






Models of Social Protection for Workers in the Gig Economy: Legal Challenges and Prospects

 Oleg M. Yaroshenko¹,  Vladyslav S. Tkachenko²,  Denys A. Puntus^{3*},  Galina O. Yakovleva⁴,
 Olena O. Konopeltseva⁵

^{1,2,3,4,5}Department of Labor Law, Yaroslav Mudryi National Law University 61024, 77 Hryhoriia Skovorody Str., Kharkiv, Ukraine.

Keywords:

Employee;
Flexibility;
Gig economy;
Labor rights;
Portable benefits;
Social protection system;
Unemployment insurance.

Article history:

Received: 17/09/2024
Revised: 23/10/2024
Accepted: 04/11/2024

Abstract. The article aims to analyze the social protection mechanisms for employees in the gig economy, find the gaps in the legislation, and suggest innovative solutions to fulfill them. Using a thorough mixed-methods approach, the paper examines the social protection models for gig economy workers through literature research, case study analysis, comparison methods, analysis, and synthesis. The gig economy is a segment of the labor market that is defined by freelance or short-term contracts, according to the article. Employees in the gig economy lack access to health insurance, unemployment insurance, and pensions, according to the report, underscoring the pressing need to close these social security gaps. It also recommends the implementation of a portable benefits system, which enables employees to maintain their social benefits irrespective of the number of employers or projects they switch, a crucial aspect for gig workers. This paper concludes with the importance of expanding access to unemployment insurance, inclusive pension programs, and training programs as tools to address the financial instability of employees. By offering suggestions on how to reconsider social protection laws in order to better meet the requirements of workers in the gig economy, the article adds to the conversation on the social dimensions of the gig economy. This study not only contributes to the academic understanding of the dynamics of the gig economy but also provides actionable recommendations for stakeholders involved in labor market reforms.

1. INTRODUCTION

The global financial crisis led to the emergence of the gig economy as a new labor market. Today, the generational shift, the development of digital technologies, and socioeconomic changes dictate the rapid transition to the gig economy. In the context of the first factor—the generational shift—the gig economy is a way out for younger employees who prefer flexibility and autonomy in employment. It allows younger employees to engage in short-term contracts or freelance work as opposed to permanent jobs (Geissdoerfer, Morioka, De Carvalho, & Evans, 2018). As for the second factor, the development of digital technologies encourages innovations and new job opportunities (Taylor, Van Dijk, & Newnam, 2023). The gig economy expands opportunities for self-employment and promotes economic mobility and flexibility by providing opportunities for employees and customers to interact directly through online platforms (Joshi, Jain, & Gupta, 2024). Shifts in work-life balance priorities, the pursuit of job satisfaction over traditional career progression, and the need for diversified income streams in an uncertain job market, among other factors, drive socioeconomic changes. (Reznikova, Bulatova, Panchenko, & Ivashchenko, 2023). In an unstable market, employees resort to the gig economy to find alternate sources of income, while businesses regard it as a way to save labor expenses and boost flexibility (O'Sullivan & Homsy, 2023).

Despite the indisputable benefits the gig economy provides, it poses some challenges to the social protection of gig employees, such as the lack of social guarantees (Atkinson, 2018; Yaroshenko, Vapnyarchuk, Lozovoi, Yakovleva, & Yakovlyev, 2018). These issues can play an important role for every citizen because they can stimulate innovation and increase business efficiency (Roy & Shrivastava, 2020). Working with gig employees allows companies to reduce labor costs and attract specialists with unique skills temporarily. This contributes to the competitiveness and flexibility of the economy as a whole (Banik & Padalkar, 2021). Therefore, the gig economy is a significant aspect of modernity that has to be carefully studied and new strategies developed. Its continued growth and integration into the global labor market necessitate a thorough strategy that considers these problems from both an economic and social perspective.

The gig economy fundamentally changes the labor market structure and its functioning. Traditional employment models are gradually giving way to more flexible and decentralized ones (Kässi & Lehdonvirta, 2018). The gig economy is a source of income for employees who have specific professional skills or are looking for a position that allows them to combine work with personal life (Servetnyk, 2018). The work-life balance it offers opens up new opportunities for self-realization and professional growth. However, social standards for the gig economy should be reconsidered as they are based on the ideas of traditional (stable and long-term) employment (OECD, 2020). It specifically relates to the gaps in social protection of employees in the gig economy that became noticeable after the COVID-19 crisis. They include the lack of access to unemployment insurance, job retention schemes, sickness benefits, and health protection (ILO, ISSA, & OECD, 2023).

In the labour market, modern legal systems in many countries cannot keep up with rapid changes (Hordiienko & Sokolovska, 2023). Studying social protection models for gig economy workers is crucial for creating a fair and sustainable economic system, as traditional forms of social protection remain insufficient. Thus, a new legal framework that provides gig employees with the same basic rights and protections as traditional employees should be developed. This research is relevant since it seeks to suggest recommendations for the development of such a framework.

2. METHODS

In order to analyze the issue of the social protection models for employees in the gig economy, a mixed methodological approach was applied. This approach employed qualitative and quantitative methods, such as comparative analysis, case study, literature review, and methods of synthesis and analysis (Yaroshenko, Lutsenko, & Vapnyarchuk, 2021). The case study was used to examine social protection systems in Germany, the United States, and Japan. Gig employment has become more prevalent than traditional working forms in these countries, leading

to the development of social protection models specifically for gig workers, which influenced the selection of these countries for analysis. The comparative method helped determine the features of social protection models across the selected countries and identify best practices and gaps. Data sources include government reports, academic publications, etc.

