
Gig Workers and the Social Protection Dilemma: Policy Tensions in Indonesia's Digital Economy

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Abstract

The gig economy has grown in recent years, marked by an increasing number of workers involved in jobs based on the number of goods/services produced. Gig workers are not only those who use technology in their work processes, but also those who work without technology. This study aims to highlight the working conditions of gig workers in the tailoring and garment business sector in Yogyakarta, using the concepts of decent work and fair work. This study uses a qualitative approach through interviews with eight respondents and a literature review. The findings of this study indicate poor and unfair working conditions for gig workers in the tailoring and garment business sector. Most workers still face wages below the Regional Minimum Wage, excessive working hours, and a lack of social protection and health insurance. For formal workers, employment contract status is not fully accompanied by the fulfillment of workers' rights. On the other hand, employers' profit margins remain high, reflecting structural inequality between capital owners and workers.

Keywords: *gig economy, gig workers, decent and fair work, tailoring and garment businesses*

1. Introduction

Over the past decade, Indonesia's digital economy has experienced rapid growth, emerging as one of the largest in Southeast Asia. The gross merchandise value (GMV) of Indonesia's digital economy is estimated around USD 90 billion in 2024, driven by the expansion of *e-commerce, ride-hailing, food delivery*, and other on-demand services (Google, Temasek, and Bain, 2024). Digital platforms such as Gojek, Grab, Tokopedia, and Shopee have opened new economic opportunities for millions of individuals to earn income without being tied to formal employment relationships. This transformation has not only reshaped how Indonesians work and transact but also created new forms of task-based and flexible labor arrangements.

The digital economy now contributes significantly to the national gross domestic product (GDP), estimated at around 6 percent of total GDP in 2024, with strong potential for continued expansion as technology adoption and internet penetration increase. In terms of employment, digital platforms play a critical role in absorbing workers who are unable to access formal job opportunities (Park, et al., 2025). According to Statistics Indonesia (BPS), approximately 86,58 million worker or 59,40 percent

of the labor force remains in the informal sector, and a growing portion of this group has shifted toward platform-based work. The gig economy, therefore, functions as a *safety valve* that mitigates unemployment pressures and provides income stability amid economic fluctuations. This was evident during the COVID-19 pandemic, when many workers who lost their jobs turned to gig work as a means of survival (Hanivan & Rakhmawan, 2023).

Despite this impressive growth, a paradox of opportunity and vulnerability. While digital platforms provide flexibility and access to income generation, the independent contractor status of gig workers excludes them from formal social protection schemes. As a result, the majority of gig workers remain unprotected against occupational accidents, income loss, or retirement insecurity (Aloisi, 2022). This situation reveals a structural gap between the rapid expansion of the digital economy and the rigidity of Indonesia's social protection system, which remains designed for conventional employer–employee relationships (Aloisi, 2022). The challenge is increasingly relevant as the government pursues its digital transformation and inclusive economy agenda, both of which require adaptive labor and social policies that protect workers in new and evolving forms of work (Huda, 2024).

On top of structural gap and social protection system, another issue is Indonesia's regulatory and social protection frameworks have not evolved at the same pace (Huda, 2024). The absence of clear worker classification and specific legal definitions for platform-based employment creates ambiguity regarding the rights and obligations of gig workers and platforms (Kemmerling & Ranawijaya, 2025b). Kemmerling & Ranawijaya (2025b) argues that gig workers are commonly labeled as partners or independent contractors, which exempts platforms from providing the social protections and benefits typically associated with formal employment.

As a result, these workers remain outside the coverage of most labor and social security laws. Existing schemes, such as *BPJS Ketenagakerjaan*, are designed for wage-based employees and rely heavily on employer contributions. Because gig workers operate independently, participation in social protection programs is voluntary and self-financed, leading to extremely low coverage rates (Huda, 2024). Only a small fraction of the total gig workforce is enrolled, leaving the majority vulnerable to occupational hazards, income shocks, and old-age insecurity (Aloisi, 2022).

This exclusion not only perpetuates inequality within Indonesia's evolving labor market but also undermines the broader goals of inclusive digital transformation. The lack of protection erodes social resilience and widens the gap between the benefits of digitalization and the well-being of those who sustain it, which the workers themselves (Aloisi, 2022). Addressing this imbalance requires a coherent policy framework that aligns Indonesia's digital labor practices with international standards on decent work and universal social protection.

