

Digital Exploitation in the Gig Economy: An Analysis of Indonesian Labor Law Based on Karl Marx's Exploitation Theory and Pancasila Industrial Relations

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Abstract

Digital transformation in Indonesia has generated the rise of the gig economy, a work model mediated by online platforms involving ride-hailing drivers, couriers, and freelance creative workers. While it offers flexibility, this system also presents legal challenges since most participants are legally categorized as “partners” rather than “employees” under Indonesian labor legislation. Such classification leaves gig workers exposed to vulnerabilities, including the absence of social security, income instability, and inadequate protection against unilateral termination. This article explores the issue through two theoretical perspectives rarely combined in labor law research: Karl Marx's Exploitation Theory and the Pancasila Industrial Relations framework. Marx's theory illustrates how platforms extract value from gig workers by means of algorithmic control while shifting economic risks and social responsibilities onto the workers. In contrast, Pancasila Industrial Relations provides a normative foundation emphasizing balance, cooperation, and social justice—principles that are often undermined in platform-mediated work relations. The study employs a normative-juridical methodology with conceptual and comparative approaches. The analysis finds that gig workers are situated in a regulatory grey zone, which allows the perpetuation of pseudo-employment arrangements. Therefore, legal reform is required by recognizing platform-based workers as a distinct category entitled to labor protections. This study contributes both theoretically and practically to the discourse on digital labor law in Indonesia by proposing an alternative analytical framework that is critical yet contextually grounded in contemporary realities.

Keywords: gig workers, digital exploitation, labor law, Pancasila Industrial Relations

1. Introduction

The development of digital technology has shifted the paradigm of traditional employment relationships toward a new form known as the gig economy. This model allows individuals to work flexibly through digital platforms such as Gojek, Grab, and ShopeeFood, without the constraints of formal employment contracts as stipulated in the Manpower Law. According to data from the Central

Statistics Agency (BPS, 2024), 57.95 percent, or approximately 83.8 million workers in Indonesia, are classified as informal workers, including gig workers. This number continues to increase with the development of technology platforms that facilitate gig economy-based work. This growth reflects a major transformation in the national employment landscape, which, on the one hand, creates economic opportunities but also gives rise to new forms of job insecurity and the potential for digital exploitation.

In the context of Indonesian labor law, gig workers fall into a gray area because they are not explicitly regulated by existing legislation. They are categorized as partners or independent workers, not permanent employees entitled to legal protections such as social security, leave, and severance pay (Setiawan, 2025). This situation has given rise to theoretical debate regarding new forms of exploitation arising from digital economic relations, where platforms profit through algorithmic control without having to bear legal obligations to their workers (Wood et al., 2019). Within this framework, Karl Marx's Theory of Exploitation serves as a relevant analytical tool, highlighting how surplus value is generated through unequal production relations, while Pancasila Industrial Relations offers an antithesis based on the values of social justice, deliberation, and a balance between the interests of workers and employers (Santoso, 2022).

Several previous studies have examined the legal issues facing platform workers. For example, a study by De Stefano (2020) highlighted the uncertain legal status of digital workers in Europe, while Fairwork Indonesia (2022) assessed the low level of platform compliance with fair employment principles in Indonesia. Research by Pratomo (2024) shows that most gig workers face income insecurity, high workloads, and minimal social security. However, these studies have not yet deeply linked the phenomenon of digital exploitation to the philosophical foundations of national labor law, particularly the values of Pancasila Industrial Relations, a hallmark of Indonesia.

This gap constitutes a crucial analytical gap: most previous studies have focused on the economic and social dimensions of digital work, while the ideological and normative dimensions of national law have rarely been examined. Yet, Pancasila, as the state ideology, has great potential to serve as a moral and legal basis for restructuring industrial justice in the digital era (Ariyanto & Suwondo, 2021). Therefore, this study aims to analyze the practice of digital exploitation in Indonesia's gig economy through the perspectives of Karl Marx's Theory of Exploitation and Pancasila Industrial Relations, in order to find common ground between critiques of digital capitalism and the legal ideals of Indonesian social justice.

