



Analysis of occupation by country shows that software development and technology dominates in most countries, except in Georgia and Azerbaijan, where creative and multimedia work is most common among freelancers (see [Figure A2.6](#)).

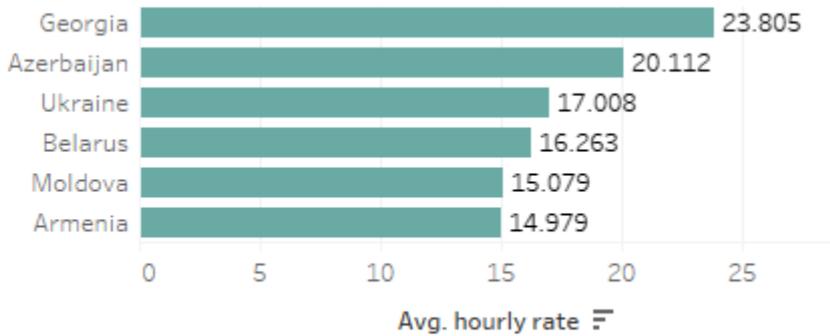
**FIGURE A2.6 OCCUPATION BY COUNTRY ON GURU**



**Income from platform work**

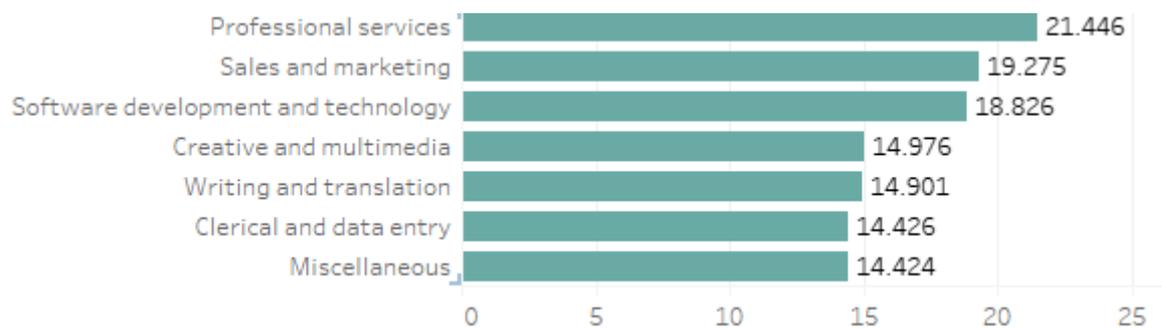
To understand the income of platform workers from EaP countries on Guru, we analysed the hourly rates declared on workers’ profiles. Overall, the average hourly rate of all registered workers is USD 17.5. However, this varies significantly by country, with the highest rate in Georgia, followed by Azerbaijan, and the lowest in Armenia.

**FIGURE A2.7 AVERAGE HOURLY RATE BY COUNTRY ON GURU (USD)**



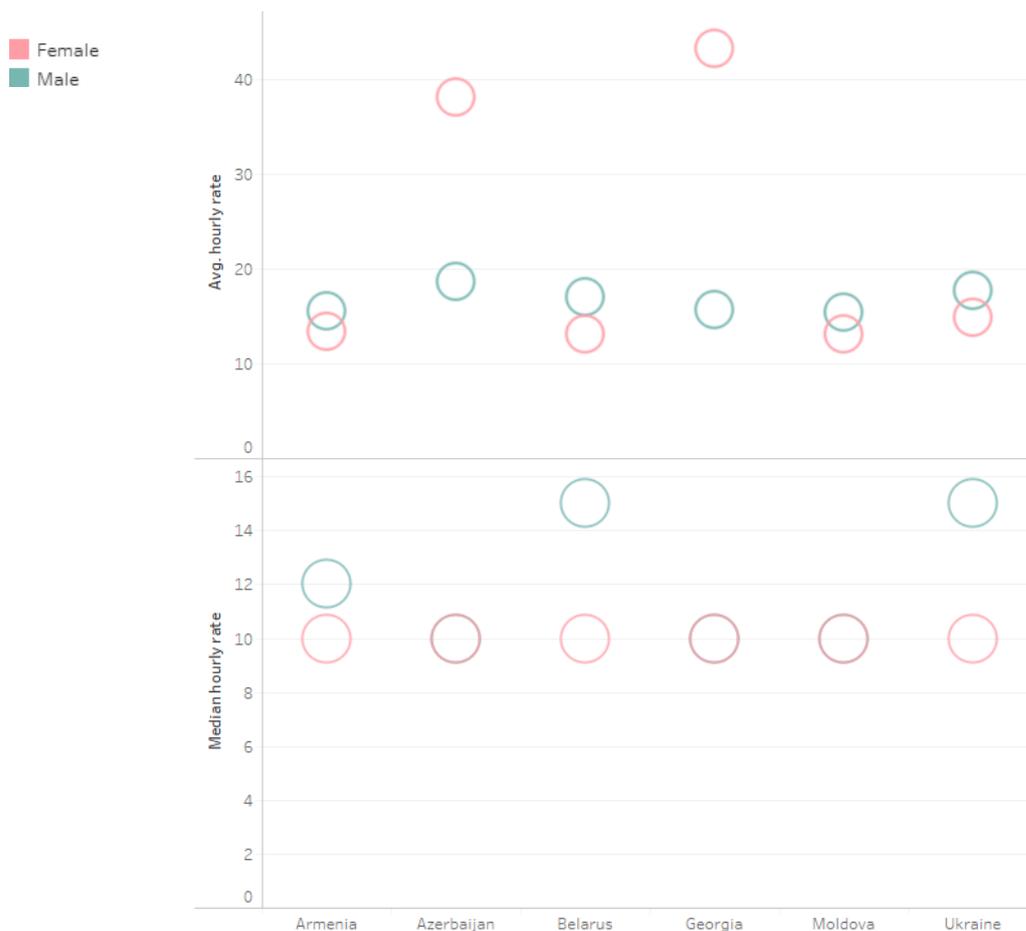
The difference can be partly explained by the worker composition by occupation in these countries, as Georgia and Azerbaijan have the highest shares of workers in the professional services category. Generally, hourly rates by occupation also differ significantly, the highest paid being workers in professional services and sales and marketing, followed by software development and technology work. The lowest hourly rates, unsurprisingly, are charged by workers in clerical and data-entry work and miscellaneous services.

**FIGURE A2.8 AVERAGE HOURLY RATE BY OCCUPATION ON GURU (USD)**



Finally, in most EaP countries the average pay per hour is higher for men than for women. Georgia and Azerbaijan are notable exceptions, as average hourly pay for women is twice that for men. However, this can be explained by the very wide variance in pay for women: several platform workers in the dataset indicate that their hourly pay is over USD 1 000. Meanwhile, the median pay for female workers is the same (in Azerbaijan, Georgia and Moldova) or lower (in Armenia, Belarus and Ukraine) than for male workers (see [Figure A2.15](#)). Nevertheless, at the regional level, gender pay gaps also vary by occupation. For example, women tend to indicate, on average, higher hourly rates than men for sales and marketing support work, writing and translation, as well as clerical and data-entry tasks (although the median indicators either do not show differences or indicate higher rates for men).

**FIGURE A2.9 AVERAGE AND MEDIAN HOURLY PAY ON GURU BY COUNTRY AND GENDER**



## Weblancer

Weblancer is one of the most popular Russian-language platforms for web-based platform work. It was launched in Russian language in 2003 and has since expanded to cover freelancers from 60 countries worldwide. It is also referred to as the first platform work exchange site in Ukraine. It is targeted at programmers, designers, planners and other web professionals as the main services offered are administration of websites, architecture and engineering, audio, help with videos and multimedia, web design, web programming, graphic design, photography, software and systems programming, search engine optimisation, texts and translations, management, tutoring, and assistance with issues relating to economics, finance and law. As of October 2020, the platform contained more than 3 000 open work assignments, over 1 million users, and over 52 500 registered freelancers from the EaP countries, the majority of them from Ukraine (see [Figure A2.10](#)).

**FIGURE A2.10 EAP-REGISTERED PLATFORM WORKERS ON WEBLANCER**



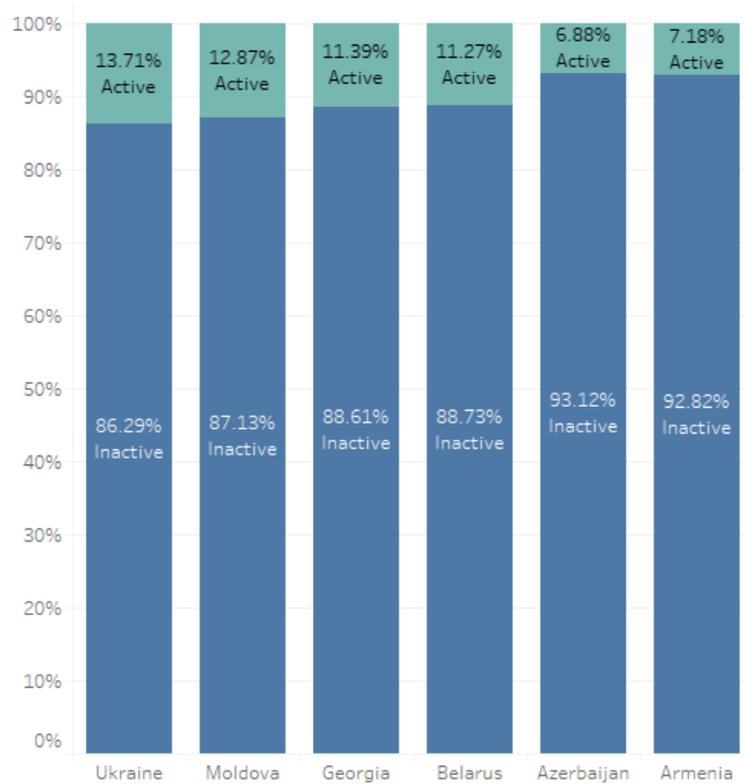
However, only slightly more than 13% of the freelancers have at least one review, meaning that they have completed projects on the platform and can be considered as active workers. In some countries, such as Azerbaijan and Armenia, this figure is as low as 7% (see [Figure A2.11](#)).

Interestingly, Weblancer also provided information about the last time each freelancer had logged into their account; this can be used as an alternative measure of activity<sup>48</sup>. Based on that information, less than 20% of the registered workers have been active on the platform in the past year, and only around

<sup>48</sup> However, the number of reviews is used as a proxy for activity in the further analysis of Weblancer data, as it is the only relevant indicator that can be compared across the three platforms analysed.