This paper aims to analyze the institutional and policy challenges of extending social protection to gig workers in Indonesia and to identify potential models that balance flexibility with security. Specifically, the study seeks to:

- 1) Examine the current state of social protection policies and legal frameworks for gig workers in Indonesia.

- 2) Compare Indonesia's policy approach with those of selected countries Singapore and Malaysia, and with the standards established by the International Labour Organization (ILO).
- 3) Identify the key policy tensions shaping Indonesia's efforts to integrate gig workers into social protection systems.
- 4) Propose adaptive policy options that ensure inclusivity and sustainability without undermining the flexibility inherent in gig work.

2. Research method

This study employs a desk-based qualitative approach, combining document review, descriptive statistics, and comparative policy benchmarking. The study does not involve field surveys or primary data collection. Instead, it focuses on synthesizing existing information to highlight policy gaps, identify best practices, and provide actionable recommendations for Indonesia's evolving digital labor market.

3. Results and Discussion

3.1. The Growth of the Gig Economy in Indonesia

The *gig economy* refers to a labor market characterized by short-term, task-based, and flexible work arrangements facilitated by digital platforms (Yousef, 2024). Rather than entering into long-term employment contracts, workers perform discrete "gigs" such as delivering food, providing transportation, or completing online freelance tasks in exchange for immediate compensation. This system allows for flexibility in working hours and income generation but often lacks the stability, benefits, and protections of formal employment (Burtch, Carnahan, & Greenwood, 2018).

In Indonesia, the gig economy has expanded rapidly alongside the rise of mobile internet and platform-based applications. It encompasses a wide range of activities, typically divided into three broad typologies:

- 1) **Transportation and Delivery Services:** Workers providing on-demand transportation (e.g., motorcycle ride hailing drivers for Gojek and Grab) and logistics or food delivery services. This category represents the largest segment of gig workers in Indonesia and plays a crucial role in the country's urban mobility and last-mile logistics systems.
- 2) **Digital Freelancing and Creative Economy:** Individuals engaged in digital content creation, graphic design, writing, marketing, or IT-related services through online platforms such as Fiverr and Upwork. These workers often possess specialized skills but remain excluded from traditional employment-based social protection.
- 3) **Household and Informal Service Platforms:** Workers providing domestic, cleaning, tutoring, or microtask services through digital intermediaries (e.g., Seekmi, Tukang.com). These workers are typically informal, low-income, and have limited access to financial or social protection systems.

This typology reflects the diversity of the gig economy, which spans both low-skilled and high-skilled labor and cuts across multiple sectors of Indonesia's digital transformation. Despite these differences, most gig workers share common features: irregular income, dependence on platform algorithms for work allocation, and the absence of formal employment contracts (Pratomo, Saputra, & Nur, 2023). The rapid expansion of Indonesia's digital ecosystem has fueled the growth of gig-based work, with a GMV of approximately USD 90 billion in 2024, accounting for around 6 percent of national GDP ((Google, Temasek, and Bain, 2024)). Key sectors such as e-commerce, ride-hailing, and delivery services remain the key drivers of this growth.

In terms of employment, the gig economy has become an important absorber of labor, particularly for workers displaced from traditional sectors or facing limited formal job opportunities (Wheatley, 2024). The number of gig workers in Indonesia is estimated to reach 24 million workers, though official statistics remain unavailable due to definitional ambiguities (Putri, 2025). The majority of platform workers are male, aged between 25 and 45, with education levels concentrated upper secondary backgrounds (Meidina & Putri, 2024).

3.2. Social Protection and the Legal Landscape in Indonesia

Indonesia's social protection framework is built upon two main public insurance institutions, *BPJS Ketenagakerjaan* (Employment Social Security) and *BPJS Kesehatan* (Health Insurance), established through Law No. 24/2011 on the Social Security Administering Body as part of the broader National Social Security System (SJSN) reform. Both institutions are mandated to achieve universal coverage for all citizens, yet their implementation frameworks differ significantly in design, financing, and accessibility.

The *BPJS Ketenagakerjaan* focuses on labor-related risks and has been largely tailored to wage-based employment relationships, leaving self-employed and gig workers in a grey area. The program covers four main schemes:

1. Work Accident Insurance (JKK)
2. Death Insurance (JKM)
3. Old-Age Savings (JHT)
4. Pension Benefits (JP) and, more recently, Unemployment Insurance (*JKP*) introduced in 2022.