The novelty of this research lies in the synthesis of two rarely combined theoretical perspectives: Marx's critical-structural approach to historical materialism and the philosophy of Pancasila Industrial Relations, grounded in social harmony and distributive justice. This approach not only offers a normative analysis of the legal inequalities facing platform workers but also presents a new interpretive model for how Pancasila values can be operationalized in formulating more equitable digital labor regulations. Thus, this research is expected to provide an original contribution to the development of Indonesian labor law that is responsive to technology-driven socioeconomic changes while remaining rooted in national ideology.

2. Research method

This research uses a normative-juridical legal approach combined with a conceptual and comparative approach. The normative method is used to examine legal regulations relating to the status, rights, and protection of gig workers in Indonesia, as stipulated in Law Number 13 of 2003 concerning Manpower and Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law. Meanwhile, a conceptual approach is applied to examine the relevance of Karl Marx's Theory of Exploitation in describing the inequality of production relations in the digital economy and assess the extent to which the concept of Pancasila Industrial Relations can provide solutions based on social justice (Soekanto & Mamudji, 2021). A comparative approach is used to compare Indonesian labor law policies with those of other countries that have established protections for gig workers, such as the United Kingdom, Spain, and the United States (De Stefano, 2020; World Bank, 2023).

2.1. Data Types and Sources

The data used is secondary, obtained from three categories of legal materials:

1. Primary legal materials, in the form of national laws and regulations, court decisions, and official government documents related to digital labor.
2. Secondary legal materials, including books, journal articles, research reports, and studies by international institutions on the conditions of platform workers in Indonesia (Fairwork Indonesia, 2022; Fairwork Indonesia, 2023; IDinsight, 2025).
3. Tertiary legal materials, such as legal dictionaries, encyclopedias, and statistical publications from the Central Statistics Agency (BPS, 2024).

2.2. Data Collection Technique

This data collection technique was conducted through library research with the following steps:

1. Identifying and inventorying relevant legal regulations, scientific literature, and empirical reports.
2. Selecting and categorizing legal materials based on the following topics: the legal status of gig workers, forms of digital exploitation, and the concept of industrial relations.
3. Critically reviewing the content of regulations and theories to identify any correspondences or contradictions between concepts.
4. Cross-referencing between sources to ensure the validity and consistency of the legal data and theories used.

This method was chosen because it allows for in-depth analysis of legal norms and doctrines without the need for direct observation, in keeping with the characteristics of normative legal research, which emphasizes literature review and interpretation of legal texts (Salim & Nurbani, 2019).

2.3. Data Analysis Techniques

The data was analyzed using a qualitative-descriptive and interpretive approach. This approach allows researchers to understand the context and meaning behind applicable legal norms and assess their relevance to the conditions of digital workers. The analysis process was carried out in several stages:

1. Data reduction – filtering and selecting information relevant to the research focus.
2. Thematic classification – grouping data based on aspects of digital economic exploitation, employment relations, and the social justice values of Pancasila.
3. Theoretical and normative interpretation – interpreting the data based on Marx's theory of exploitation and the principles of Pancasila Industrial Relations.
4. Evaluation and synthesis – comparing the analysis results with legal conditions in other countries to formulate recommendations for reforming national labor law.

The choice of this method was based on the research objective of uncovering the relationship between the structure of digital capitalism and the Indonesian labor law system, and assessing its alignment with the values of social justice as mandated by Pancasila (Ariyanto & Suwondo, 2021).