In order to identify the gaps in social protection for gig employees, a literature review was carried out. The analyzed sources involved academic articles, government reports, and policy papers (Rhinehart, McNicholas, Poydock, & Mangundayao, 2021; Panchenko, Reznikova, Ivashchenko, & Rusak, 2024). The analysis showed that countries with less developed welfare state models provide no form of social safety net for gig employees. Synthesizing findings from academic articles allowed the authors to argue that countries like Germany have comprehensive social security systems in the gig economy, while the US social protection policy has a more fragmented and market-based character. The COVID-19 pandemic intensified the social protection vulnerabilities of gig employees. Unresolved are the issues of health insurance, retirement savings, and unemployment insurance for gig employees.

The method of analysis was used to examine the individual components of the social security system, such as health insurance, retirement benefits, and unemployment insurance within different countries. By analyzing these components separately, the authors identified their strengths and weaknesses and traced their interaction within the broader system. The method of synthesis helped to form a comprehensive view of the social protection system for gig employees, determine common patterns, and suggest innovative solutions based on best practices. By combining analysis and synthesis, the study provided a solid foundation for policy recommendations and further research.

Germany, the United States, and Japan used the methodological framework to outline and codify the statutory instruments governing employment relations in the gig economy. This method allowed for the selection of relevant directives, regulations, and national practices for the social protection of gig employees. After selecting the material for analysis, we applied the generalization method to synthesize and identify common trends, principles, and standards found in the labor legislations of these countries. This method facilitated the identification of overarching themes and principles governing the working conditions of employees in the gig economy across different jurisdictions.

3. RESULTS

3.1. Fundamentals and Essence of the Gig Economy

The gig economy, as a segment of the service economy, encompasses temporary, freelance, and part-time work. Consequently, the gig economy distinguishes several types of employees, including freelance, temporary, on-demand, and platform employees. This division is based on the nature of their work and the platforms they use to find employment. Thus, freelance employees act as independent contractors working on a project-by-project basis. Freelancers control their business operations independently, including marketing, customer relations, and financial management. Freelancers often work in such industries as writing, graphic design, web development, and consulting (Anwar & Graham, 2020). Freelancers frequently use platforms like Upwork and Fiverr to find work and establish connections with clients.

Usually, employers hire temporary staff for a specific period of time or for a specific project. A staffing agency typically hires them, connecting them with employers seeking short-term assistance (Carswell & De Neve, 2013). Sectors such as manufacturing, administrative support, event management, and retail often employ temporary workers. Despite the fact that their employment is not continuous, they may have access to some of the benefits provided by the staffing agency, such as limited health insurance or training programmes (Anwar & Graham, 2020). On-demand workers are the next category. Digital platforms typically hire these workers to perform tasks as needed. For example, Uber and Lyft drive passengers, Uber Eats and DoorDash deliver food, and TaskRabbit does housework. While on-demand work can offer flexibility to both the worker and the employer, it can also often lack the stability and benefits that are associated with more traditional forms of employment (D'Cruz & Noronha, 2016).

Platform workers should also be mentioned. There are individuals who provide services through online platforms, mediating the relationship between workers and customers (Panchenko, Reznikova, Ivashchenko, & Rusak, 2024). These platforms handle various aspects of the employment process, including payment processing, job matching, and customer service (Paret, 2016). However, they can also face challenges around payment, competition, and platform policy. In general, this term has a wider meaning and can include platform employees, on-demand employees, freelance employees, and temporary employees. Anyone who is part of a temporary, flexible employment arrangement is a gig worker (Hordiienko & Sokolovska, 2023). Gig workers can work on many platforms and in different industries, often managing multiple gigs simultaneously. The gig economy gives people the opportunity to visit different areas and diversify their sources of income, but it also requires the maintenance of multiple contracts and inconsistent working hours.

It is important to differentiate gig employees by the nature of their work and income stability in order to provide them with the appropriate type of social protection. Recognizing the heterogeneity of the gig economy helps determine the problems experienced by each type of gig employee in the context of employment conditions. It will further allow policymakers to identify shortcomings in the existing regulatory framework and eliminate them. Finally, a better understanding of the dynamic nature of the gig economy and its impact on the labor market allows for a more inclusive approach to economic and social planning.

3.2. Differences in Social Protection between Traditional Workers and Gig Economy Workers

As previously mentioned, employees in traditional working forms enjoy a broader range of social benefits and guarantees compared to those in the gig economy. Traditional employees work under long-term contracts that offer a clear employment status, job security, and stability, whereas employees in the gig economy operate under short-term contracts or as freelancers without the assurance of consistent employment (Tarasiuk, 2022; Yaroshenko, Lutsenko, & Vapnyarchuk, 2021). As a result, the issue of financial instability often accompanies employees in the gig economy. Therefore, it is necessary to examine employment regulatory models in other countries to find a way to integrate gig work into national labor systems. Key areas to study include employment classification criteria, wage structures, benefits eligibility, and the rights to collective bargaining.