While coverage for formal workers is mandatory, participation for informal and self-employed workers including gig workers is voluntary. Contribution payments are made independently by the workers without employer matching, and no public subsidy mechanism currently exists for this category. This voluntary scheme results in low compliance and high dropout rates, especially among workers with fluctuating income.

The *BPJS Kesehatan* provides universal health insurance and, in principle covers all Indonesian citizens. As per September 2025, there are 281,88 million participants covered by *BPJS Kesehatan* (BPJS Kesehatan, 2025). However, its household-based payment system presents serious challenges

for gig and informal workers. Premiums must be paid for every registered family member under the same household identification number (*Kartu Keluarga*). In many cases, gig workers cannot afford to pay the total premium for all dependents, especially when household income is irregular.

Moreover, the system's administrative rigidity means that if even one family member's premium remains unpaid, the entire household's insurance status becomes inactive (BPJS Kesehatan, 2025). This collective suspension denies access to healthcare for individuals who have fully paid their contributions, effectively penalizing low-income families. For gig workers whose income varies monthly, this creates a high risk of losing coverage despite prior compliance. Although the government subsidizes premiums for poor and near-poor households under the *Penerima Bantuan Iuran (PBI)* scheme, eligibility is limited and subject to periodic verification, often excluding informal workers with unstable earnings who fall outside formal poverty criteria.

Collectively, these institutional features demonstrate that Indonesia's social protection system remains partially inclusive and structurally biased toward formal, salaried employment (Muhyiddin, Annazah, Tobing, Habibi, & Fahimah, 2024). While *BPJS Ketenagakerjaan* fails to adequately reach self-employed gig workers due to voluntary enrollment and lack of shared contributions, *BPJS Kesehatan*'s rigid family-based mechanism further restricts access to healthcare for those with irregular income flows. As a result, many gig workers experience double exclusion: they are neither covered by employment-based protection nor able to sustain consistent participation in the health insurance scheme.

3.2.1. Legal and Regulatory Context for Gig Workers and Platforms

Indonesia's labor law framework continues to rely on a binary classification of workers: *employees* (with formal contracts) and *self-employed individuals*. Under Law No. 13/2003 on Manpower and its derivative regulations, employment protections and benefits apply only to formally contracted workers. Gig workers, especially those who work in transportation and food delivery, are typically categorized as *mitra* (partners), fall outside the scope of these protections.

Digital platforms such as ride-hailing or delivery companies generally operate under commercial partnership agreements. Article 15 of the Ministry of Transportation Regulation Number 12 of 2019 explicitly states that the relationship between ride-hailing platforms and drivers is a partnership. This contractual framing absolves platforms from obligations such as paying minimum wages, contributing to BPJS programs, or providing severance benefits.

Existing regulatory instruments, such as Government Regulation No. 36/2021 on Wages and Government Regulation No. 35/2021 on Fixed-Term Employment Agreements, Outsourcing, Working Hours and Rest Periods, and Termination of Employment, do not explicitly recognize gig or platform workers as a distinct employment category. The Minister of Manpower Regulation No. 10/2021 on BPJS participation encourages voluntary enrollment for informal workers but lacks enforcement mechanisms or contribution-sharing provisions. As a result, there is no legal clarity on whether platform companies should be considered employers, intermediaries, or digital marketplaces. This regulatory vacuum creates inconsistencies between labor rights, taxation, and social protection

policies, leaving both workers and platforms uncertain about their legal responsibilities and entitlements.

3.2.2. Key Challenges in Extending Social Protection

Indonesia faces several structural challenges in extending social protection to gig workers:

1) Absence of Clear Legal Definition and Worker Classification

There is no specific legal recognition of platform workers or gig workers within Indonesia's labor and social protection laws (Muhyiddin, Annazah, Tobing, Habibi, & Fahimah, 2024). This lack of classification allows platforms to avoid employer obligations, resulting in fragmented responsibilities and limited accountability.

2) Lack of Comprehensive and Official Data.

There is no official registry or statistical data on the total number, income levels, or employment patterns of gig workers. Existing estimates are derived from limited surveys or industry self-reporting, which complicates evidence-based policymaking and targeting social protection programs (Permana, Izzati, & Askar, 2022).

3) Fragmented Institutional Responsibilities

The policy landscape is divided among multiple ministries and agencies the Ministry of Manpower (*Kemnaker*), Ministry of Communication and Informatics (*Kominfo*), and BPJS institutions with overlapping mandates and weak coordination. This fragmentation slows regulatory reform and leads to inconsistent program implementation (Pramana & Sugiyanto, 2024).

