
Gig Workers in Indonesia: Why Social Protection Must Go Hand-in-Hand with Skills Development

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Abstract

The rapid expansion of the gig economy in Indonesia has created flexible income opportunities but also reinforced the vulnerability of workers in informal employment. Beyond the lack of adequate social protection, gig workers face limited incentives and structural barriers to skill enhancement, which hinder their transition toward sustainable livelihoods. This study explores how the integration of social protection and skills development policies could reduce the precarity of gig work in Indonesia. Using a mixed-method approach that combines recent literature review and policy analysis, this research identifies that current frameworks primarily focus on short-term welfare (through BPJS Employment schemes) without addressing long-term employability. Moreover, most digital platforms provide voluntary and non-mandatory training programs, resulting in low participation and uneven skill upgrading among workers. The study argues for a dual-track reform: strengthening social security literacy and designing adaptive, mandatory, and incentive-based upskilling mechanisms embedded within platform ecosystems. These findings contribute to the policy discourse on inclusive labor protection by positioning skill development as a key pathway to exit vulnerability in the informal economy.

Keywords: gig economy, social protection, skills development, informal employment, platform labor.

1. Introduction

The growth of the digital economy has created a new phenomenon in the labor market — the gig economy. This system is characterized by flexible, platform-based work relationships, where individuals work independently for short periods without formal contracts (De Groen et.al, 2018). Platforms such as Gojek, Grab, Upwork, and Fiverr have opened new opportunities for millions of people to earn extra income, especially amid structural changes in the world of work after the pandemic. However, this flexibility also creates a paradox: on one hand, it increases access to jobs, but on the other, it deepens economic uncertainty and blurs the line between formal and informal workers.

Globally, research on the gig economy shows similar patterns across both developing and developed countries. Studies by the OECD (2023) and ILO (2023) highlight that while this sector expands labor participation, most platform workers face precarious working conditions. Long hours,

unstable income, and lack of social protection. Countries such as Spain and the United Kingdom have started to respond with regulatory approaches: Spain introduced the Riders' Law, recognizing delivery riders as permanent employees, while the UK, through the *Uber BV v. Aslam* (2021) case, defined drivers as "workers" (Setiawan, 2025). These two cases mark a global shift in focus, from merely providing employment opportunities to ensuring protection and empowerment for digital workers.

International theories also show that flexible work systems without strong social policies can create a precarity trap (Standing, 2011), a condition where workers are trapped in uncertainty and lack the means to improve their position. On the other hand, Human Capital Theory (Becker, 2002) emphasizes that investment in skills is essential to increase productivity and income. However, within the context of Labor Market Segmentation Theory (Doeringer & Piore, 2020), gig workers are often stuck in the secondary labor market. Which provides limited opportunities for career advancement or skill development (Kost et al., 2020). Together, these theories explain why, although the gig economy offers flexibility. It also reinforces structural inequality in workers' opportunities to achieve better welfare.

In Indonesia, the gig economy is growing rapidly alongside the digital economy, which reached USD 82 billion in 2023 (Republika, 2023). A Putri et al. (2023) finding estimates that there are gig workers across sectors in Indonesia such as transport, logistics, design, and online freelancing. However, most of them work without social protection only 1.6% are registered in BPJS Ketenagakerjaan (CELIOS, 2024). The government has tried to expand coverage through the Vulnerable Workers Program and BPJS initiatives for informal workers. Yet, these programs have not effectively reached platform-based workers. Meanwhile, skill training provided by digital platforms is still voluntary and uncertified, leading to low participation and limited career impact.

Recent studies show that Indonesia's policies focus more on short-term protection than long-term transformation. Research from Fairwork Indonesia (2023) and SMERU (2023) found that the social protection framework emphasizes compensation-based measures (like BPJS) rather than productive measures (like upskilling and labor mobility). As a result, gig workers remain stuck in a low-skill equilibrium, with no clear career path toward the formal sector. This policy gap explains why Indonesia's digital economy is growing fast, but workers' welfare has not improved at the same pace.

Based on this situation, this study aims to analyze how integrating social protection and skill development can reduce gig workers' vulnerability in Indonesia. Using a mixed-method approach that combines literature review and policy analysis, this research identifies weaknesses in the current system and offers a more sustainable reform model. The focus is not only to protect workers passively but also to create pathways for upward mobility through platform-based training and adaptive incentives. In doing so, this study contributes to the discussion on inclusive labor policies in Indonesia's digital economy era.