Coverage by health insurance is one of the most important differences in social protection. Regular workers often receive health insurance as part of their employment benefits, which may include medical, dental, and eye care. The employer typically covers the value of these benefits. Workers in the economy typically do not receive health insurance from their employers. It can be costly and difficult for individuals with precarious earnings to provide health insurance on their own (Martins, Góes, Firmino, & Rangel, 2022). In addition, employer-sponsored pension plans are usually available to traditional workers. These plans can provide an important boost to the retirement savings of employees (Pastore, 2020). Workers in the gig economy, however, are left to manage their own retirement savings without having an employer to contribute. During retirement, this often results in a decrease in retirement savings and an increase in economic uncertainty (De Stefano, 2016). Unemployment insurance is a common benefit for traditional workers, which offers financial support in case of job loss. However, due to their unstable employer-employee relationship and lack of a similar safety net, gig economy workers rarely qualify for unemployment insurance (Alekseenko, 2021). The lack of a stable employer-employee relationship means they do not have the same safety net in times of unemployment.

Paid leave benefits, such as holidays, sick leave, and parental leave, are usually available to traditional workers. These benefits ensure that workers can take time off to care for personal or health-related needs without losing income (European Parliament, 2017). On the other hand, paid leave is typically unavailable to individuals who work. If they are not employed, they are not generating income. They face challenges in taking the necessary time off without compromising their finances.

There are certain differences in the protection of human rights. For example, traditional workers benefit from various workplace protections, such as minimum wage laws, overtime pay, and anti-discrimination policies. They have the ability to appeal to the courts if their rights are violated. Gig economy workers often operate outside these protections, making them more vulnerable to exploitation and unfair treatment. The absence of a formal employer-employee relationship complicates the enforcement of labor rights and standards. Typically, employers of traditional workers invest in training and professional development to enhance their skills and career development. In contrast, workers in the hybrid economy must invest in their own training and development. That can be a huge pressure, especially for those with limited resources. The differences are clearly demonstrated in the form of Table 1.

Table 1: Comparison of employment aspects for traditional workers and gig economy workers.

Aspect	Traditional workers	Gig economy workers
Employment contracts and job security	Long-term contracts with job security	Short-term contracts with little job security
Health insurance and benefits	Employer-provided health insurance	Must secure their own health insurance
Retirement and pension plans	Employer-sponsored retirement plans	Self-managed retirement savings
Unemployment insurance	Eligibility for unemployment benefits	Rarely qualify for unemployment benefits
Paid leave and sick days	Access to paid leave and sick days	No access to paid leave
Workplace protections and rights	Protected by labor laws and rights	Limited protection from labor laws
Access to training and professional development	Employer-provided training and development	Must invest in their own training

A study uncovered significant gaps in social protection between traditional and concert economy workers (Ravenelle, Kowalski, & Janko, 2021). This provides stability and confidence in the future. Workers in the gig economy frequently experience insecurity, which can lead to economic and social risks when working on short-term contracts without a stable income.

Despite highlighting the shortcomings of social protection for workers in the gig economy, it's important to note that employment in this sector offers significant advantages. In fact, the gig economy offers a number of advantages that contribute to its rapid development and popularity around the world. It is necessary to study the gig economy comprehensively for the social protection of workers. First of all, one of the main advantages of the gig economy is flexibility. Employees can plan their working hours independently and combine work with other life responsibilities, which is especially valuable in today's fast-paced environment (Lang, 2022). Secondly, the gig economy provides a diverse range of work experiences. Workers can gain new skills and professional development by participating in different projects.

Furthermore, especially for those looking for ways to improve their financial situation, the gig economy creates additional income opportunities. It allows people to combine their main job with short-term tasks or projects, which increases their financial stability (Kostrzytska, 2022). Quick access to the labor market through digital platforms is also a significant advantage, as it allows workers to quickly find work and connect with clients around the world.

So, our goal was not only to emphasize the shortcomings of social protection for gig economy workers but also to show that this form of employment has significant advantages that contribute to its development. It is important to create mechanisms that will allow them to access health insurance, pension programs, unemployment insurance, and paid leave. Improving the legal protection of freelancers and providing access to educational programs and training are also crucial steps to support their financial stability and professional development. This would thus contribute to a more equitable and sustainable economic system that takes into account the needs of all workers. Furthermore, the authors examine whether there are any effective practical measures that can be implemented to safeguard workers in the gig economy.

3.3. Examples of Social Protection of Gig Workers in Different Countries (On the Example of Germany, the United States, and Japan)

The first example is a country from the European Union (EU), based on the analysis of Sieker (2022), who studies the protection of workers in the gig economy in the EU. The authors chose to focus their analysis on the relevant protection measures in Germany. Being one of the leading countries in the European Union, Germany boasts a well-developed social security system. However, gig workers face some challenges in accessing traditional social security. In Germany, all citizens are required to have health insurance. This rule also applies to gig workers. They can choose between public and private health insurance systems. As self-employed individuals, gig workers usually pay their own health insurance premiums. The amount of contributions depends on income, which can create an additional financial burden for those with irregular income (Sieker, 2022).