5% in the past month. The total number of platform workers who have been active on the platform in the past month (and who could therefore be seen as most actively seeking work assignments or implementing them) is around 2 700 in total.

**FIGURE A2.11 ACTIVITY (HAVING AT LEAST ONE REVIEW) OF EAP WORKERS ON WEBLANCER**



	Ukraine	Moldova	Georgia	Belarus	Azerbaijan	Armenia
Active	5 872	209	23	785	17	54
Inactive	36 958	1 415	179	6 180	230	698

### Activity rates and portfolios

Weblancer, unlike the other platforms analysed, provides data on the last time the platform worker used the platform (i.e. was online). The values for this variable range from several minutes to 16 years ago. Based on this information, we coded platform workers into an additional category of activity (in addition to activity measured by the numbers of reviews): active (those who were last on the platform in the past month), partly active (those who had been online within the past year, but more than a month ago) and inactive (those who were last on the platform more than a year ago). The resulting numbers are provided in [Table A2.3](#).

In this regard, Weblancer’s dataset provided an exceptional opportunity to analyse those workers who no longer work on the platform and to try to understand their profiles.

In fact, it seems that engagement in platform work via Weblancer has been a temporary situation for many workers from the EaP region. Around 20 700 freelancers from EaP countries who are registered

on Weblancer were last active on the platform more than 5 years ago, and 4 800 of these were last active more than 10 years ago.

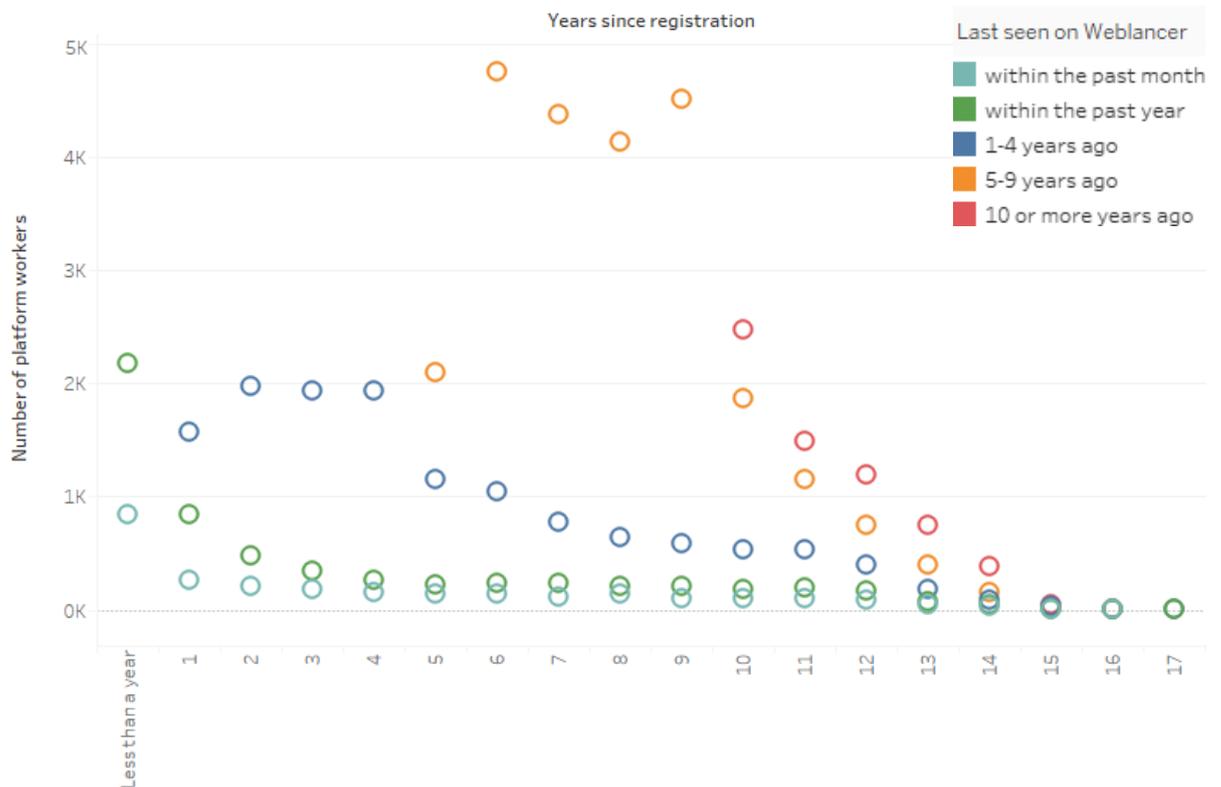
**TABLE A2.3 ACTIVITY RATES OF EAP PLATFORM WORKERS ON WEBLANCER (BY THE LAST TIME ONLINE)**

Activity	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
Active	50	7	393	15	91	2 149
	6.66%	2.83%	5.64%	7.43%	5.60%	5.02%
Partly active	109	38	880	31	153	4 714
	14.51%	15.38%	12.63%	15.35%	9.42%	11.01%
Inactive	592	202	5 692	156	1 380	35 967
	78.83%	81.78%	81.72%	77.23%	84.98%	83.98%

As illustrated in [Figure A2.12](#), the platform has experienced growth in the number of registered users from the EaP countries in the past (especially in the peak period of five–nine years ago), but few of these freelancers have continued working on the platform for longer periods.

The figure also shows that most of the active platform workers (i.e. those who have been online in the past month) had registered on Weblancer less than a year ago, and activity rates decrease with the number of years on the platform. Meanwhile, many of those who registered a year ago were also last seen on the platform a year ago, indicating that they had decided not to pursue platform work.

**FIGURE A2.12 NUMBER OF WORKERS ON WEBLANCER BY YEAR OF REGISTRATION AND ACTIVITY**

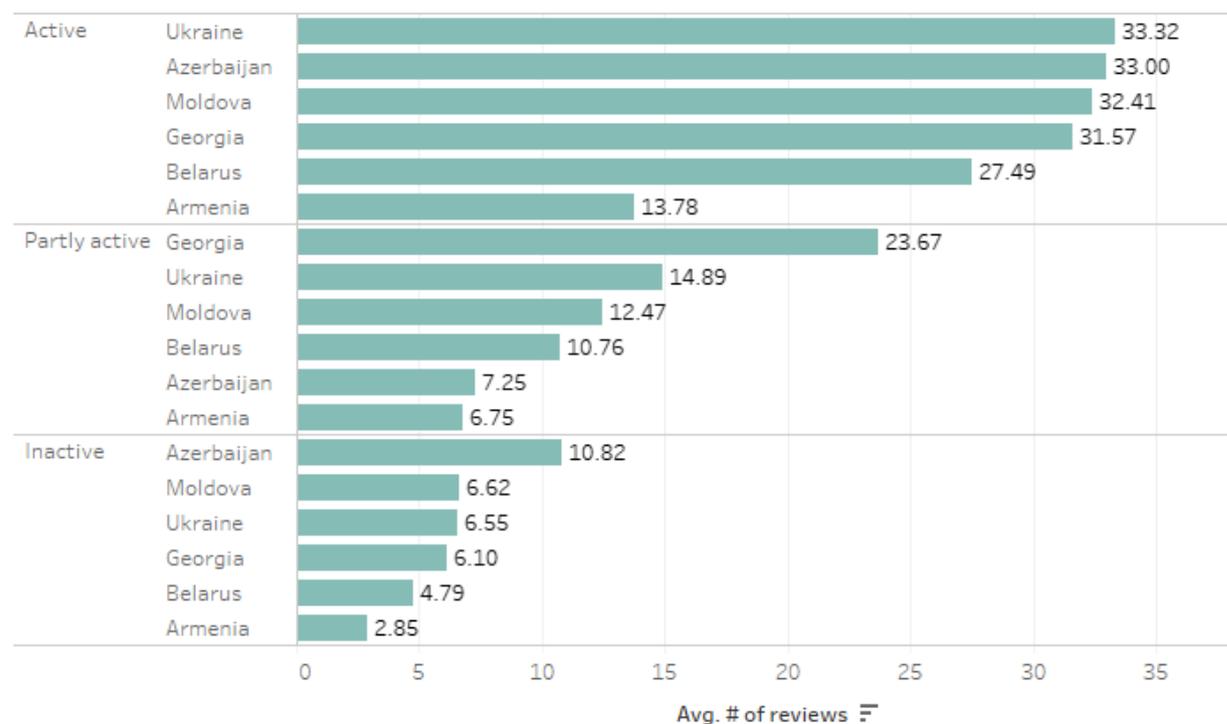


It is also likely that the early freelancers were disadvantaged as the platform and platform work in general lacked popularity, and therefore clients and work assignments, which became less of an issue with time (in part because of the network effects that growing platforms acquire).

Active workers from Ukraine seem most successful among the platform workers from EaP countries in securing work assignments, as illustrated by the average numbers of reviews (another measure of activity, allowing us to compare workers on Weblancer with workers on other platforms).

With regard to inactive workers, the data shows that most of them left platform work without building a significant project portfolio. While [Figure A2.13](#) illustrates the average numbers of reviews, the 95th percentile of the number of reviews for active workers was 134 (maximum number 1 150), 47 for partly active workers (maximum number 465) and 25 (maximum number 291) for inactive workers.

