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**ЭКОНОМИКА ПО ТРЕБОВАНИЮ: ГИБКАЯ ТРАНСФОРМАЦИЯ
САМОЗАНЯТОСТИ В ЦИФРОВОЙ СРЕДЕ**
ON-DEMAND ECONOMY: AGILE TRANSFORMATION OF SELF-
EMPLOYMENT IN THE DIGITAL ENVIRONMENT



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Аннотация. Основной тенденцией современной цифровой трансформации становится отказ от посредников и продвижение работ и услуг посредством цифровых платформ. В той или иной сфере труда и предпринимательства эти явления приводят к возникновению гибридной занятости, самозанятости через цифровые платформы и трансформации занятости в самозанятость. Таким образом, работодатель исключается из отношений, а его место

занимает потребитель. Цифровая трансформация занятости является одним из ключевых факторов в новой экономике — гиг-экономике.

Цель статьи - выявить факторы цифровой трансформации труда в самозанятость. В рамках комплексного решения выполнены следующие исследовательские задачи: выявлено понятие гиг-экономики с последующим таргетированием тенденций, влияющих на цифровую трансформацию на стыке наемного труда и предпринимательства; в качестве предмета исследования определена особая сфера самозанятости, возникающая в результате цифровой трансформации труда и индивидуального предпринимательства; также изучена экономическая, правовая и техническая канва цифровой среды самозанятости.

Abstract

The core trends in modern digital transformation are the disintermediation and advance of digital platforms. In the particular area of labor and entrepreneurship, these phenomena lead to the emergence of hybrid forms of employment, own-account work through digital platforms, and the transformation of the labor relationship into self-employment. Thus, the employer is being excluded from the relationship, and the consumer takes his place. The digital transformation of labor is giving rise to a new type of economy - the gig economy.

The purpose of the presented article is to identify the factors of the digital transformation of labor into self-employment. As a part of the total solution, the following research tasks have been completed: the concept of the gig economy has been identified with the subsequent targeting of the trends that affect digital transformation at the confluence of hired labor and entrepreneurship; the particular area of self-employment resulting from the digital transformation of labor and individual entrepreneurship has been identified as a subject of research; also the legal and technical outline of the digital environment of self-employment has been studied.

Ключевые слова: гиг-экономика, p2p, цифровизация самозанятости, цифровизация труда, цифровые платформы, экономика совместного потребления.

Keywords: gig-economy, p2p, digitalization of self-employment, digitalization of labor, digital platforms, sharing economy.

Introduction

The relevance of the presented research is due to the economic processes currently taking place in the global society. The digitalization of the economy followed by the pandemic has catalyzed the growth of self-employment and well affected the transformation of the employment patterns around the world, especially in the field of provision of online services. Noteworthy that the revenue of the self-employed in sales of clothing and footwear showed record-beating growth - it increased 38 times during the lockdown, and in the sphere of education - 11 times [1].

Global changes have affected pretty much all spheres of economic activities. Thus, the economic relations of labor, which represent the performance of a labor function for the compensation, are transformed into the prevalence of services and short-term contracts or work-on-demand. This trend in labor and employment is characterized by the term gig-economy. Also noteworthy is the emergence of new forms of work status, such as, for example, work-on-demand via apps, which is the job that is offered through mobile applications [2].

The targeted trend forms the transition of legal relations in this area from the field of labor law regulation to the sphere of independent regulation, at the confluence of civil and business law.

Materials and methods

The presented research is of interdisciplinary nature, and therefore, its conduct employed several methods.

The main research technique was the observation method. The article considers self-employment as a particular economic and legal phenomenon in the context of such factors as the digitalization and COVID-19 pandemic. The specific features of self-employment have been identified using methods of analysis and synthesis. Separation of the special features of self-employment using methods of analysis, synthesis, and generalization allowed formulating its further definition; the role of self-employment in the system of economic activity of the population was determined using a systematic method.

Results

The study revealed the tendency of transformation of hired labor, and on the other hand, of entrepreneurship, into self-employment as a particular type of individual economic activity. The special status of exercising a self-employed activity is determined by forming specific legal regulations. This process is of global nature.

Against the background of the indicated feature, the article formulates the definition of self-employment. Particular attention is paid to the factors that accelerate the growth of self-employment as a global phenomenon: digitalization and the COVID-19 pandemic.

Discussion

1.1. The content of transformations in the economic activity of private entities

Technology is drastically changing the way people work, fueling a gig economy that allows organizations to hire self-employed independent contractors and on-call workers on short-term contracts [3].