The German pension system provides for mandatory contributions for most employees. Self-employed gig workers are not required to participate in the state pension system, but they have the option to make voluntary contributions (European Commission, 2023; Reiber, 2023). This means that many gig workers may be less well off in their old age if they do not make voluntary pension contributions or have private pension plans. Freelancers typically do not qualify for state unemployment benefits. This is due to their failure to pay insurance contributions. Thus, they are unable to rely on government funding in the event of a job loss. The German government is considering the possibility of covering independent contractors with the social security system. There are several laws in effect that safeguard employees' rights, such as those pertaining to minimum salaries, working hours, and anti-discrimination. Defending their rights in the event of their violation becomes challenging due to the ambiguity in the law (Rhinehart, McNicholas, Poydock, & Mangundayao, 2021). Therefore, the shift towards the gig economy in Germany necessitated the reform of the social security system to enhance access to unemployment insurance and streamline participation in the state pension system for gig employees.

Another interesting example is the United States. We chose this country because it has one of the highest social security rates in the world. Therefore, it is very interesting to consider it in the context of social protection of gig workers. Social protection for freelance workers in the United States is much less stable and comprehensive than for traditional employees. The gig economy in the United States is growing rapidly. Health insurance is mostly provided by employers for full-time employees. Those who work freelance usually do not have access to such programs and have to search for insurance policies on the market. The Affordable Care Act (2010) slightly improved the situation by allowing self-employed individuals to purchase health insurance on the healthcare marketplaces with certain subsidies based on their income. However, the cost is often significant, which can create a financial barrier for freelance workers (Rak & Coffin, 2013).

Retirement provision in the United States is also problematic for gig workers. Traditional employees have access to employer-funded retirement plans, such as 401(k)s. Gig workers must take care of their own retirement provision by opening Individual Retirement Accounts (IRAs) or making contributions to self-employed retirement plans (SEP IRA or Solo 401(k)). The lack of stable income and employer

contributions often complicates the accumulation of sufficient retirement funds (Cussen, 2024; Gnatenko, Yaroshenko, Inshyn, Vapnyarchuk, & Sereda, 2020). Unemployment insurance is also unavailable to most gig workers in the United States. Typically, the states do not provide unemployment insurance for self-employed individuals, as they are considered self-employed individuals. During the COVID-19 pandemic, the federal government provided temporary unemployment assistance for self-employed and gig workers through the Pandemic Unemployment Assistance (PUA) program. However, this program does not address the issue of long-term support for such workers and is only temporary (Katsabian & Davidov, 2023).

Most gig employees in the United States are not entitled to state unemployment insurance since their employment status is defined as self-employed (Bates, Lord, Alter, Friday, & Kirman, 2021). Furthermore, the status of independent contractors prevents gig employees from exercising many labor rights, including minimum wage, paid leave, anti-discrimination, etc. Therefore, protection of their rights in case of violations or during emergency regimes is quite complicated. The US government tried to solve the problem of state assistance for gig employees during COVID-19 by temporarily expanding unemployment insurance eligibility to self-employed workers under the Pandemic Unemployment Assistance Program (PUA). However, this did not address the issue of long-term support (Katiyatiya & Lubisi, 2024).

In recent years, the United States has taken steps to improve working conditions for gig workers. For example, California adopted the AB5 Law that reclassified many gig workers as employees, giving them access to social security. However, it has faced opposition and has led to significant debate in the labour relations field (Assembly, 2019; Lake, 2024). US gig workers face limited access to traditional social security, despite efforts to improve working conditions. We need to do more to meet the demands of the modern labor market. This restricts gig workers in the United States from accessing many traditional types of social security. While efforts are underway to improve the working conditions of gig workers, there is still a significant need to ensure their social protection meets the demands of the contemporary labor market.

We consider Japan for several reasons that make it an important case study for analysing social protection for gig workers. It is one of the most technologically advanced countries in the world with a high level of digitalisation, which contributes to the growth of the gig economy, which requires the adaptation of social mechanisms. Japan's social protection system for gig workers is a unique blend of labor relations traditions and modern challenges that require adaptation to the growing gig economy. Analyzing this system reveals both strengths and challenges faced by gig workers. Japan has a mandatory national health insurance system that covers all citizens, including gig workers (Ministry of Health, 2015). As self-employed individuals, the others can join the National Health Insurance system (NHI) by paying premiums based on their income. This system provides access to medical services on an equal basis with other employees (Thomson, Osborn, Squires, & Jun, 2013).

Japan's pension system consists of two main levels: the national pension and the employee's pension insurance. National pension insurance provides basic, flat-rate benefits. The employees' pension insurance guarantees their entitlement to additional benefits and social guarantees. While gig employees can participate in the first system, provided they pay compulsory contributions, the second system remains unavailable for them. Thus, gig employees are not eligible for earnings-based pension payments, calculated based on an individual's salary and length of service. They also have lower retirement benefits than traditional workers do. Under the labor law of Japan, gig employees, classified as self-employed, now enjoy the right to unemployment insurance. However, in some cases of income loss, they can receive assistance from local authorities or charitable organizations. Furthermore, national pension insurance does not provide disability benefits, survivors' benefits (for family members after the death of the insured employee), and access to additional health insurance coverage (Mishiba, Kurashige, & Nakazawa, 2023). Therefore, despite its complex development, the social protection system for gig employees still needs to address its shortcomings. As the gig economy becomes more prevalent in the labor market in Japan, the government is considering various initiatives to improve social protection for gig workers. Local governments in Japan implement programs to support freelancers through free training courses and consulting services.