**FIGURE A2.13 AVERAGE NUMBERS OF WEBLANCER REVIEWS BY COUNTRY AND ACTIVITY**

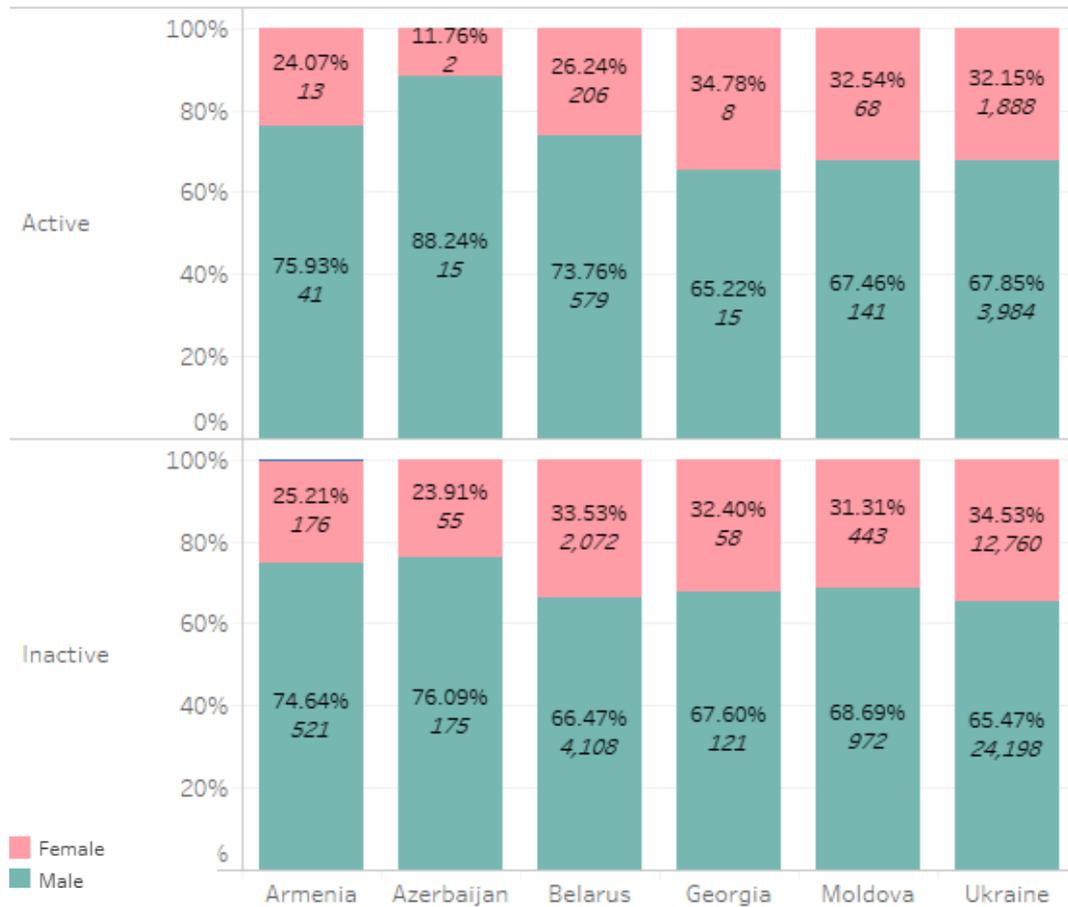


## Demographic profiles of platform workers

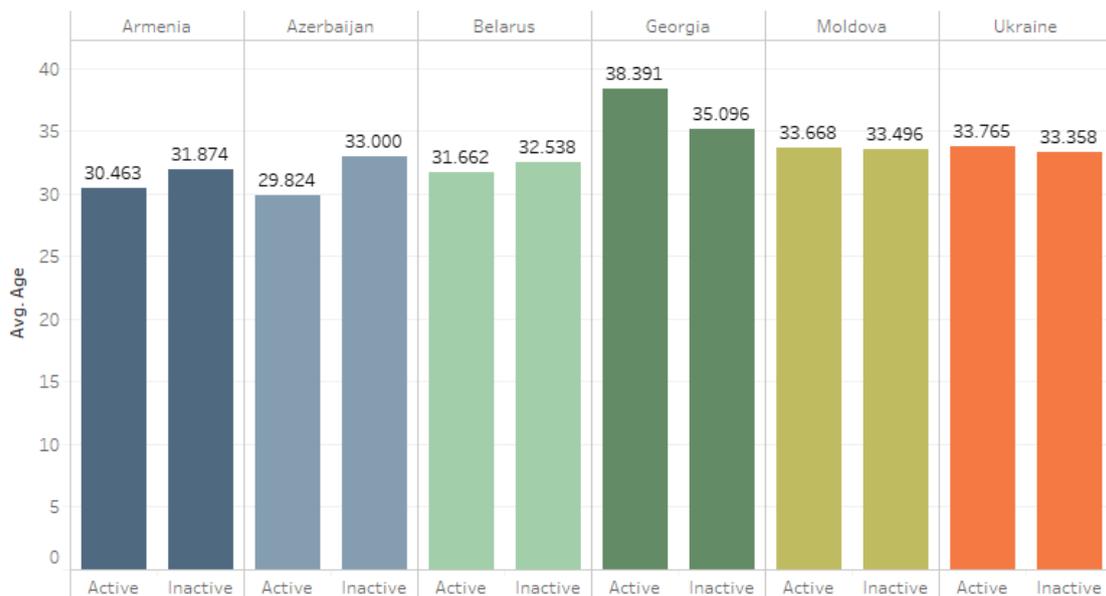
With regard to gender, a third of the entire dataset of EaP platform workers on Weblancer is female. As illustrated in [Figure A2.14](#), this does not vary significantly by activity level (measured by the presence of reviews), except in Azerbaijan and Belarus, allowing us to dismiss the hypothesis that women are less successful than men in securing work assignments on the platform.

Among the platforms analysed, age data was provided only on Weblancer. Most of the registered workers on the platform are young, with an average age of 33.3 years, ranging from 31.7 in Armenia to 35.5 in Georgia, with no significant differences between the average ages of men and women. However, some differences exist between active and inactive platform workers by country (see [Figure A2.15](#)).

**FIGURE A2.14 GENDER DISTRIBUTION OF PLATFORM WORKERS BY COUNTRY AND ACTIVITY LEVEL**



**FIGURE A2.15 AVERAGE AGE OF WEBLANCER WORKERS BY COUNTRY AND ACTIVITY LEVEL (YEARS)**

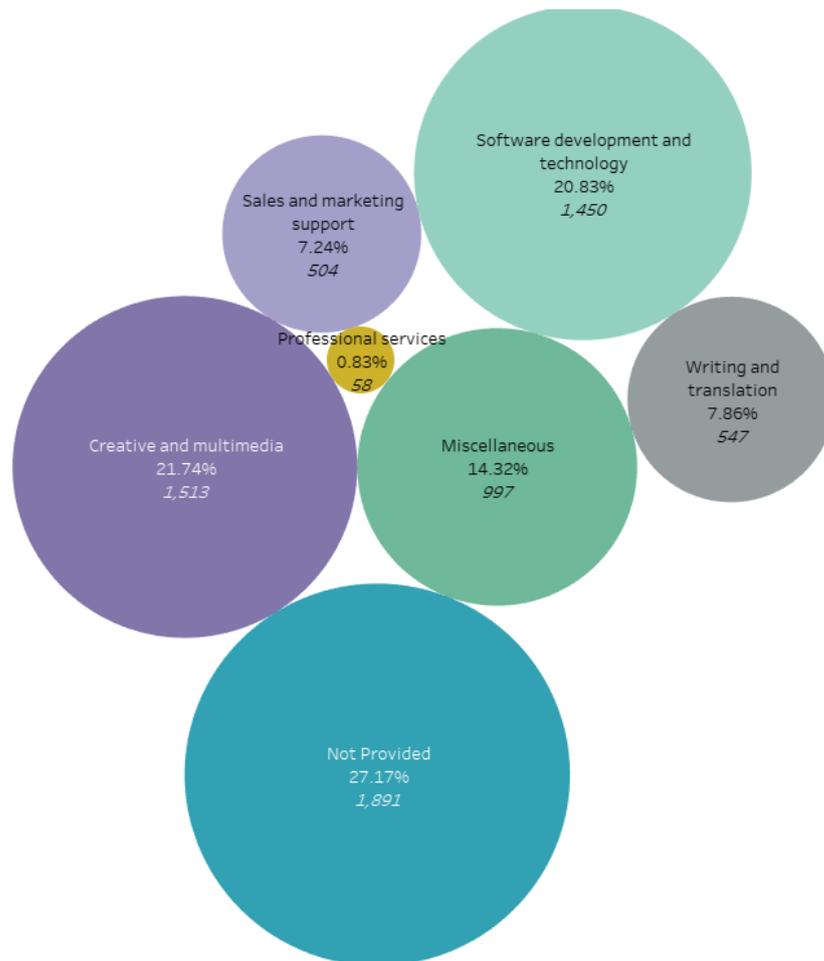


## Occupational profiles

To analyse workers' occupational profiles, we investigated active freelancers only, because of limitations of occupation data in our dataset.

The most popular platform 'occupation' among the active platform workers from EaP countries on Weblancer is creative and multimedia work, followed by software development and technology work (see [Figure A2.16](#)).