2. Research method

This research uses a mixed-method approach that combines qualitative and descriptive analysis to understand how integrating social protection and skills development can reduce gig workers

vulnerability in Indonesia. The qualitative approach includes a literature review of national and international studies on social protection and skill development in the digital economy. Meanwhile, the descriptive approach uses secondary data from institutions such as BPKBPS, ILO, Fairwork Indonesia, and Ministry of Manpower to map the current condition of gig workers — including their job status, social protection coverage, and participation in training programs.

The analysis was conducted in two main stages. First, a policy review was carried out to examine government regulations and programs related to BPJS Ketenagakerjaan, vocational training, and voluntary training initiatives from digital platforms. This stage aimed to identify the gap between policy design and implementation. Especially regarding the responsibility and incentives for platforms to support workers' skill improvement. Second, a thematic synthesis was applied to connect the findings with relevant theories, explaining why gig workers remain in vulnerable employment conditions despite the promise of flexibility and autonomy in the digital labor market.

The analytical framework of this study is based on three main theories: Human Capital Theory, Labor Market Segmentation, and Precarity Trap. These theories are used together to explain the link between low skill investment, limited upward mobility, and job instability in the gig economy ecosystem. Through a policy analysis approach, this study tries to highlight policy reform for expanding social protection and upskilling mechanism.

3. Results and Discussion

3.1. Gig Workers Condition in Indonesia

The gig economy ecosystem in Indonesia has grown rapidly over the past decade, yet its development is far from uniform (Setiawan, 2025). Gig workers in Indonesia can be broadly divided into two main categories based on their employment relationships, platform type, and policy needs:

- (1) Platform-based gig workers, such as ride-hailing drivers, delivery couriers, and daily service workers; and
- (2) Skill-based gig workers, including graphic designers, freelance writers, translators, content creators, and software developers working through global digital platforms.

Both groups face income instability, limited social protection, and restricted access to skills development. However, the root causes and policy priorities differ. Platform-based workers experience higher physical and economic risks due to short-term algorithmic demand and absence of employer liability (Mpofu et al., 2020). Meanwhile, skill-based workers face digital exclusion and skill mismatch, often because they lack access to accredited training and clear pathways into formal employment (Feijao et al., 2021).

These structural differences are crucial for designing policy interventions. Social protection reform is more urgent for platform-based gig workers, who need legal clarity and mandatory inclusion in Indonesia's social security framework (BPJS Ketenagakerjaan and BPJS Kesehatan). This would require revising Law No. 24/2011 on Social Security and its derivative regulations to recognize digital platforms as co-contributors, not merely intermediaries.

On the other hand, upskilling and career mobility policies are essential for skill-based gig workers. The government could strengthen Law No. 18/2019 on Employment and Vocational Training by integrating freelance and remote workers into the National Work Competency Standards (SKKNI) framework and incentivizing digital platforms to provide certified training.

In short, while both groups experience similar economic insecurity, they require distinct yet complementary policy reforms: stronger social protection for platform-based workers and a structured upskilling ecosystem for skill-based workers—together forming a coherent, sustainable gig economy policy framework.

Table 3.1 Comparison of Gig Worker Types and Their Policy Needs

Key Aspect	Platform-Based Gig Workers	Skill-Based Gig Workers
Employment Relationship	Tied to a single platform through an algorithm-controlled partnership system	Work independently, across multiple platforms and countries
Main Risks	Physical risks, income fluctuations, long working hours	<i>Skill mismatch</i> , project uncertainty, and global competition
Main Policy Needs	Basic social protection (accident insurance, BPJS Employment)	Training, certification, and access to formal job opportunities

Government policies in Indonesia still treat all gig workers as one group. Programs such as BPJS for informal workers (BPU) and Kartu Prakerja do not separate the needs of platform-based and skill-based gig workers. The main challenge is not only how to expand social protection, but also how to help workers move to better and more stable jobs.

The Government Regulation No. 44/2015 already gives a legal base for protecting workers outside formal jobs. However, in practice, the rule is still voluntary, and it does not cover digital platform workers effectively (Behrendt et al., 2019). Many platforms still use the term “partners” to avoid legal responsibility. The ILO (2023) also finds that many gig workers in developing countries face disguised employment, where they work under platform control but without legal protection.