To summarise, a comparative Table 2 represents various aspects of social protection in the three countries studied.

Table 2: Comparison of social protection and labor rights in Germany, the United States of America (USA), and Japan.

Components of social protection	Germany	The USA	Japan
Health insurance	Universal coverage with state and private options; contributions based on income	Mostly employer-provided, ACA offers market-based options with subsidies	National Health Insurance covers all citizens; contributions based on income
Pension plans	Mandatory participation in state pension system; voluntary additional plans available	Employer-sponsored 401(k) plans; self-managed IRAs and SEP IRAs	Participation in National Pension system; limited access to Employees' Pension Insurance
Unemployment insurance	Eligibility for unemployment benefits with contributions	Generally not available for gig workers; temporary pandemic-related programs	Not available for gig workers; some local aid programs
Worker rights protection	Comprehensive labor laws covering minimum wage, paid leave, and anti-discrimination	Limited coverage for gig workers; mostly applicable to traditional employees	Limited protection under labor laws for gig workers
Training and professional development	Employer-provided training and development programs	Self-funded by gig workers; some private or community programs	Government and local initiatives provide training and support

The comparative analysis shows that Germany is the leader in ensuring social protection for gig employees, with a well-developed system of health insurance, pensions, and labor rights. The social protection system in the United States is more fragmented, where access to social benefits and labor rights depends on the employer. The main gaps in the social protection system in Japan relate to unemployment insurance and labor rights protection. These differences underscore the need for social systems to adapt to new forms of employment and ensure adequate protection for all categories of employees.

3.4. Promising Models for the Development of Social Protection for Gig Workers

In this section of the article, the authors analyze and substantiate social protection development models to meet the needs of employees in the gig economy. The first model to consider is the portable benefits model, which enables gig employees to maintain their social benefits even when they transition between positions or companies. This model suggests that benefits like health insurance, retirement savings, and paid vacations are not exclusive to a single employer but rather transferable across various jobs and gigs (Ilchuk, 2015). For example, an employee is free to switch between employers and projects but contribute to the same health insurance plan or retirement account (Au-Yeung, Chan, Ming, & Tsui, 2024). Independent third parties or public-private partnerships manage this system.

Universal basic income is a model where all citizens receive a regular, unconditional amount of money from the government. Models can provide gig workers with a minimum level of financial security regardless of their employment status (ISSA, 2023). This model can help reduce the income instability that many gig workers face and provide them with financial stability to cover basic living expenses (Deraeve, Rogiers, & Segaert, 2022).

Another promising model is to extend existing social protection systems to cover freelance workers. For instance, we could enhance the

flexibility of social security contributions. We could also make them contingent on earnings over time instead of requiring payments. In addition, workers can form cooperatives or join existing trade unions. This would help collectively negotiate better working conditions and social protection. For example, the possibility of better pay and working conditions from platforms. Furthermore, governmental programs to support the gig economy and its employees are needed, such as tax incentives for gig platforms that offer benefits to their employees. In such a way, it is possible to encourage the wider adoption of social protection measures (Romanchenko, 2020, 2021).

After examining the most promising social protection development models, the authors draw conclusions about the feasibility of implementing portable benefits models. The main argument in favor of the portable benefits model is the “social independence” of a gig employee from a permanent employer; a gig employee enjoys continuous access to essential services (health insurance, retirement savings, and paid vacations) regardless of job or project switching. Government programs or public-private partnerships can administer this model, making it highly adaptable to different national economies. Many argue that this model is ideal for enhancing the labor rights of gig workers, as it ensures the provision of essential social services, even in the event of job loss or employer change.

Considering the advantages for employers and economic systems, the portable benefits model reduces the administrative burden on employers and fosters economic growth. This model frees employers from providing individual social benefits to each employee, allowing them to concentrate on their core business and development. As for economic growth, employee mobility and facilitated access to skilled labor are among the key factors. Furthermore, employees who have access to social benefits are more confident in participating in various projects and pursuing professional development. This ultimately increases the productivity and innovation potential of the economy.

Thus, portable benefits are the most promising model of social protection for gig employees, as they provide flexibility, versatility, increased social security, stimulate economic development, and reduce administrative burden. Implementation of this model can significantly improve working conditions for gig workers, providing them with an adequate level of social protection in today's dynamic economy.

4. DISCUSSION

First of all, important conclusions are drawn in the work of Tarasiuk (2022). This article explores the peculiarities of gig contracts. By examining the basic conditions for concluding gig contracts, the article highlights the potential advantages of this form of civil-law relations in the digital economy. The article underscores the necessity to enhance the legal regulation of the IT sector to foster a more attractive business environment, leveraging the digital economy's growing significance. This research provides a comparative analysis, drawing conclusions about the viability and future implications of gig contracts (Tarasiuk, 2022).