**FIGURE A2.16 OCCUPATION OF ACTIVE WORKERS ON WEBLANCER**

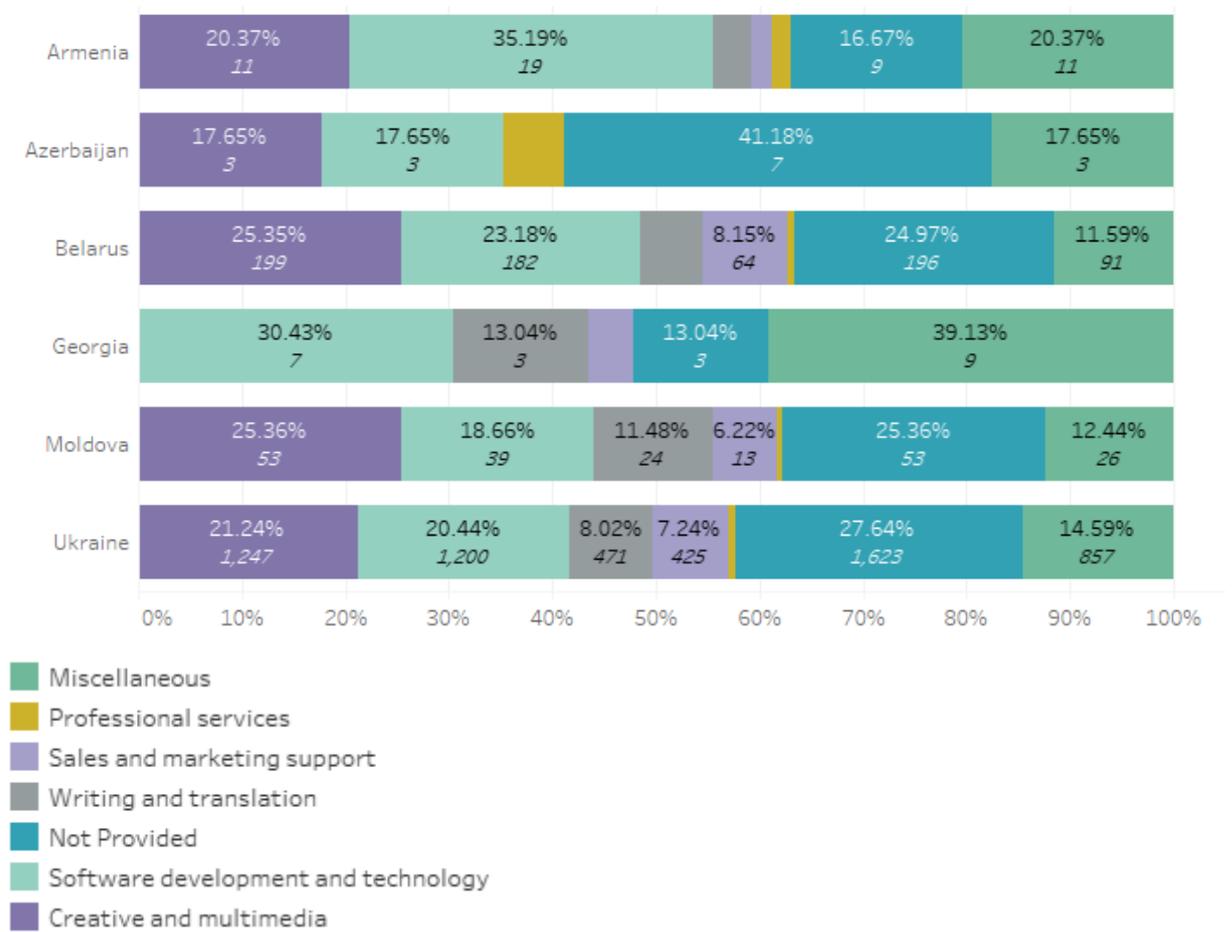


However, analysis by country shows that creative and multimedia work is not the main occupation in all the countries. For example, out of the active Georgian workers (23 in total), there are no freelancers who have received reviews for this type of work (see [Figure A2.17](#)).

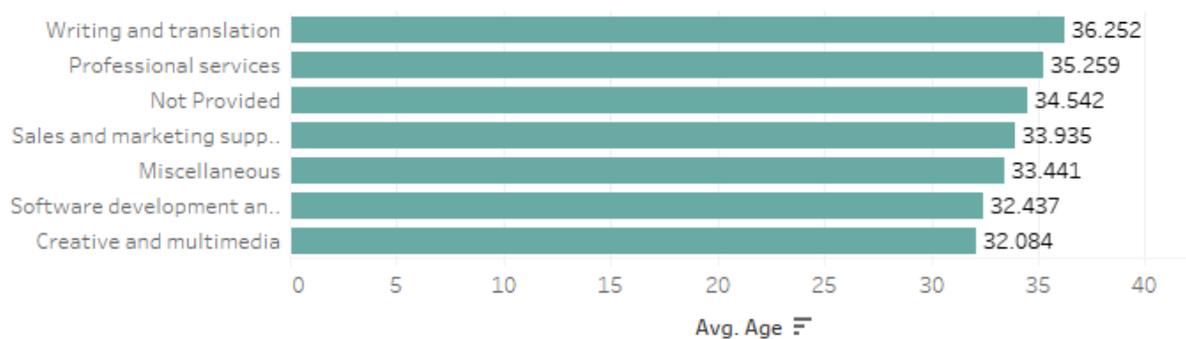
Platform workers providing writing and translation services have the highest average age and those providing creative and multimedia work the lowest (see [Figure A2.18](#)).

Gender differences are significant among freelancers in different occupations. All except writing and translation (for which more than two thirds of workers are female) are dominated by men. This dominance is especially pronounced in software development and technology work, where only slightly less than 9% of workers are female (see [Figure A2.19](#)).

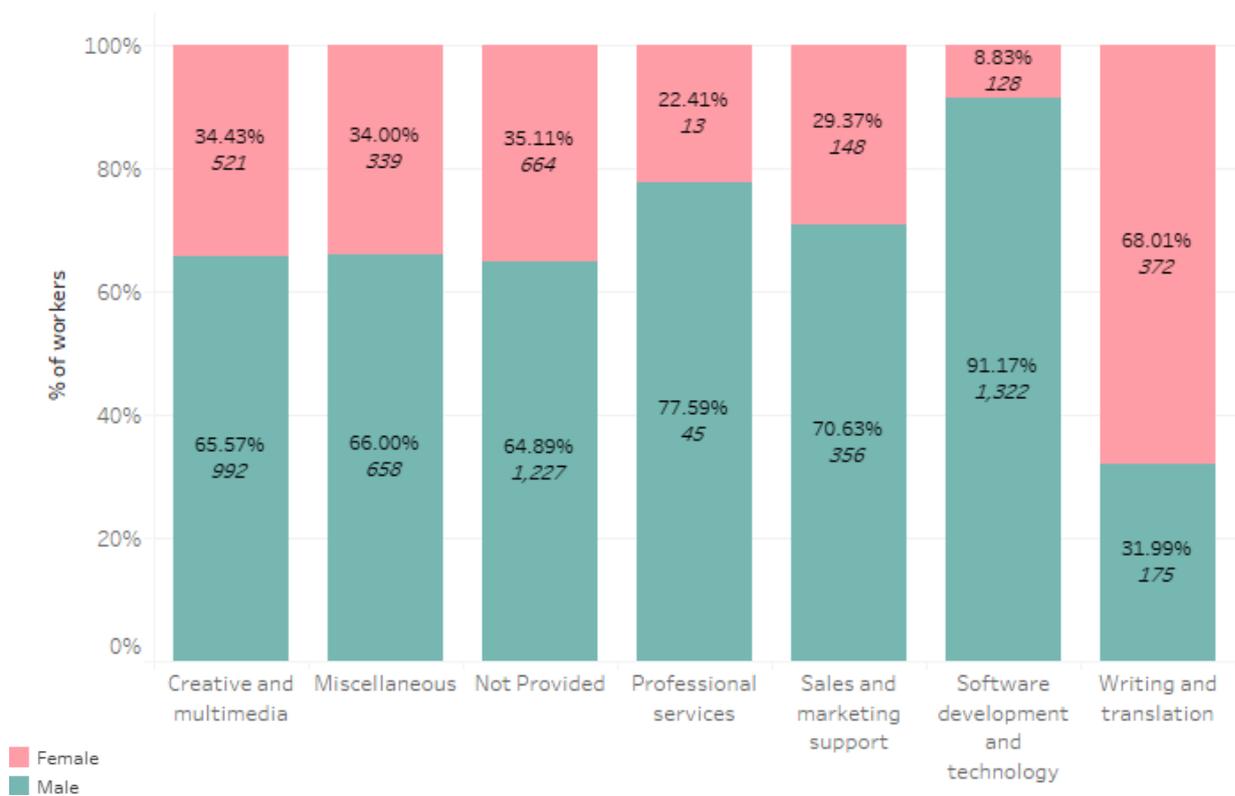
**FIGURE A2.17 OCCUPATION OF ACTIVE WORKERS (BY REVIEWS) ON WEBLANCER BY COUNTRY**



**FIGURE A2.18 AVERAGE AGE OF WEBLANCER WORKERS IN DIFFERENT OCCUPATIONS (YEARS)**



**FIGURE A2.19 SHARE OF MALE AND FEMALE ACTIVE WORKERS ON WEBLANCER BY OCCUPATION**

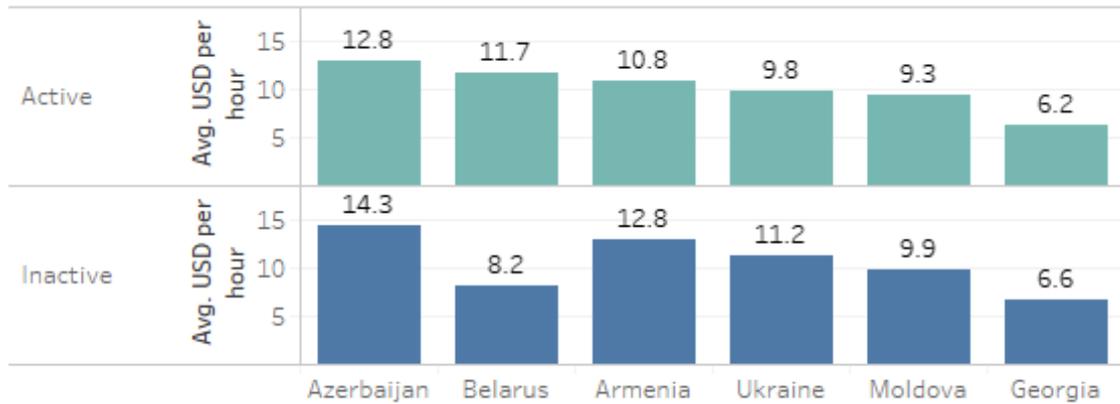


### Income from platform work

Although Weblancer provides price data, which allows platform worker income to be estimated, the information is provided in inconsistent ways on the platform: for different workers, the pay is indicated per hour or per project. As these numbers are not comparable and could not be merged into a single meaningful variable, we analysed the information on the cost per hour, as only this variable had a sufficient sample size for country-level analysis.