4) Low Participation and Weak Incentives

Because participation is voluntary and contribution schemes are not income-adjusted, many gig workers find the premiums unaffordable or irrelevant to their needs. The absence of matching contributions from platforms or the government further discourages participation.

5) Limited Enforcement and Policy Innovation

While digital technology could facilitate automatic deductions or integrated registration, Indonesia has yet to utilize platform data for social protection enrollment. Current policies remain reactive and lack the adaptive mechanisms seen in countries like Singapore or Malaysia (Pratomo, Saputra, & Nur, 2023).

3.3. International Benchmarking of Gig Worker Social Protection: Malaysia and Singapore

3.3.1. Malaysia

The rapid expansion of the global platform economy significantly accelerated following the COVID-19 pandemic (World Bank, 2024). This situation has been intensely reflected in the Malaysian labour market. Fundamentally, the Malaysian employment structure recognise three primary employment statuses: employee, independent contractor, and self-employed worker (Ali, et al., 2025).

Gig workers are conventionally categorised as independent contractors. This classification dictates the core challenges faced by this segment of the workforce, as is also the case in Indonesia.

The status of independent contractor prevents gig workers from being legally recognised as traditional employees (Ali, et al., 2025). Consequently, they are not protected by the main existing labour regulations, such as the Employment Act of 1955 and the Industrial Relations Act 1967. This crucial exclusion stems from the fact that gig workers typically operate without a “contract of services” (Ali, et al., 2025). This lack of formal legal recognition, which affirmed the contractual relationship as commercial rather than that of employer-workman, means gig workers are denied entitlement to customary employee rights, including minimum pay, overtime, formal job security, paid sick leave, and specific disability protection (Ali, et al., 2025).

The resulting legal ambiguity regarding the legislative framework contributes significantly to decent work deficits, exposing this community to financial uncertainty and limitations on retirement security and medical coverage (Katiyatiyaa & Lubis, 2024; Tobing, 2024). To mitigate the pervasive decent work deficits arising from the classification as self-employed individuals, the Malaysian government has implemented alternative social protection mechanism designed specifically for this labour segment.

1) Mandatory Coverage Gaps and the Self-Employment Social Security scheme (SESSS)

To bridge the critical social security gap for this self-employed segment, gig workers are not covered by the Employees Social Security Act 1969 due to their non-employee status. Instead, they fall under the Self-Employment Social Security Scheme 2017 (Act 789) (SESSS) (Ali, et al., 2025). The SESSS is designed to provide protection specifically for occupational contingencies, covering specified occupation disease, disablement, accidents, and other medical matters. The mandatory nature of this coverage initially specifically to self-employed drivers in the passenger transportation sector (taxi, e-hailing, and bus industries), commencing in June 2017. This scope was subsequently expanded on January 2020, including food transportation, internet commerce, the arts, freelance professionals, lodging, and other platform-mediated workers operating within Malaysia’s digital economy ecosystem. This initiative provides 100% government coverage recognising the particularly vulnerable position of this workforce segment (APEC, 2021).

2) The PenjanaGig Program

The Program Dana Padanan Caruman Ekonomi Gig Platform (Penjaga Gig) represents a significant government policy intervention aimed directly at enhancing the contributory capacity and welfare coverage of gig workers (World Bank, 2024b). The goal is to guarantee the social security of self-employed individuals, including gig workers. This initiative, administered through the Social Security Organisation using matching grant mechanisms between government and platforms.

The PenjanaGig initiative fundamentally altered the cost structure for SESSS contributions by establishing a cost-sharing partnership between the state and the platforms. Under the scheme, the financial contributions for a one-year protection to one of the SESSS plans were distributed as follows:

1. Government contributions, the contribution provided a substantial 70% matching contribution

towards the required SESSS payment; and 2. Platform contribution, the remaining 30% of the total contribution was required to be paid by the service provider platform (Ali, et al., 2025).

PenjanaGig operated within a broader ecosystem of government programs supporting gig economy workers, including (APEC, 2021):

- a. SPS Prihatin Wanita: This package subsidised 70% of social security contributions specifically for female-employed workers, addressing gender disparities in informal work specially to support women, a group that, on average, earns less than men within gig work (Dokuka, Kapuza, Sverdlov, & Yalov, 2022).
- b. Kerjaya Gig: Provides RM600 monthly incentives for six months to individuals newly entering the gig economy, additional RM200 one-off incentive to platform providers for facilitating worker onboarding.