The borderline between employment and self-employment is undergoing intense erosion. Most of the self-employed individuals own single-member companies, which prompts a rethinking of the prevailing ideas on self-employment and entrepreneurship [4].

The renewal of labor mediation mechanisms in response to new technologies poses a fundamental challenge to existing regulatory structures. Thus, old-fashioned labor law can no longer apply to a fundamentally new way of organizing work in the gig economy [5].

Full-time employment is being replaced by so-called on-call or on-demand jobs. In this regard, the modern foreign scientific studies reflect the emergence of the theories of man as a service[5].

Flexible working hours, work on-demand, digital platform as a labor intermediary - all these features are increasingly bringing self-employment closer to entrepreneurship.

Thus, a range of entrepreneurship- and innovation-based proposals comes to the fore, from waiving current employment and labor legislation to diluting existing laws through the new and less-protected categories [5].

1.2. The influence of socio-economic processes on the legal regulation of the economic activity of private entities

The current legal regulation of self-employment is in deep crisis pretty much around the whole world. an intervention by the legislator is necessary to regulate its use and avoid that the use of technological tools alters employment relations and negatively affects the personality of the worker [6].

Several opposing trends are competing at the very same time: from renouncing on-demand labor practices to adopting the new laws on the so-called 'third status'. While these proposals differ in how far they need to move away from existing laws, they all share a fundamental skepticism about existing regulation. On the one hand, existing laws can serve as a deterrent to new business models, but on the other hand, the answer to the question of why labor legislation should impose fetters on free enterprise is still not clear [5]. The fundamental answer to this question is to define the approach to self-employment as entrepreneurship or as an independent type of economic activity that requires

special regulation. At the same time, it should be recognized that self-employment itself blurs the line between entrepreneurship and non-entrepreneurship.

The most frequently mentioned are the following factors in the growth of the self-employment segment caused by digitalization: an increase in digital literacy of the population and the availability of remote work due to the Internet; automation of production; the growing popularity of the on-demand economy and the emergence of all kinds of online services (including freelance, marketplace, sales, etc.), as well as the consequences of the crisis and sanctions (mounting unemployment and revenue shortfalls); changes in the employer requirements (demand for a quick search for highly qualified specialists, cost optimization); and subsequent changes in the employee requirements (balance of working and leisure time, income control, flexible working conditions) [7].

1.3. The role of digital platforms in the development of the self-employment segment

Foreign scientists note that in all jurisdictions, with respect to their specifics, emerging legal regulation excludes the labor status of an employee and assigns the digital platform the status of a simple intermediary [5].

At the same time, some researchers believe that it is necessary to distinguish the approach of forming an intermediate ('third') status of an on-demand employee, according to which an 'independent worker' will have the right to certain protections, including the right to conclude collective agreements, and certain elements of social security; however, 'independent workers' will not be subject to the legal framework of working hours and wage security [8].

The digital platform, alternatively referred to as the aggregator, embodies technocratic ideas while 'dehumanizing' the employee. On the other hand, it causes the emergence of the new mechanisms of social feedback (employee reviews of employers, customer ratings, etc., what today are called 'the economics of trust').

Upon a closer view, one can see that the digital platform is a new conventional mediation mechanism (tool). It has been argued that such a participatory organization of the labor market as ‘digital feudalism’ may push it back to the medieval environment [9].

Also, some researchers draw attention to the fact that digital platforms restrict the freedom of participants as independent entrepreneurs (by restricting, for example, the option to refuse a less paid order in favor of a more profitable one, banning the user/executor in the event of repeated refusal from an unprofitable transaction, etc.) [10].

Depending on the terms of user agreements concluded by users with digital platforms, the platform participant cannot always determine the price (the price can be set by the platform based on the algorithm or by the client while submitting an application).

Competition between platform participants can lead to a decrease in the cost of services, which is attractive to the customer, but, in turn, will negatively affect the cost of labor.

Thus, digital platforms often limit both the ability to determine the price and the right to independently choose a counterparty, which is not typical for business relations but is quite consistent with the relationship between an entrepreneur and consumers within the framework of consumer protection legislation. At the same time, the activities of the self-employed private entities are not subject to the law on consumer protection. Most commonly, disputes between the contractor and the customer are resolved according to the rules established by the digital platform and/or civil law. The idea of extending consumer protection legislation to contractual relations between self-employed and customers requires additional review.