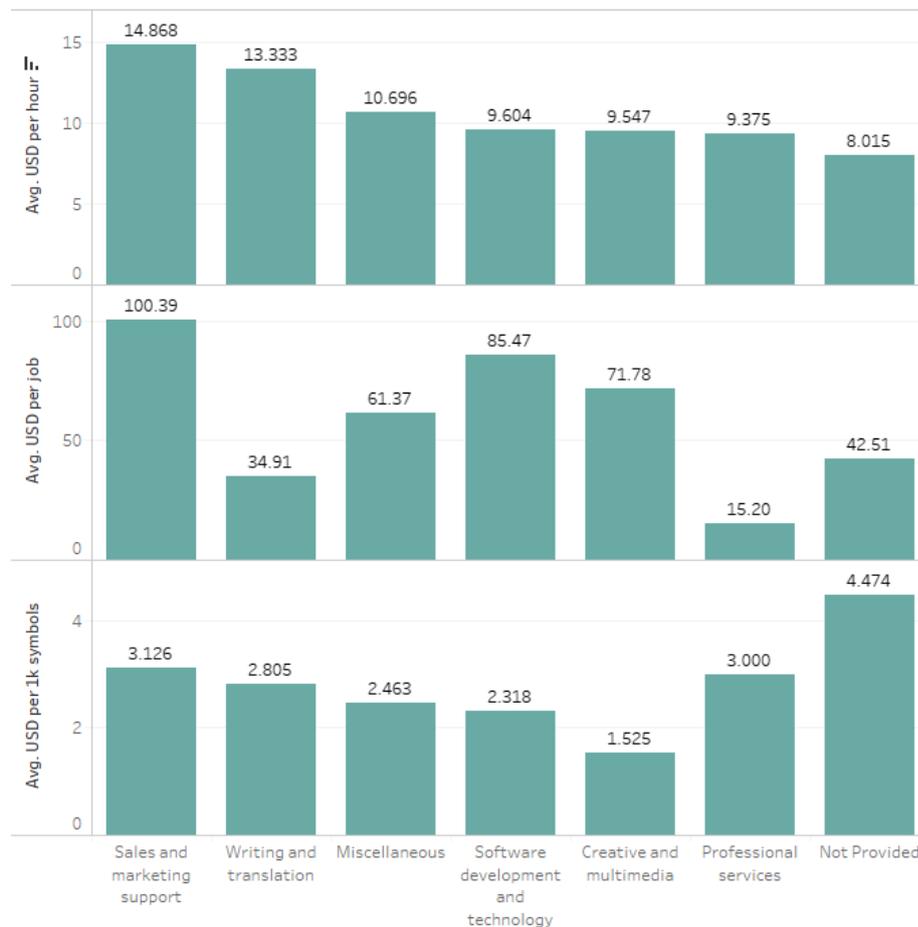
Most of the active workers indicate the cost of their work per hour. The average hourly rates of active platform workers differ quite significantly by country, from USD 6.2 in Georgia to USD 12.8 in neighbouring Azerbaijan. However, the overall average pay per hour for active EaP platform workers – USD 10 – may be a more informative figure, given that the numbers of active workers in countries other than Ukraine and Belarus are too small to draw meaningful inferences. Interestingly, in Armenia, Azerbaijan and Ukraine the pay for non-active platform workers is higher than for active ones.

**FIGURE A2.20 PAY PER HOUR ON WEBLANCER BY COUNTRY AND ACTIVITY LEVEL (USD)**



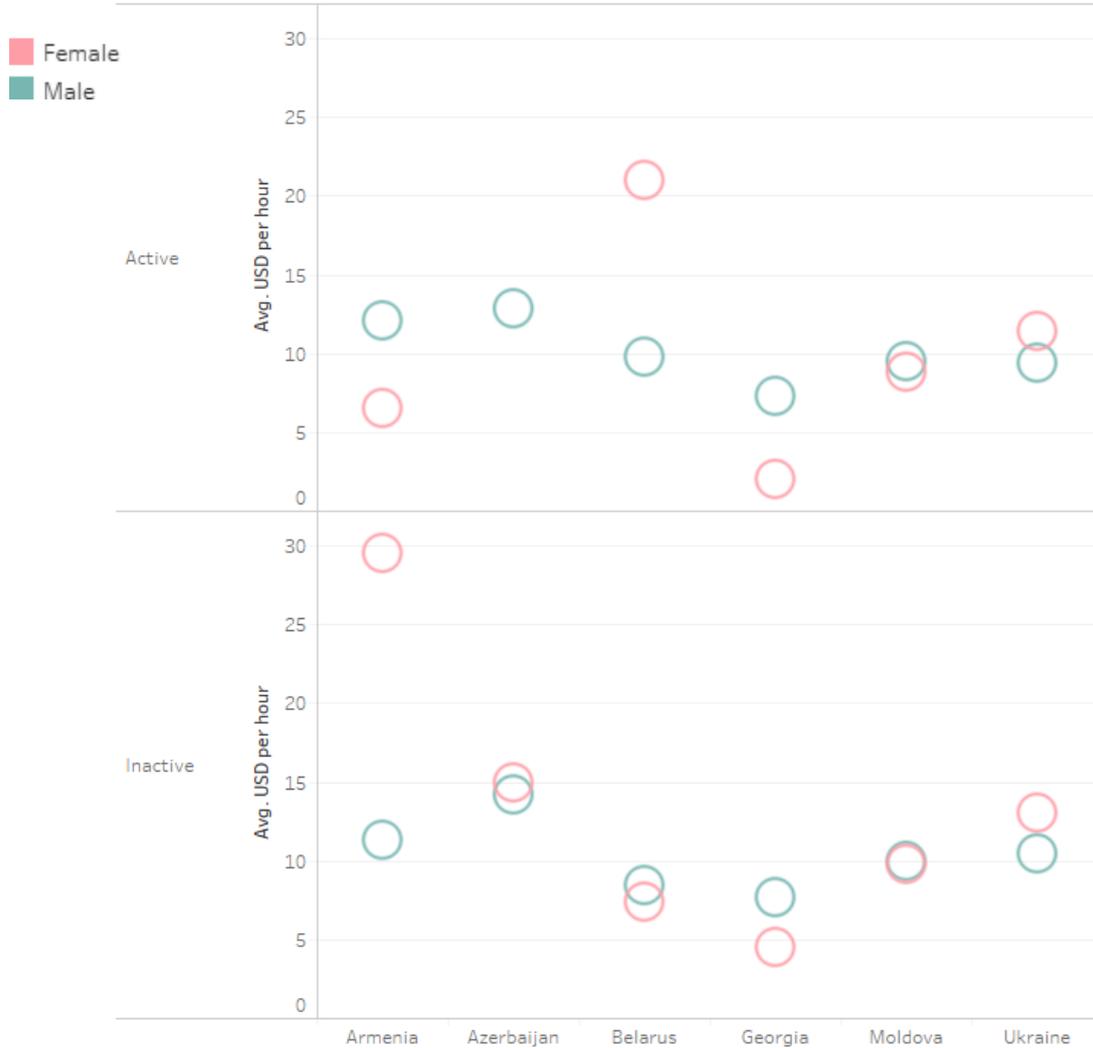
In general, average pay per hour for active workers tends to vary by the occupation of platform workers, with freelancers in sales and marketing support paid the most (Figure A2.21).

**FIGURE A2.21 AVERAGE PAY ON WEBLANCER BY OCCUPATION (USD)**



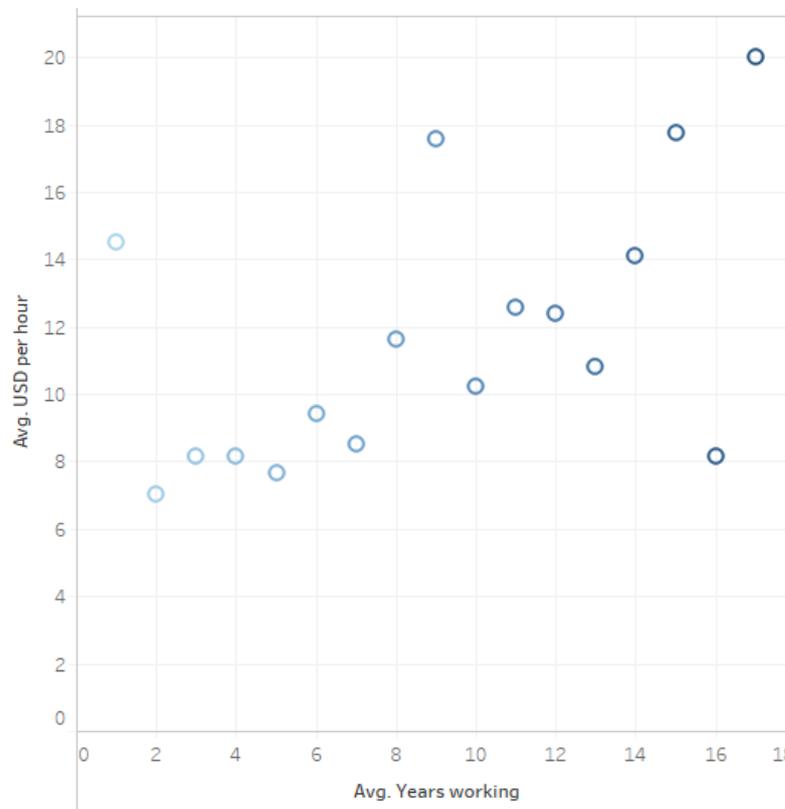
Average pay per hour for active workers is significantly higher for men than for women across all countries except Belarus and Ukraine. However, in the segment of inactive workers, female workers in Armenia indicate significantly higher fees per hour than male workers, while in other countries the gender pay gap is relatively small (Figure A2.22).

**FIGURE A2.22 AVERAGE PAY PER HOUR ON WEBLANCER BY ACTIVITY AND GENDER (USD)**



Finally, the data also shows that more years of experience on Weblancer of active workers correlates somewhat with increases of average pay, possibly indicating potential for career advancement on the platform (Figure A2.23).

**FIGURE A2.23 AVERAGE PAY PER HOUR OF ACTIVE WORKERS ON WEBLANCER BY YEARS OF WORKING (USD)**



## Freelancer

Freelancer is an Australian online labour platform founded in 2009. It claims to be the world's largest freelancing and crowdsourcing marketplace by number of users and projects, connecting over 48 322 336 employers and freelancers globally from over 247 countries, regions and territories. The website is also available in the Russian language, and is therefore popular in the Commonwealth of Independent States.

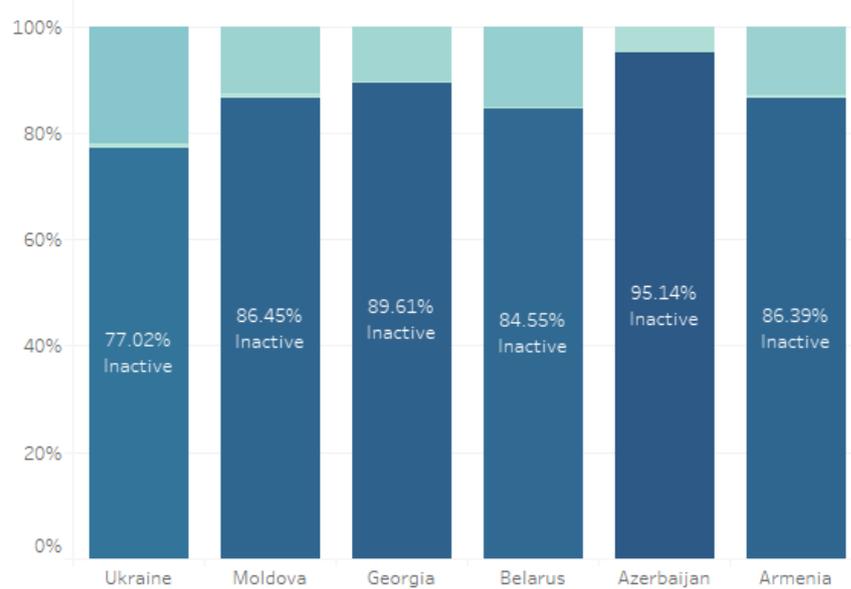
As of October 2020, it had over 18 000 registered workers from EaP countries. Unsurprisingly, most of them come from the largest of the EaP countries, Ukraine. Meanwhile, Belarusian platform workers seem to be least represented, which could be part of a trend – which would be worth exploring – for Belarusian platform workers to opt for Russian rather than Western platforms.