3) Supplementary Savings Mechanism (i-Saraan)

Gig workers who are self-employed and do not receive a regular income can voluntarily contribute to the Employee Provident Fund's (EPF) Voluntary Contribution with Retirement Incentive (i-Saraan). This program provides a pathway for gig workers to save for retirement and receive special incentives from the government (World Bank, 2024b).

The government has historically adjusted its matching contribution rates to incentives participation in i-saraan: it was 5% in 2010 to 2013, increased to 10% from 2014-2017, and rose further to 15% in 2018 (subject to maximum limits). In an example of public-private partnership, Grab also provided an additional 5% matching contributions to eligible Gold and Platinum-tier drivers who registered with i-Saraan (World Bank, 2024c).

3.3.2. Singapore

The regulatory framework and profile of gig workers, officially termed Platform Workers (PWs), in Singapore provide a highly specific model for international benchmarking, especially concerning social security and labour rights without granting full employee status (Legislative Council Secretariat Hong Kong, 2023). In Singapore, a platform worker is strictly defined by the nature of the service and the degree of control exerted by the platform operator, including : 1. Service provided, PWs must provide ride-hail or delivery services; 2. Contractual Relationship, they operate under a platform work agreement with a Platform Operator (PO) but specifically do not have a contract of service; 3. Management control, a defining criterion is that the PW must be subject to the management control of the platform operators while providing the service (Ministry of Manpower of Singapore, 2024).

Historically, PWs were treated as self-employed and thus lacked traditional employee benefits like pension and work injury compensation. Recognizing the direct control exerted by platforms, the government accepted recommendations in 2022 to strengthen protections, leading to the enactment of the Platform Workers Act in September 2024 (ILO, 2025). The key legislative strategy is establishing a new employment status "platform workers" separate from that of employees, granting specific core benefits without requiring full entitlement to standard employee right like paid annual leave or overtime pay (Ministry of Manpower of Singapore, 2025).

Starting early 2025, platform workers gained access to mandated protections covering retirement, healthcare savings, and work injury compensation (medical expenses, income loss compensation from the accident, compensation for permanent incapacity, compensation for death) (Ministry of Manpower of Singapore, 2025). PWs are integrated into Singapore's mandatory saving scheme, the Central Provident Fund (CPF) contributions. The Act mandates CPF contributions for platform workers through a graduated implementation framework designed to align contributions with those of traditional employees over a five-year transition period, allowing platform workers and operators to adapt to the new financial obligation. The contributions' structure differentiates between younger workers (for whom contributions are mandatory, the rates range from 8% to 10.5%) and older workers (voluntarily) (CPF of Singapore, 2024). Platform worker CPF contributions are allocated across three accounts including: 1. Ordinary Account (OA) for housing, education, and approved investment; 2. Special Account (SA) for retirement savings, and; 3. MediSave Account (MA) for healthcare savings (CPF of Singapore, 2024).

Over the subsequent four years, contributions rates increase annually by approximately 2.5% for workers and 3.5% for operators. CPF contributions for platform workers are calculated on net earnings, defined as gross earnings minus Fixed Expense Deduction Allowance (FEDA) (CPF of Singapore, 2024). The FEDA varies according to the mode of transportation used for the job as example 60% deduction for a car and 35% for a motorcycle (CPF of Singapore, 2024). The FEDA, differentiated by mode transports, reflects typical business expenses for the majority of platform workers and removes administrative burden of tracking individual expenses. In addition, platform operators must purchase work injury compensation insurance that The Ministry of Manpower prescribes standardized policy coverage, limits, and wordings to ensure consistency across insurers and prevent coverage gaps (Ministry of Manpower of Singapore, 2025).

Recognising that increased CPF contributions would reduce platform workers' immediate take-home pay, a primary concern raised during consultations, the government established the Platforms Workers CPF Transition Support (PCTS) scheme to cushion the financial impact during the transition period. PCTS provides monthly cash payments directly to eligible platform workers to offset the year-on-year increase their CPF contributions to support operators from 2025-2028, tapering off as workers adjust to the new contribution scheme (CPF of Singapore, 2024b).