The paper by Sieker (2022) goes in-depth about the urgent question of social protection of gig workers across Europe; it discusses how different countries address the challenge represented by platform work. The researcher advocates that digital platforms currently shape labor markets. Using Facebook to closely monitor these groups, the study conducted a survey to build an index that measures how social protection systems are accessible for gig workers across countries and finds striking differences in how states embrace gig work within their welfare programmes. The research finds that the extent of coverage to social protection available for self-employed workers is linked with how countries approach platform work regulation. Countries that offer more effective social protection to the self-employed tend to adopt more inclusive strategies in their response, raising concerns about platform work within existing industrial relations systems. Conversely, countries with weaker support tend to adopt confrontational approaches. The paper by Sieker (2022) analyzes the effectiveness of different social security policies and identifies the best practices. This analysis assisted the authors in designing targeted interventions to improve employees' social security in the gig economy, fostering more equitable and sustainable labor markets.

This research should also mention the paper by Katiyatiya and Lubisi (2024), which examines the relationship between the gig economy and social protection amid a global crisis. The researchers discuss how the COVID-19 pandemic intensified the vulnerabilities of employees in the gig economy. They believe that the legal status of gig employees as independent contractors should be reassessed, as it prevents them from exercising some labor rights that employees of traditional working forms have. Katiyatiya and Lubisi (2024) suggest gig platforms take on greater responsibility for the social protection of their employees. The paper is relevant to this study because it presents new legal arguments and analyzes case law from various regions, advocating for more inclusive social protection measures for gig employees.

Based on the analysis conducted, the paper concludes with the following steps that should be taken to improve the social protection system for gig employees. The first step involves introducing portable benefits through independent third-party organizations or public-private partnerships, ensuring that employees maintain their social security benefits regardless of the number of employers or projects they work on. The second step is to expand unemployment insurance access for gig employees and develop inclusive pension programs. Governments can create systems where contributions are based on earnings over time rather than fixed payments. It is also necessary to ensure access to pension programs that allow for voluntary contributions and additional savings for retirement, taking into account the specifics of gig work. The third step is to increase legal protection for gig employees, including rights to minimum wages, paid leave, collective bargaining, and protection from discrimination. Governments should support the establishment of cooperatives and trade unions for gig employees to provide collective protection. Finally, it is important to provide access for gig employees to training and skills development programs to help them remain competitive in the labor market.

5. CONCLUSION

The primary conclusion of this research is that the social protection of employees in the gig economy still requires substantial improvement and adaptation to modern labor market conditions. The key areas of improvement relate to gaps in health, pension, and unemployment insurance for gig employees. The analysis of social security systems in Germany, Japan, and the United States facilitated the identification of optimal practices for incorporating gig employment into national labor systems. Based on this analysis and a comprehensive review of social protection development models, the paper substantiates the feasibility of implementing the portable benefits system. The principal argument in favor of the portable benefits model is the “social independence” of a gig employee in relation to a permanent employer. A gig employee is able to access essential services, such as health insurance, retirement savings, and paid vacations, on an ongoing basis, irrespective of changes in employment status or project.

The next solution suggested in this article is expanded access for gig employees to existing social protection schemes, including unemployment insurance and inclusive pension programs. The article substantiates the reforming of labor laws as they enshrined the rights of gig employees to basic and expanded labor rights, despite their employment status. In the context of economic growth, ensuring access to training and professional development programs for gig employees will staff the labor market with a competitive and skilled labor force.

In conclusion, achieving an adequate level of social protection for employees in the gig economy requires implementing comprehensive and flexible models that consider the specifics of their employment. This will contribute to creating a more equitable and sustainable economic system that meets the needs of all workers, regardless of their employment form. Only through such inclusive and forward-thinking approaches can we ensure the well-being and security of gig workers in the evolving labor market.

Funding:

This study received no specific financial support.

Institutional Review Board Statement:

Not applicable.

Transparency:

The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

Competing Interests:

The authors declare that they have no competing interests.

Authors' Contributions:

All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

REFERENCES

- Affordable Care Act. (2010). *Affordable care act*. Retrieved from <https://www.congress.gov/111/plaws/publ148/PLAW-111publ148.pdf>
- Alekseenko, I. (2021). On the issue of legal regulation of labor relations in the gig economy of Ukraine. *Scientific Bulletin of the Dnipro State University of Internal Affairs*, 3(2021), 129-135.
- Anwar, M. A., & Graham, M. (2020). Hidden transcripts of the gig economy: Labour agency and the new art of resistance among African gig workers. *Environment and Planning A: Economy and Space*, 52(7), 1269-1291. <https://doi.org/10.1177/0308518x19894584>
- Assembly, B. (2019). *No. 5. Chapter 296. AB-5 Worker status: Employees and independent contractors*. Retrieved from https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB5
- Atkinson, R. D. (2018). *Shaping structural change in an era of new technology*. Retrieved from <https://policynetwork.progressivebritain.org/opinions/essays/shaping-structural-change-era-new-technology/>
- Au-Yeung, T. C., Chan, C. K.-C., Ming, C. K. K., & Tsui, W. Y. A. (2024). The gig economy, platform work, and social policy: Food delivery workers' occupational welfare dilemma in Hong Kong. *Journal of Social Policy*, 1-19. <https://doi.org/10.1017/s0047279423000673>
- Banik, N., & Padalkar, M. (2021). The spread of the gig economy: Trends and effects. *Foresight and STI Governance*, 15(1), 19-29.
- Bates, O., Lord, C., Alter, H., Friday, A., & Kirman, B. (2021). Lessons from one future of work: Opportunities to flip the gig economy. *IEEE Pervasive Computing*, 20(4), 26-34. <https://doi.org/10.1109/mprv.2021.3113825>
- Carswell, G., & De Neve, G. (2013). Labouring for global markets: Conceptualising labour agency in global production networks. *Geoforum*, 44, 62-70. <https://doi.org/10.1016/j.geoforum.2012.06.008>
- Cussen, M. P. (2024). *SEP IRA vs. Solo 401(k): Which is better for business owners?* Retrieved from <https://www.investopedia.com/articles/financial-advisors/012716/solo-401k-vs-sep-which-best-biz-owners.asp>
- D'Cruz, P., & Noronha, E. (2016). Positives outweighing negatives: The experiences of Indian crowdsourced workers. *Work Organisation, Labour and Globalisation*, 10(1), 44-63. <https://doi.org/10.13169/workorgalaboglob.10.1.0044>
- De Stefano, V. M. (2016). The rise of the 'just-in-time workforce': On-demand work, crowd work and labour protection in the 'gig-economy'. *Comparative Labor Law and Policy Journal*, 37(3), 471-504. <https://doi.org/10.2139/ssrn.2682602>
- Deraeve, P., Rogiers, M., & Segaert, M. (2022). *Employment and social protection for platform workers: Recent developments and trends*. Geneva: International Social Security Association.
- European Commission. (2023). *Germany - Pensions and other old age benefits*. Retrieved from <https://ec.europa.eu/social/main.jsp?catId=1111&intPageId=4554&langId=en>
- European Parliament. (2017). *The social protection of workers in the platform economy*. Retrieved from [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/614184/IPOL_STU\(2017\)614184_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/614184/IPOL_STU(2017)614184_EN.pdf)
- Geissdoerfer, M., Morioka, S. N., De Carvalho, M. M., & Evans, S. (2018). Business models and supply chains for the circular economy. *Journal of Cleaner Production*, 190, 712-721. <https://doi.org/10.1016/j.jclepro.2018.04.159>
- Gnatenko, K. V., Yaroshenko, O. M., Inshyn, M. I., Vapnyarchuk, N. M., & Sereda, O. H. (2020). Targeted and effective use of state and non-state social funds. *International Journal of Criminology and Sociology*, 9, 2861-2869. <https://doi.org/10.6000/1929-4409.2020.09.350>
- Hordiienko, Y. P., & Sokolovska, M. V. (2023). The labour market in conditions of digital transformation: The impact of the gig economy. *State Building*, 2(34), 171-182. <https://doi.org/10.26565/1992-2337-2023-2-14>
- Ilchuk, L. (2015). *International experience of social policy models and their applicability in Ukraine*. Retrieved from <http://ipzn.org.ua/svitovyj-dosvid-modelej-sotsialnoyi-polityky-ta-yih-mozhlyvist-vykorystannya-v-ukrayini/>
- ILO, ISSA, & OECD. (2023). *Providing adequate and sustainable social protection for workers in the gig and platform economy*. Retrieved from <https://www.ilo.org/media/366091/download>
- ISSA. (2023). *Platform workers and social protection: International developments*. Retrieved from <https://www.issa.int/analysis/platform-workers-and-social-protection-international-developments>
- Joshi, A., Jain, S., & Gupta, P. K. (2024). Challenges and impact of the gig economy. *Sustainable Economies*, 2(2), 96-96. https://doi.org/10.1007/978-981-16-8406-7_9
- Kässi, O., & Lehdonvirta, V. (2018). Online labour index: Measuring the online gig economy for policy and research. *Technological Forecasting and Social Change*, 137, 241-248. <https://doi.org/10.1016/j.techfore.2018.07.056>
- Katiyatiya, L. M., & Lubisi, N. (2024). The current social protection discourse, gig economy within the advent of COVID-19: Some emerging legal arguments. *Labor History*, 1-13. <https://doi.org/10.1080/0023656x.2024.2340610>
- Katsabian, T., & Davidov, G. (2023). Flexibility, choice, and labour law: The challenge of on-demand platforms. *University of Toronto Law Journal*, 73(3), 348-379. <https://doi.org/10.3138/utlj-2021-0113>
- Kostryska, I. (2022). *Gig contracts in IT: A good compromise or a fifth wheel to the cart?* Retrieved from <https://yur-gazeta.com/publications/practice/informacyne-pravo-telekomunikacyi/gigkontrakti-v-it-vdalily-kompromis-chi-pyate-koleso--do-voza.html>