To generate insights into the activity levels of Freelancer platform workers from the EaP region, we used data on the number of reviews received by platform workers. Similar to Guru, the numbers of active workers are very low compared with the total number of registered workers: only 17% of the total worker profiles have at least one review. By country, this number varies from 23% in Ukraine (allowing us to claim that workers from such countries were the most active) to less than 5% in Azerbaijan ([Figure A2.25](#)).

**FIGURE A2.24 EAP PLATFORM WORKERS ON FREELANCER**



**FIGURE A2.25 ACTIVITY OF EAP PLATFORM WORKERS ON FREELANCER**

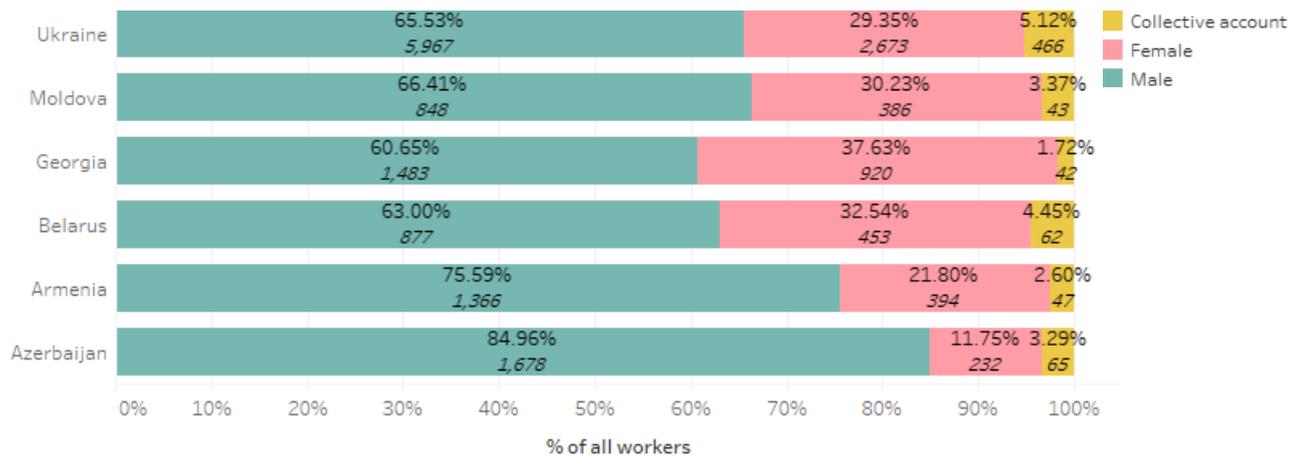


Activity	Ukraine	Moldova	Georgia	Belarus	Azerbaijan	Armenia
Active	2 093	173	254	215	96	246
Inactive	7 013	1 104	2 191	1 177	1 879	1 561

## Demographic profiles of platform workers

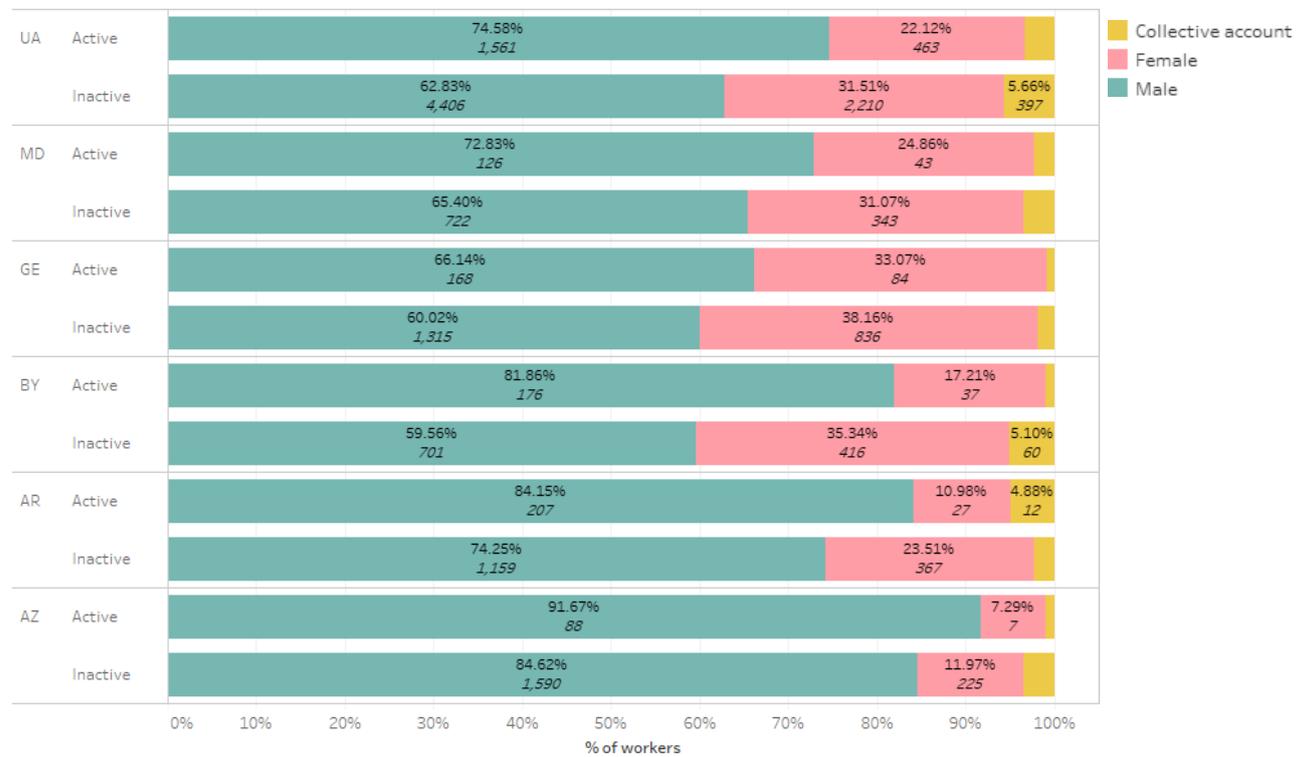
On average, there are 2.4 times as many men from EaP countries than women from these countries registered on Freelancer. At the regional level, 67.9% of workers are male, 28.1% are female, and the remaining 4% of worker profiles belong to agencies or organisations. Certain differences by country also exist: while in Azerbaijan (similar to the trend on Guru) less than 12% of workers are women, this share is more than 30% in Moldova, Belarus and Georgia (see [Figure A2.26](#)).

**FIGURE A2.26 GENDER OF PLATFORM WORKERS ON FREELANCER BY COUNTRY**



Interestingly, among active workers (i.e. those who have at least one review), the share of men at the regional level is much greater: there are 3.5 times as many male than female active platform workers (75.6% and 21.48%, respectively). This trend is found in all six countries. Furthermore, if we look at workers who have more than 100 reviews (who could be classified as very active), there are 7.6 times as many men as women (80.5% and 10.6% of very active workers, respectively; 8.9% are collective accounts). This finding provides strong support for the hypothesis that not only do fewer women from the EaP region try platform work but they are also significantly less successful in securing work assignments. Further research and analysis will be needed to better understand the reasons behind these gender imbalances.

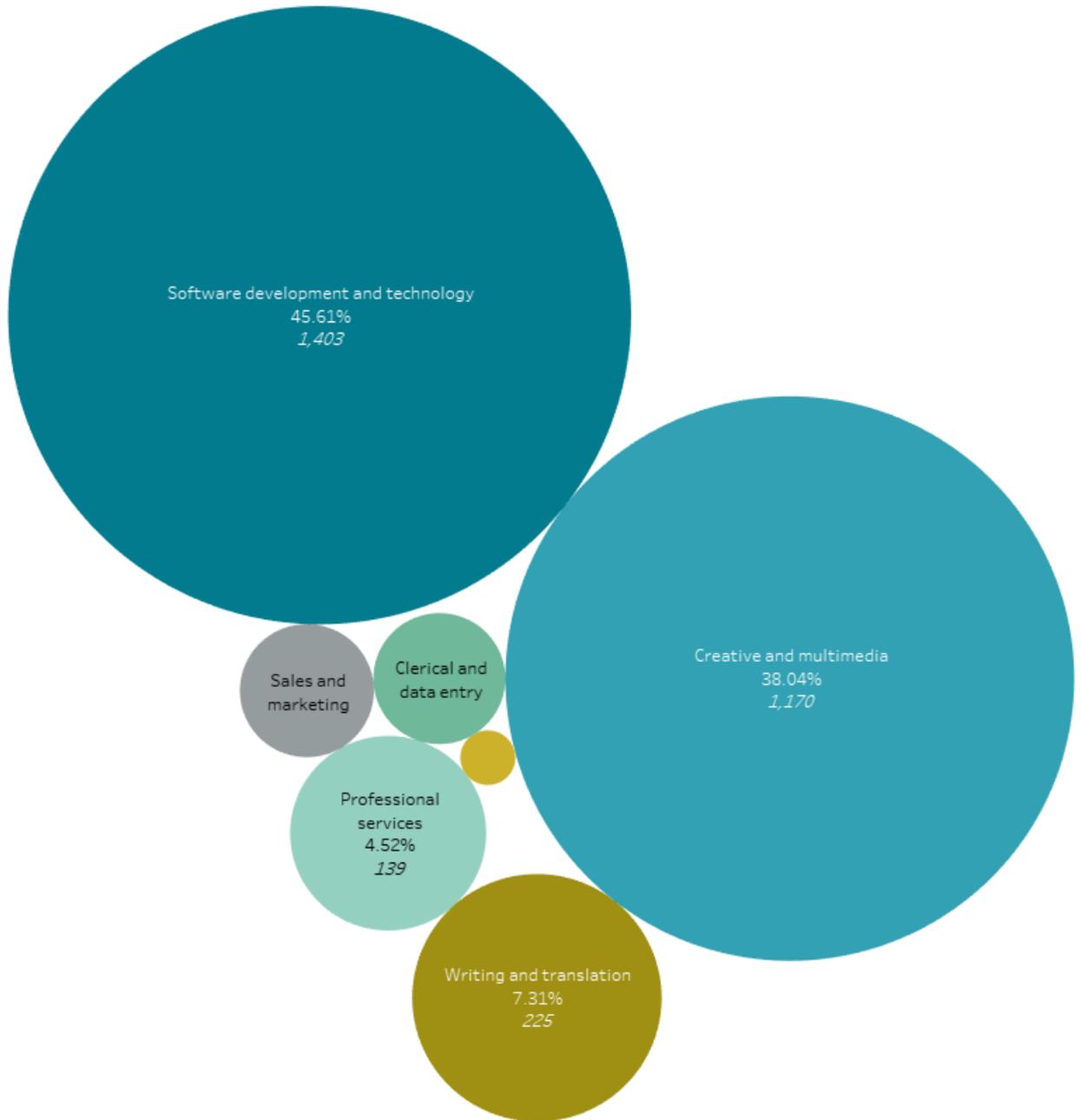
**FIGURE A2.27 GENDER OF PLATFORM WORKERS ON FREELANCER BY COUNTRY AND ACTIVITY**