Table 1. Extent of Support Provided by PCTS

Year	Description
2025	100% full offset of the increase in worker's OA/SA contributions from previous year
2026	75% offset of OA/SA increase from previous year
2027	50% offset of OA/SA increase from previous year
2028	25% offset of OSA increase from previous year

Source: CPF of Singapore, 2024

The 100% offset in 2025 represents a substantial government fiscal commitment to ease the transition. For a lower-income platform worker earning S\$3,000 monthly net earnings and aged 35 or below, the 8% CPF contribution amounts to S\$240 monthly or S\$2,880 annually. With full government offset in 2025, this worker receives S\$2,880 in cash support while simultaneously accumulating S\$2,880 in CPF savings, effectively doubling the benefit at no cost to the worker.

In cases where a platform worker is injured while working for multiple POs, all POs working with the PW at the time of injury may be responsible for compensation (Ministry of Manpower of Singapore, 2025). The share of liability for each responsible PO is based on the PW's earnings from that operator over the past 90 calendar days. Compensation is based on the higher of the PW's total earnings from delivery or ride-hail tasks over the past 90 calendar days, if they perform both types of services (Ministry of Manpower of Singapore, 2025).

3.4. The International Labour Organization (ILO) Framework on Social Protection for Gig Workers

Digital platform workers typically do not receive social protection benefits, such as health insurance or workers compensation, unless they secure these benefits themselves. Consequently, workers are left vulnerable to income loss in the event of illness, injury, or emergency (ILO, 2025). The ILO framework seeks to establish a standard to mitigate these risks and ensure adequate protections for all digital platform workers.

The ILO's emerging Convention and Recommendation on Decent Work in The Platform Economy (2026) propose that member states including Indonesia ensure social security coverage for platform workers. The draft recommendation for the member states from ILO, including (ILO, 2025):

a. Core binding principle

The primary, principles-based mandate for social security that implement non-discrimination and parity. Each member state shall take measures to ensure that digital platform workers enjoy social security protection on terms no less favourable than those applicable to other workers in a comparable situation.

b. Financing social security systems

Members should take measure to ensure that digital labour platforms and digital platform workers both participate in the finance of social security system to build share participation ecosystem. This system including clear classification of digital platform workers' status in employment.

c. Extension of coverage and benefits

In contexts where national coverage is limited, Member State are encouraged to take measure to extend its scope, as appropriate, so that it covers all digital platform workers are covered to access to healthcare and income security. In addition, when existing social security schemes do not protect all digital platform workers against contingencies arising from occupational accidents and diseases (employment injury), Members should implement effective measures to progressively extend the access of excluded digital platform workers to such protection.

3.5. Social Protection Dilemma: Formalisation vs Flexibility

The Indonesian context, where the transition is often from informal to semi-formal employment, highlight the risk associated with excessive formalisation (Huda, 2024). The need for formalisation is driven by the severe vulnerability faced by non-traditional workers. Digitalisation theoretically enables easier formalisation due to the traceability of transaction and the wealth of data big platform companies possess regarding working time, income, and service quality, allowing for better monitoring of economic activities (Kemmerling & Ranawijaya, 2025). However, this data is rarely used systematically to fully insert these activities into the formal sector.

In addition, most gigs are low paid, characterised by uncertain contractual status, and lack rights and adequate protection schemes, including sick leave, unemployment benefits, and pensions (Aloisi, 2022). In Indonesia, for instance, nearly 59.17% of the workforce is informal, and only 8.1% of gig workers are enrolled in mandatory social protection program (BPJS Ketenagakerjaan), leaving the majority vulnerable to accidents, health risks, and retirement insecurity (Huda, 2024). A policy tension arises from the goal of universal social protection advocated by the ILO, which contrasts sharply with Indonesia's voluntary and fragmented approach (ILO, 2025).

One of policy tension is arise because flexibility in gig worker is a primary attraction, allowing workers to balance other commitments (studies, childcare, or multiple jobs) (Huda, 2024). Formalisation risks requiring gig workers to adhere to fixed working hours, losing location independence, and diminishing the appeal of the work model (Huda, 2024). For many young people, it may simply be more accessible to start working for a platform than investing in education and training in times of economic uncertainty.