- Lake, R. (2024). *California assembly bill 5 (AB5): What's in it and what it means*. Retrieved from <https://www.investopedia.com/california-assembly-bill-5-ab5-4773201>
- Lang, N. (2022). *Gig workers need benefits, but making them employees isn't the solution*. Retrieved from <https://www.fastcompany.com/90826287/gig-workers-need-benefits-but-making-them-employees-isnt-the-solution>
- Martins, F. S., Góes, G. S., Firmino, A. T., & Rangel, L. A. (2022). An overview of the social protection of workers in the gig economy of the transport sector in Brazil. *Revista do Serviço Público*, 74(4), 802-823.
- Ministry of Health, L. a. W. o. J. (2015). *Overview of medical service regime in Japan*. Retrieved from https://www.mhlw.go.jp/bunya/iryohoken/iryohoken01/dl/01_eng.pdf
- Mishiba, T., Kurashige, K., & Nakazawa, S. (2023). Legal protection of the health and safety for gig workers: The present status and future prospects in Japan. *Work Health Saf Regulation*, 1, 54-91. <http://dx.doi.org/10.57523/jaohlev.21-006>
- O'Sullivan, A., & Homsy, F. (2023). *The gig economy: A new challenge for policy makers*. Retrieved from <https://whiteshield.com/insights/the-gig-economy-a-new-challenge-for-policy-makers>
- OECD. (2020). *What have platforms done to protect workers during the Coronavirus (COVID-19) crisis?* Retrieved from https://www.oecd.org/en/publications/what-have-platforms-done-to-protect-workers-during-the-coronavirus-covid-19-crisis_9d1c7aa2-en.html
- Panchenko, V., Reznikova, N., Ivashchenko, O., & Rusak, D. (2024). Gig economy as an environment for transformation of the international labor market. *Investments: Practice and Experience*, 4(2024), 12-18. <https://doi.org/10.32702/2306-6814.2024.4.12>
- Paret, M. (2016). Towards a precarity agenda. *Global Labour Journal*, 7(2), 111-122. <http://dx.doi.org/10.15173/glj.v7i2.2922>
- Pastore, J. (2020). Protections for workers on digital platforms. *Conceito Jurídico*, 47, 30-76. <https://doi.org/10.21874/rsp.v74i4.9794>
- Rak, S., & Coffin, J. (2013). Affordable care act. *The Journal of Medical Practice Management*, 28(5), 317-326.
- Ravenelle, A. J., Kowalski, K. C., & Janko, E. (2021). The side hustle safety net: Precarious workers and gig work during COVID-19. *Sociological Perspectives*, 64(5), 898-919. <http://dx.doi.org/10.1177/07311214211005489>
- Reiber, D. (2023). *Pension insurance obligation as a freelancer: What does it mean?* Retrieved from <https://www.9am.works/freelancer-academy/blog/pension-insurance-obligation>
- Reznikova, N., Bulatova, O., Panchenko, V., & Ivashchenko, O. (2023). Digital transformation of the labor market: Platform economy and new threats of inequality in the context of technoglobalization. *Agrosvit*, 18, 33-42. <https://doi.org/10.32702/2306-6792.2023.18.33>
- Rhinehart, L., McNicholas, C., Poydock, M., & Mangundayao, I. (2021). *Misclassification, the ABC test, and employee status: The California experience and its relevance to current policy debates*. Retrieved from <https://www.epi.org/publication/misclassification-the-abc-test-and-employee-status-the-california-experience-and-its-relevance-to-current-policy-debates/>
- Romanchenko, V. B. (2020). Comparative analysis of modern socio-economic models of the state. *Investments: Practice and Experience*, 186-199. <https://doi.org/10.32702/2306-6814.2020.19-20.186>
- Romanchenko, V. B. (2021). The modern socio-economic model of the welfare state. *Baltija Publishing*, 224-240. <https://doi.org/10.32702/2306-6814.2020.23.144>
- Roy, G., & Shrivastava, A. K. (2020). Future of gig economy: Opportunities and challenges. *Imi Konnect*, 9(1), 14-27.
- Servetnyk, A. (2018). *About the gig economy, digital nomads and whether robots will pay taxes?* Retrieved from <https://www2.deloitte.com/ua/uk/pages/press-room/deloitte-press/2022/taxation-history-10.html>
- Sieker, F. (2022). Platform work and access to social protection across major European countries. *Journal of International and Comparative Social Policy*, 38(3), 193-207. <https://doi.org/10.1017/ics.2022.13>
- Tarasiuk, S. (2022). Osoblyvosti zastosuvannya hih-kontraktiv rezydentamy pravovoho rezhymu Diia Siti [Features of the use of gig-contracts by residents of the legal regime of Diia City]. *Legal Bulletin*, 2(63), 133-142. <https://doi.org/10.32782/2524-0374/2022-5/86>
- Taylor, K., Van Dijk, P., & Newnam, S. (2023). Physical and psychological hazards in the gig economy system: A systematic review. *Safety Science*, 166(1), 106-234. <https://doi.org/10.1016/j.ssci.2023.106234>
- Thomson, S., Osborn, R., Squires, D., & Jun, M. (2013). *International profiles of health care systems*. Retrieved from https://www.commonwealthfund.org/sites/default/files/documents/___media_files_publications_fund_report_2013_nov_1717_thomson_intl_profiles_hlt_care_sys_2013_v2.pdf
- Yaroshenko, O. M., Lutsenko, O. Y., & Vapnyarchuk, N. M. (2021). Salary optimisation in Ukraine in the context of the economy Europeanisation. *Journal of the National Academy of Legal Sciences of Ukraine*, 28(3), 224-237. [https://doi.org/10.37635/jnalsu.28\(3\).2021.224-237](https://doi.org/10.37635/jnalsu.28(3).2021.224-237)
- Yaroshenko, O. M., Vapnyarchuk, N. M., Lozovoi, S. V., Yakovleva, G. O., & Yakovlyev, O. A. (2018). General-compulsory medical insurance: World experience. *Journal of Advanced Research in Law and Economics*, 9(5), 1829-1838. [http://dx.doi.org/10.14505/jarle.v9.5\(35\).38](http://dx.doi.org/10.14505/jarle.v9.5(35).38)