The issue of upskilling is also weak. Most platforms only offer short and voluntary training, such as safety or customer service. There is no official certification or link to long-term career paths. According to Judijanto et al. (2024), digital-economy gig workers face a “skills disruption” where the need for digital literacy is increasing but their opportunities to acquire those skills decline due to unstable income and long working hours.

In short, gig workers in Indonesia face a paradox: they enjoy flexible jobs but live with high uncertainty. Digital platforms offer quick income, but without social protection and continuous training, workers remain at risk. Therefore, policy reform should move in two directions:

- (1) Strengthen adaptive social protection for platform-based workers, and
- (2) Build a sustainable upskilling ecosystem for skill-based workers.

With this dual-track approach, flexibility can go *hand-in-hand* with social security and inclusive economic growth.

3.2 Policy Analysis and Gaps in Social Protection for Gig Workers

Indonesia already has laws that cover informal workers. These include Law No. 24 of 2011 on BPJS (Social Security Agency) and Government Regulation No. 44 of 2015 on work accident and death benefits. These rules allow self-employed workers to join BPJS voluntarily. However, this “voluntary approach” creates a big gap for gig workers, because digital platforms are not required to register their partners under the social protection scheme. As a result, recent data show that only about 7.6% of informal workers are active participants in BPJS Ketenagakerjaan (Septiani et al., 2025).

Another problem comes from the Labor Law No. 13 of 2003, which only recognizes formal workers. This means gig workers are not legally protected and have no bargaining power against platforms. Many platforms still use the word “partners” to avoid social responsibility, even though their algorithm-based work system shows a high level of control like formal employment (ILO, 2023).

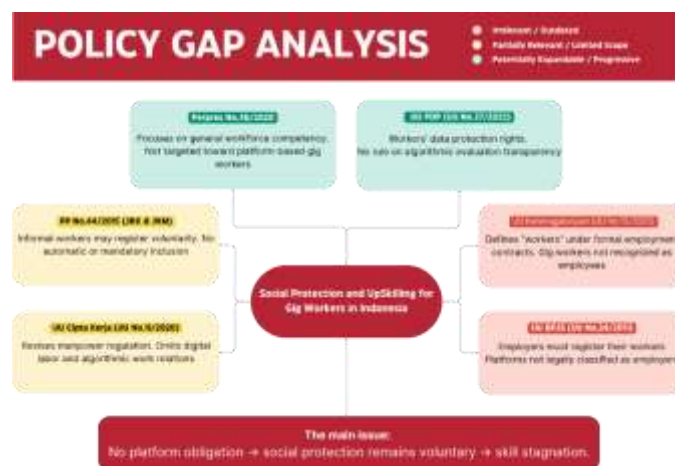


Figure 3.1 Policy Gap Analysis

On the other hand, Indonesia still lacks a link between social protection and skills development. The Kartu Prakerja program offers digital training and job support, but it is broad and not targeted at platform workers like drivers or couriers (SMERU, 2022). Most training is supply-driven. This means courses are offered because providers can run them, not because firms or platforms need those exact skills (Al Ayyubi, 2023).

Some platforms like Gojek, Grab, and Shopee Food do provide training, but participation is voluntary and the programs do not have national certification. Because of that, the participation rate is low, and the results are not officially recognized in the labor market (Fairwork Indonesia, 2023). This situation makes it hard for workers to gain new skills that could help them move up or transition to formal jobs.

The policy gap appears in three main areas. First, there is no regulation that defines digital platforms as entities with social responsibility toward their workers. Laws such as Law No. 27 of 2022 on Personal Data Protection and Law No. 11 of 2020 on Job Creation still lack specific rules to protect workers under algorithmic control (Yusdaniel & Yuda, 2025; Rahman & Hajdú & Nathanael, 2024). Second, there is institutional fragmentation between the Ministry of Manpower of the Republic of Indonesia and BPJS Ketenagakerjaan, which causes training and social protection programs to run separately (Stevania & Hoesin, 2024; Setiawan, 2025). Third, there are no economic incentives for platforms to take part in the social protection system. There are no tax deductions or subsidies for platforms that register their partners in BPJS or fund formal training programs (OECD, 2024).