In jurisdiction like Indonesia, the problem is intensified because the existing labour law struggle to acknowledge the fact that are no longer simple binaries (dependent employee vs. self-employed) (Kemmerling & Ranawijaya, 2025b). The gig economy creates a vast and increasing "grey area", where many workers, though classified as self-employed, experience elements of dependence or subordination (Kemmerling & Ranawijaya, 2025b; Lane, 2020). If courts continue to use a narrow definition of dependent employment, their rulings risk becoming meaningless for the majority of the economically active population (Kemmerling & Ranawijaya, 2025b).

On the other hand, reconciling protection costs with platform sustainability represents another policy tension involving economic trade-off. Ensuring adequate worker social protection inherently raises costs, potentially undermining the lean and flexible business model that drives platform economy's profitability and expansion (Huda, 2024). The cost of extending health protections introduces new risks for the industry. The implementation of formalisation, especially if it mandated rigid labour practices such as fixed hours or non-task-based payroll, could significantly increase operational expenses (Huda, 2024). These conditions will trigger rising costs and funding constraints may shrink profit margins, forcing companies to limit recruitment or reduce the frequency and volume of available jobs to control expenses. Consequently, such adjustments could lead to fewer job opportunities and a declined in potential earning for gig workers.

In addition, the gig economy model remains attractive to investors due to its lean and flexible nature. As an example, Huda, Ayu, & Septyarini (2025) projects that the transaction value of the online transportation sector, one of the segments of the gig economy will reach Rp12.66 trillion in 2025, representing an increase of more than 16% compared to 2023. This growth outlook provides a positives signal for investors. Nevertheless, formalisation that introduces the model more bureaucratic or rigid, investors may hesitate to provide sufficient funding, hindering the company's ability to expand or survive.

The overarching policy objective is to ensure that worker protection is strengthens without undermining the economic viability and flexibility that enable platform to generate employment, contribute to economic growth, and social protection. Achieving this balance requires moving beyond rigid, traditional regulatory frameworks toward more tailored and adaptive policy solutions that reflects the unique dynamics of platform-based work.

4. Conclusion and Recommendations

In conclusion, strengthening social protection for gig workers in Indonesia is crucial to ensure that digital transformation leads to inclusive and sustainable growth. The current system dominated by voluntary participation and employer exemptions, leaves most platform-based workers exposed to income instability, occupational risks, and retirement insecurity. The policy recommendation for the Government of Indonesia regarding social protection for gig workers should adopt a hybrid approach designed to overcome the existing challenges of high informality, low participation in social protection schemes, and fluctuating gig incomes, including:

1) Proportional Premium Schemes Adaptable to Fluctuating Gig Incomes

Introduce proportional premium schemes where contributions are calculated as a percentage of actual monthly aggregate platform earnings (APE), rather than a fixed sum. This addresses the need for policies tailored to the intermittent and low-income nature of gig engagements. Singapore's CPF system, for example, features detailed proportional contribution tables based on Aggregate Platform Earnings (APE) and age. In addition, Ministry of Manpower of Republic of Indonesia should mandate collaboration between the government (BPJS) and digital platforms to integrate automatic, small, and flexible payment systems. The contributions directly from gig workers' earnings on the platform at the time of transaction or weekly, reducing the perceived inability to pay and the administrative burden. The consequence of this recommendation would be the automatic enrolment of gig workers registered under digital platforms, complemented by clear and targeted communication campaigns to ensure understanding and compliance.

2) Co-Financing Between Government and Platforms

Introduce a mandatory platform operator contribution system towards gig workers' social insurance (BPJS Ketenagakerjaan and BPJS Kesehatan). Singapore's Platform Workers Act 2024, as an example, require platform operators to contribute their share to the Central Provident Fund (CPF). Furthermore, Ministry of Manpower, BPJS Ketengakerjaan, and Ministry of Finance of Republic of

Indonesia should provide financial incentives for gig workers to join contributory schemes, such as a matching contribution grant or subsidy. Providing subsidies (matching contributions) makes social protections schemes more appealing to low-income gig workers. Malaysia's PenjanaGig program serves as a model, where the government contributed 70% of the premium for the Self-Employment Social Security Scheme (SESSS), while the remaining portion was paid by the platform.

3) Portable Benefits Models

Since gig workers frequently move between jobs and often work for multiple platforms, benefits must be tied to the worker rather than a single job or employer, ensuring continuity of protection regardless of employment status changes. Consequently, adopting multi-platform calculation mechanism for social protection is likely to offer the most efficient and equitable solution. This policy recommendation mandate that injury compensation and sick leave entitlements be calculated based on the worker's aggregate earnings across all participating platforms over a specified lookback period.

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