One of the studied problems is the difficulty of agreeing on the conditions for the performance of work or services, and contract terms. In reality, by agreeing to certain conditions by concluding a contract with the digital platform, the user may face other strings attached.

Thus, the solution to the problem of regulating self-employment in the gig economy lies in finding a balance between the traditional regulation of labor relations within the framework of labor law and civil and business relations within the framework of civil law and *lex mercatoria*.

1.4. Impact of the COVID-19 pandemic on self-employed entities

The 2020 coronavirus pandemic has led, literally, to tectonic shifts in employment. Digitalization, which has been the trend of the last decade, has begun to develop at an accelerated pace.

Initially, the labor market began to shrink due to the reduction in the number of employees; on the other hand, it denoted a fundamental transition to remote working. These processes were superimposed on the rapidly growing robotization and the introduction of artificial intelligence, conditioned by the hygienic and sanitary ‘touch-free’ workplace environment requirements. Vacating numerous workplaces has led to an increase in self-employment.

Besides, the COVID-19 pandemic and the accompanying intense digitalization have made it possible to choose between remote working and self-employment. The World Economic Forum report outlined the following preconditions for the transformation of the labor market [11]:

- The pace of technology adoption is expected to remain unabated and may accelerate in some areas;
- Automation, in tandem with the COVID-19 recession, is creating a ‘double-disruption’ scenario for workers;
- Although the number of jobs destroyed will be surpassed by the number of ‘jobs of tomorrow’ created, job creation is slowing while job destruction accelerates;
- Skills gaps continue to be high as in demand skills across jobs change in the next five years;
- The future of work has already arrived for a large majority of the online white-collar workforce;

- In the absence of proactive efforts, inequality is likely to be exacerbated by the dual impact of technology and the pandemic recession;
- The window of opportunity to reskill and upskill workers has become shorter in the newly constrained labour market;
- Despite the current economic downturn, the large majority of employers recognize the value of human capital investment;
- Companies need to invest in better metrics of human and social capital through adoption of environmental, social and governance (ESG) metrics and matched with renewed measures of human capital accounting;
- The public sector needs to provide stronger support for reskilling and upskilling for at-risk or displaced workers.

1.5. The technical and legal outline of the digital self-employment environment

The approved by Decree № 203 of the President of the Russian Federation of 09.05.2017 'Strategy for the Development of the Information Society in the Russian Federation for 2017-2030' considers the digital economy as an economic activity with digital data as the key production factor. Also, the Strategy paid particular attention to the ability to process large volumes and utilize domestic analytical potential, which, in comparison with traditional forms of management, can significantly increase the efficiency of various types of production, technologies, equipment, storage, sale and delivery of goods and services.

The digital economy is implemented in its own ecosystem as a partnership of organizations with the interaction of their digital platforms.

Thus, it should be noted that the digitalization of self-employed entities in Russia is carried out through the creation of a digital ecosystem. The sphere of self-employment is a striking example where all the interaction of the self-employed entity with the state from the very moment of registration is built in the digital environment.

The digital platforms represent the major element of this environment (the Federal Tax Service, authorized banks, the Unified Portal of Public and Municipal Services, etc.).

To register as self-employed, any local resident can submit an application through the personal taxpayer's profile (pt. 2 of Article 5 of the Federal law of 27.11.2018 'On Conducting an Experiment to Establish a Special Tax Regime 'Tax on Professional Income)'), use the designated mobile 'My Tax' application (pt. 4 of Article 5 of the Federal law 422-FZ of 27.11.2018 'On the Experiment to Establish a Special Tax Regime'), or submit a registration application with enhanced qualified electronic signature through the credit institution (pt. 5 of Article 5 of the Federal Law No. 422-FZ of 27.11.2018 'On Conducting an Experiment to Establish a Special Tax Regime' (Tax on professional income) or through the Unified Portal of Public and Municipal Services.

Removal from the register as self-employed is also carried out in electronic form on the basis of a digital platform.

Smartphone application 'My Tax' [12] not only allows registering as a self-employed from a mobile phone, but also generating and dispatching reports, checks, and income statements, as well as tracking the assessment of taxes.

The user of the digital platform is identified by a mobile phone number, known passport data, and TIN.

The digital platform 'My Tax' interacts and exchanges data with the platforms of seventeen banks (at the time of this writing), which means that an environment of trust in the identification of subjects between them has already been built.