3.3 Policy Reform for Social Protection and Upskilling of Gig Workers

Both categories of gig workers in Indonesia: platform-based and skill-based, have different policy needs. Yet, they are closely connected in building a fair and sustainable labor ecosystem. The earlier comparison table and policy gap show that the main issue is not only the absence of social protection or training programs, but rather policy fragmentation. This fragmentation makes the social security system voluntary and disconnected from skill development programs.

When there is no obligation for platforms to share contribution costs, workers lose access to basic protection. At the same time, when there is no integration between social protection and skill enhancement, workers' social mobility becomes stagnant. Therefore, policy reform should focus on bridging these two gaps through a dual-track policy approach: strengthening social protection for platform-based gig workers and promoting upskilling for skill-based gig workers to support their transition into the formal sector (Setiawan, 2025).

3.3.1 Reforming Social Protection for Platform-Based Gig Workers

Indonesia's current social protection framework, as stated in Law No. 24/2011 on BPJS and Government Regulation No. 44/2015, allows informal and self-employed workers to join BPJS voluntarily. However, there is no legal requirement for digital platforms to register their gig workers or share contribution costs. This gap makes coverage rates very low, only around 1.5% of informal workers are registered under BPJS Employment.

To address this, a new regulation under the Ministry of Manpower (Kemenaker) could introduce a shared contribution model between workers, platforms, and the government. Each party could contribute a small percentage of income, like the "shared risk" scheme. This model can be tested first in big cities through cooperation between BPJS, Kemenaker, and the Ministry of Finance.

The government can also reform the BPJS registration mechanism by linking platform databases directly to BPJS systems, ensuring automatic registration when a worker joins a platform. In addition, a flexible protection package could be created. For example, covering work accidents and emergency income support based on worker productivity levels, like the THR (holiday bonus) scheme for ride-hailing drivers in 2024.

Finally, to increase accountability, the law could be amended to require platforms to publish aggregate data on worker income and hours. This is inspired by Spain's Riders' Law (2021) and the

UK's *Uber v Aslam* ruling (2021), which legally recognized drivers as workers entitled to social protection.

3.3.2 Upskilling and Transition for Skill-Based Gig Workers

Skill-based gig workers such as designers, writers, and programmers often work independently and face skill stagnation due to lack of formal recognition. Although the government has launched the Pre-Employment Card Program (Kartu Prakerja), it remains supply-driven and not tailored to gig workers' needs (ILO, 2022).

Reform should begin by introducing micro-credential programs regulated by the Ministry of Education and Culture (Kemendikbud) and recognized by the National Professional Certification Board (BNSP). These credentials can be modular, stackable, and aligned with real market demand.

To strengthen this system, a Recognition of Prior Learning (RPL) mechanism should be formalized under Ministerial Regulation of Manpower, allowing work experience and client ratings from platforms to count toward professional certification or academic credits. This ensures that gig work experience is officially recognized in the labor market.

What makes this approach different from existing online courses or bootcamps is integration and recognition: courses taken through this system would be formally certified by BNSP and linked with BPJS data, ensuring both skill and social protection benefits. To encourage platform participation, fiscal incentives such as tax deductions can be introduced for platforms that actively support worker upskilling or provide certified training. Korea and the UK have both implemented such measures successfully by combining reskilling programs with extended worker insurance.



Figure 3.2 Recommendation for Gig Workers Reform

4. Conclusion and Recommendations

The gig economy in Indonesia is growing fast, but gig workers still face many problems. Platform-based workers, like drivers and delivery couriers, have high physical and financial risks because their work depends on algorithms and platforms do not provide legal protection. Skill-based workers, like designers and writers, face problems with skills and job opportunities, and their work experience is often not recognized.

Current government programs, such as BPJS for informal workers and Kartu Prakerja, do not fully meet the needs of these workers. Participation is voluntary, training is not always relevant, and the programs are not connected to the labor market. To improve the situation, Indonesia needs a two-part policy approach. Platform-based workers need better social protection, such as shared contribution schemes, automatic registration to BPJS, and rules for platform accountability. Skill-based workers need structured training programs, micro-credentials, and recognition of prior work experience to help them move to formal jobs.

By linking social protection and skills development, and involving both the government and platforms, Indonesia can create a fairer and safer gig economy. Workers can enjoy flexible jobs while having security and chances for career growth.

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