### Occupational profiles

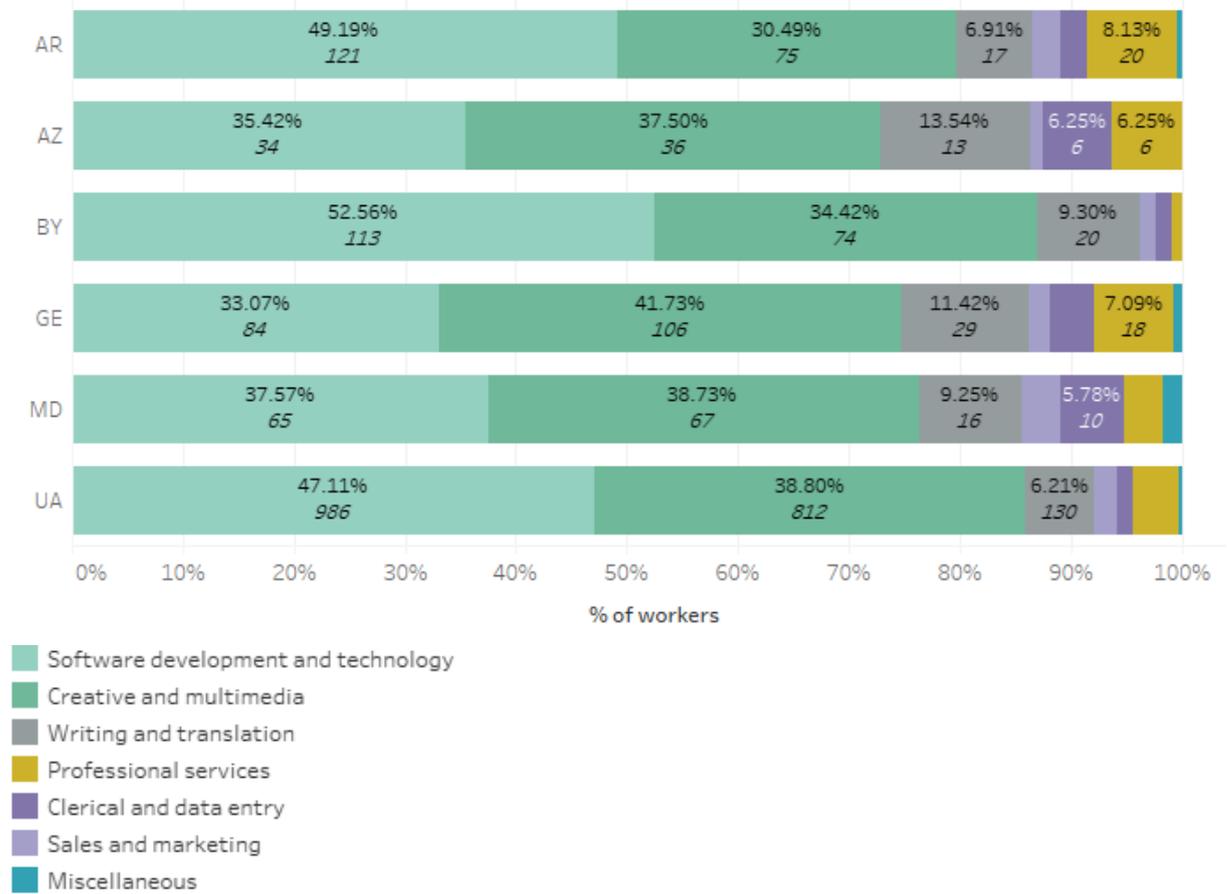
The most popular occupation on Freelancer among all registered workers from the EaP region is creative and multimedia work (33.8%), closely followed by software development and technology work (32.9%). Writing and translation is in third place with 17.3%, while clerical and data entry, sales and marketing and professional services each account for around 5% of occupational profiles. However, if we look at active workers only, software development and technology work seems to be the profession in most demand among EaP freelancers (Figure A2.28).

FIGURE A2.28 OCCUPATION OF ACTIVE EAP WORKERS ON FREELANCER



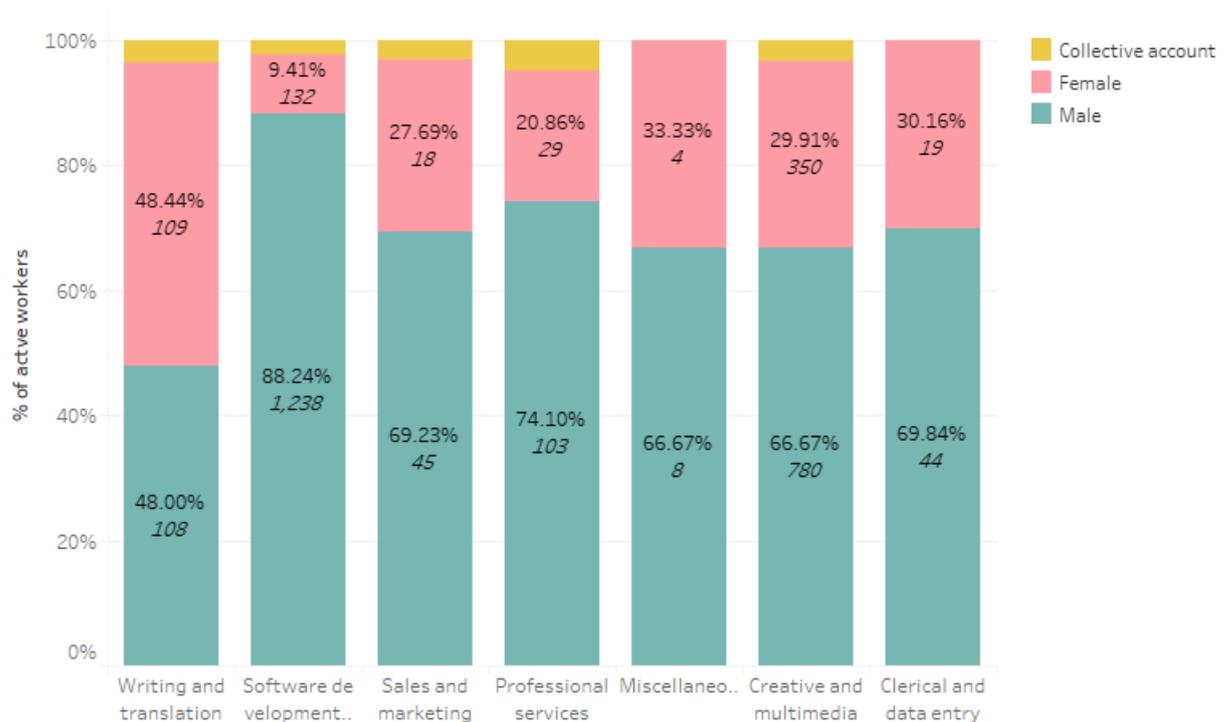
Analysis by country shows some differences. While software development and technology work is the main occupation among Ukrainian, Belarusian and Armenian workers, creative and multimedia work dominates in Georgia, Azerbaijan and Moldova (Figure A2.29).

**FIGURE A2.29 OCCUPATION OF ACTIVE WORKERS ON FREELANCER BY COUNTRY**



Finally, occupation analysis by gender shows that all occupations except writing and translation work (in which the gender balance is roughly equal) are dominated by male workers. This is especially pronounced in software development and technology work, in which only slightly more than 9% of workers are female (Figure A2.30).

**FIGURE A2.30 SHARE OF MALE AND FEMALE ACTIVE WORKERS ON FREELANCER BY OCCUPATION**



Another important indicator in the Freelancer dataset is the information on the ‘earnings score’, which represents freelancers’ overall earnings from the projects and contests they have successfully completed on the site. The score can take a value between 0 and 100 and is derived using the data on jobs completed, jobs completed on time, projects completed on budget, and repeated hires<sup>49</sup> – indicating the professional success of individual freelancers on the platform. It shows that, on average, Ukrainian workers have the highest earnings scores and Azerbaijanis the lowest (Figure A2.31).