Also, when interacting in a digital self-employment environment, the Federal Tax Service uses artificial intelligence technologies, neural networks and big data to process information received from aggregators, such as Yandex, YouDo, and Profi.ru. A designated digital platform has also been proposed to purposefully interact with the named services. It would be quite possible in the nearest future to register as a self-employed private entity just through opening an account with the

aggregator, recognized as trusted for interaction by the FTS and its digital environment.

The use of these technologies also makes it possible to successfully solve the existing problem of establishing compliance with the formal characteristics of the self-employed, in particular, the value of the marginal income of the self-employed and confirming the absence of other employees. The emerging technical and legal trust profile, as well as the interaction of various digital platforms, also plays an important role in solving this problem.

Thus, for example, the self-employed became empowered to participate in the procurement. In this case, the FTS can confirm the status of self-employed by exchanging data with digital platforms on which these procurement contracts are carried out.

The need for further digitalization of interaction with the self-employed in order to automate business processes in the implementation of microfinancing is also reflected in the Order of the Ministry of Economic Development of Russia № 745 dated 09.11.2020 ‘On approval of the development concept of microcredit institutions.’

Conclusions

Within the framework of the presented article, self-employment is considered in the aspect of the conceptual apparatus enshrined in the legislation on tax on professional income.

It should be noted that the formation of a trusted environment for self-employment in Russia is carried out in several focus areas. Of particular significance in terms of prospective development is the creation of governmental platforms, either field-specific (such as ‘My Tax’) or providing a wide range of governmental services, as well as interacting with other digital platforms supported by banks and aggregators.

Initially, the digitalization of self-employment was aimed at improving the business tax operations, as well as assisting the self-employed to step out of the shade.

On the other hand, its ideal goal should be to provide public employment, possibly contributing to the disclosure of individual talents of every person.

Automation coupled with digitalization will entail job cuts; therefore, the arrangement of conditions for the development of self-employment is of utmost importance.

Uncertainty of the substantive legal status of the self-employed and purely theoretical, at first glance, problems of their legal mode of entrepreneurship may in the near future give rise to quite tangible practical problems.

The above-mentioned rapid growth in the incomes of the self-employed during the pandemic means that the problem of the legal regime of transactions of the self-employed will rise to the surface in the nearest future, followed by the issue of the quality of services they provide. The latter certainly entails the need to extend the law on consumer protection to their activities, as well as the need to determine their procedural status.

The situation is aggravated by the fact that the model of self-employment in Russia is at the stage of formation. Thus, it is still not entirely clear whether a self-employed individual can be classified as a business entity.

Nevertheless, the amendments made to the procurement legislation and the accompanying discussions indicate the transformation of the self-employed status from some unique phenomenon into a full-fledged subject of economic activity.

No less relevant is the question of the status of the digital platform/aggregator. Can it be considered as a new form of an employer? Since self-employment in Russia was initially legalized as a special taxation regime in the form of a tax on professional income, no surprise that the bulk of scientific publications on this topic was concentrating on the framework of the financial law (and its tax subdivision). Also, since the business tax administration has been completely digitalized, the topics of digitalization of self-employment, the digital transformation of tax administration, and the increasing role of digital platforms in the field of financial activities, were given particular consideration in these works [13]. The use of such a platform allows creating a trusted environment for

interaction [14,15] between the self-employed taxpayer, government agencies, banks and other financial institutions, as well as the very consumers. Confirmation of the identity and status of a self-employed can be provided remotely.

At the same time, the use of big data technologies, artificial intelligence, neural networks and machine learning allows collecting and processing huge amounts of information that may not be accessible to an ordinary tax service specialist. Thus, these data make it possible to monitor the compliance of self-employed income with the criteria established by law in terms of the maximum income, as well as, for instance, verify the single-member company status. All of that became possible by virtue of the instant interaction between digital platforms of financial institutions and various web aggregators of goods, jobs, services, as well as property database of the Federal Service for State Registration (Rosreestr) and directories of the State Traffic Safety Inspectorate (GIBDD).

However, of particular note should be another peculiarity of Russian self-employment. The case is that it arose not as a program to support public employment but rather as a form of struggle against residents' untaxed income [16]. This peculiarity also explains the trends of regulation: tax regulation goes strictly on a first-priority basis; the issues of the legal status of the self-employed in civil law subsequently arise at a later time. The situation that is emerging abroad is somewhat different since their legalization of self-employment initially was conditioned by the fight against unemployment.

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