**FIGURE A2.31 AVERAGE EARNINGS SCORE OF ACTIVE WORKERS ON FREELANCER BY COUNTRY**



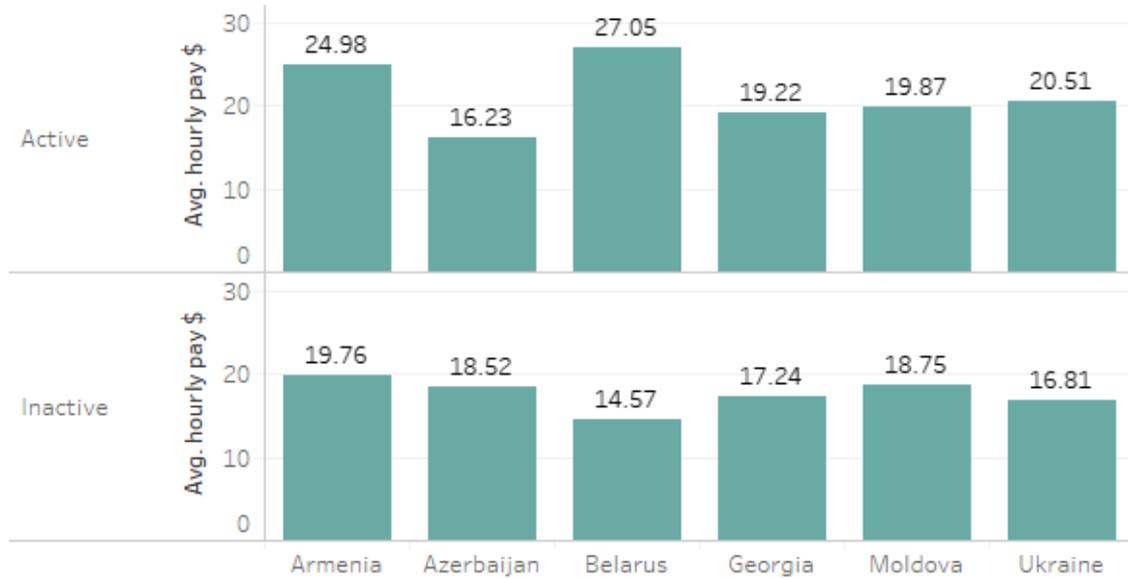
### Income from platform work

The average pay per hour for active platform workers differs significantly by country, from USD 16.2 in Azerbaijan to USD 27 in Belarus. The overall average pay per hour for active EaP platform workers on

<sup>49</sup> For more information, see: [www.freelancer.com/support/Project/earnings-score?w=f&ngsw-bypass=](https://www.freelancer.com/support/Project/earnings-score?w=f&ngsw-bypass=)

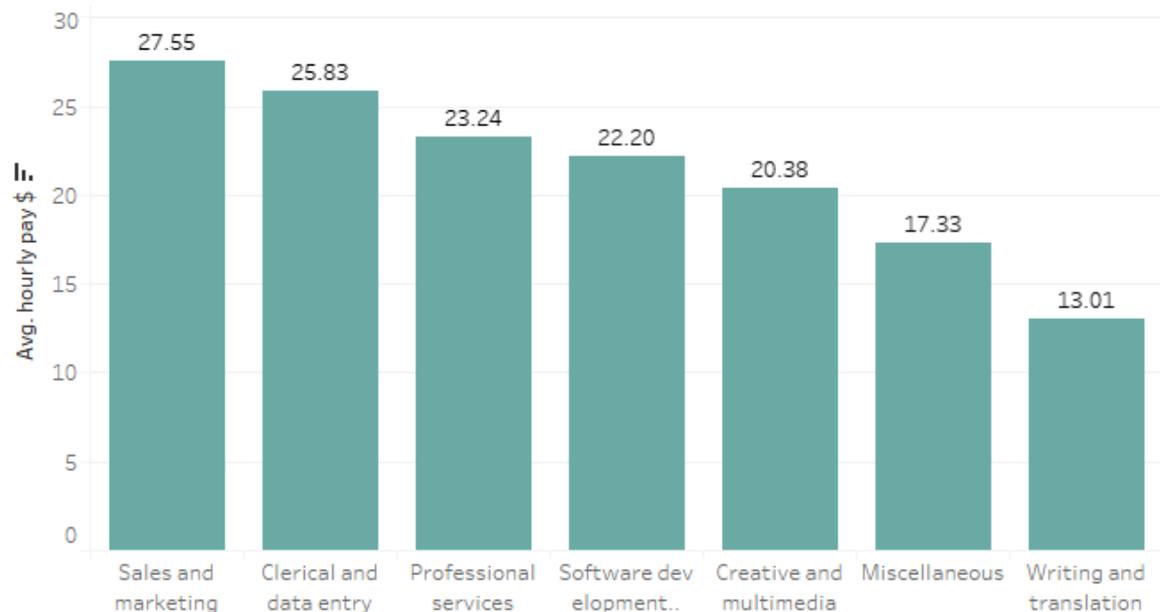
Freelancer is USD 21 per hour. Interestingly, in Azerbaijan the pay for non-active platform workers is higher than for active ones (Figure A2.32).

**FIGURE A2.32 AVERAGE HOURLY PAY ON FREELANCER BY ACTIVITY LEVEL (USD)**



The hourly rates differ significantly by occupation. In sales and marketing the average hourly rates exceed USD 27, while the rates for writing and translations are less than half of this sum (Figure A2.33).

**FIGURE A2.33 AVERAGE HOURLY FEES BY OCCUPATION FOR ACTIVE WORKERS ON FREELANCER (USD)**



The lowest paid type of work – writing and translation – is the most popular occupation for female workers on Freelancer, and this is also reflected in the gender pay gap. Average pay per hour for active workers is notably higher for men than for women across all countries except Armenia, where the average pay is similar for both genders. Nonetheless, among inactive workers, women in Armenia, Azerbaijan, Georgia and Moldova indicate higher fees per hour than males. This raises a hypothesis that the lower success rates for women in securing tasks on Freelancer relate to their uncompetitive fees.

**FIGURE A2.34 AVERAGE PAY PER HOUR ON FREELANCER BY ACTIVITY AND GENDER (USD)**



Looking at other factors that determine hourly rates, at the regional level no correlation between hourly pay and the number of reviews – which also allows us to understand the size of a worker’s portfolio – was found, even controlling for occupation. The same was true for the reviews score.

# LIST OF ABBREVIATIONS AND ACRONYMS

<b>COLLEEM</b>	Collaborative economy and employment (survey on work patterns in digital labour platforms)
<b>EaP</b>	Eastern Partnership
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>GDP</b>	Gross domestic product
<b>ICT</b>	Information and communication technology
<b>ILO</b>	International Labour Organisation
<b>IT</b>	Information technology
<b>MOOC</b>	Massive open online course
<b>STEM</b>	Science, technology, engineering and mathematics
<b>SWOT</b>	Strengths, weaknesses, opportunities and threats
<b>UK</b>	United Kingdom
<b>US</b>	United States of America
<b>USD</b>	United States dollar (currency)

# GLOSSARY

Term	Definition
Algorithmic management	A diverse set of technological tools and techniques to remotely manage workforces, relying on data collection and surveillance of workers to enable automated or semi-automated decision-making. Some of the characteristics include detailed surveillance (e.g. driver locations and routes using Global Positioning System (GPS)), consumer-sourced rating systems (e.g. in Uber and other ride-hailing apps, user reviews of drivers can influence the future tasks allocated to these drivers by algorithms) and automated 'nudges' (e.g. Uber price surges during rush times, to incentivise more drivers to work).
Bogus self-employment	Business activities that do not include any managerial or proprietary tasks and which possess the attributes of an employment relationship but without entitlement to the corresponding labour law protections.
Collaborative economy	A term sometimes used instead of platform economy, sometimes with normative or non-economic connotations, or to denote individual-to-individual (rather than firm-to-firm or firm-to-individual) transactions.
Employee	A worker who is in a contractual employment relationship with another person (an employer) in return for remuneration.
Employment contract	The contract that formalises the employment relationship between an employee and employer, characterised by the subordination of an employee to an employer.
Freelancer	A person who is self-employed and not necessarily committed to a particular client long term. The most common fields, professions and industries where freelancing is predominant include music, writing, acting, computer programming, web design, graphic design, translating and illustrating, and film and video production.
Informal employment	The International Labour Organisation (ILO) defines informal employment as all forms of remunerated work that is not registered, regulated or protected. These are also referred to as 'shadow' or 'grey' employment arrangements.
Labour outsourcing	The business practice of hiring a party outside a company to perform services and create goods that were traditionally performed in-house by the company's own employees and staff. Outsourcing is a practice usually undertaken by companies as a cost-cutting measure, and, in the context of globalisation, is increasingly transborder.
Micro-tasking	Remote platform work that involves small-scale and repetitive tasks, such as tagging images or objects (to train algorithms) or answering online surveys. Amazon Mechanical Turk – one of the first micro-tasking platforms – uses the abbreviation HIT (human intelligence task), which is defined broadly as a question that needs an answer. A HIT represents a single, self-contained, virtual task that cannot be completed by a machine (i.e. requires human intelligence).
New forms of employment	Forms of employment, other than regular employment and traditional self-employment, emerging in the context of the transformation of labour markets and economies. Often characterised by innovative forms of work organisation and contractual arrangements. Examples include platform work, remote work using information and communication technologies (ICT), voucher-based work and other arrangements.
Online labour platform	The term used to distinguish a platform (as in platform work) from other sorts of platforms. For example, Facebook, Google, Amazon and Uber are all online platforms, but only the last of these is an online labour platform. The term also excludes online websites acting as pure job advertisement boards or curriculum vitae banks and online info-desks, as online labour platforms also intermediate the service and monetary transactions between workers and clients.
Online platform	A digital service that facilitates interactions between two or more distinct but interdependent sets of users (whether firms or individuals) who interact through the service via the internet.
On-location platform work	Platform work in which services are provided at a specific location, where a platform worker should be physically present. Includes both highly skilled work (e.g. music teaching, consulting, architecture) and lower-skilled work (e.g. taxi services, food delivery, pet care).

<b>Platform economy</b>	Economic and social activity facilitated through online platforms. Like the regular economy, it can be characterised by flow of both capital and labour.
<b>Platform labour/ platform work</b>	All labour provided through, on or mediated by online labour platforms in a wide range of sectors, where work can be of varied forms, and is provided in exchange for payment.
<b>Remote platform work</b>	Platform work in which services are provided remotely using ICT. Includes both highly skilled work (e.g. information technology (IT), software development, professional services) and lower-skilled work (e.g. micro tasks).
<b>Runet</b>	Runet, a portmanteau of 'ru' and 'net/network', is the Russian-language community on the internet and websites.
<b>Self-employment</b>	A broad set of labour practices wherein a natural person earns income without an employment relationship with an employer; both bogus self-employment and genuine self-employment are types of self-employment. Self-employment can be registered with authorities in a variety of forms in different countries (e.g. sole proprietor, individual/private entrepreneur, service/work contracts for independent contractors).

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