2.4. Research Framework

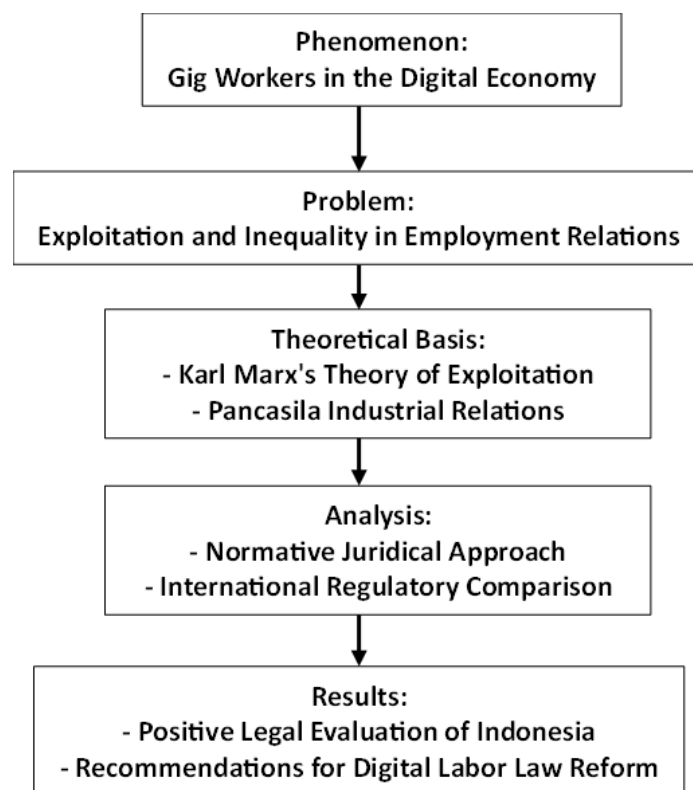


Figure 1. Research Framework

This framework demonstrates a deductive flow. Starting from social phenomena, interpreted through legal theory and norms, to produce conceptual formulations that offer new contributions to the formation of employment policies in the digital era.

3. Results and Discussion

This research focuses on the employment practices of gig workers in Indonesia, which are generally conducted through digital platforms such as Gojek, Grab, ShopeeFood, and similar apps. The primary focus is to identify forms of digital exploitation, inequalities in legal protection, and the extent to which national laws and regulations are able to guarantee the rights of gig workers. The analysis is conducted descriptively, analytically, and critically, with the order of study aligned with the key legal issues: worker status, social security, supervision and enforcement, and wage protection. The research findings are supported by secondary data (BPS, the Ministry of Manpower, Fairwork Indonesia reports, and academic publications from 2019–2025) and a theoretical foundation based on Karl Marx's Theory of Exploitation and Pancasila Industrial Relations.

The analysis in this section is conducted descriptively, analytically, and critically based on the order of legal issues that constitute the main elements of the study:

1. The legal status of gig workers in the context of the Manpower Law.
2. Protection of basic rights of digital workers (wages, social security, working hours).
3. Exploitation of the digital economy from the perspective of Karl Marx's theory.
4. Normative evaluation based on the principles of Pancasila Industrial Relations.
5. Policy implications and recommendations based on social justice values.

3.1. Empirical Findings and Legal Reality of the Gig Economy in Indonesia

Research findings indicate a significant gap between the normative rights of gig workers and the actual situation. According to BPS data (2024), the number of gig workers in Indonesia reached 12.4 million, up from 6.7 million in 2020. Approximately 68% of gig workers work more than 40 hours per week without a formal contract, while 73% lack access to formal social security (BPJS Watch, 2022). This demonstrates a significant gap between legal norms and practice.

Table 1. Legal Status and Protection of Gig Workers in Indonesia

Aspect	Legal Provisions	Empirical	Data Source
Worker Status	Law No. 13/2003 & Law No. 6/2023: Workers must have an employment contract.	68% of gig workers do not have formal contracts	Ministry of Manpower, 2023
Wages	Law No. 13/2003: Minimum wage applies.	Many gig workers earn less than the Provincial Minimum Wage	Fairwork Indonesia, 2022
Social Security	Law No. 24/2011 & BPJS Ketenagakerjaan	73% of gig workers are not registered	BPJS Watch, 2022

Source: Author's work from BPS (2024), BPJS Watch (2022), and Fairwork Indonesia (2022)

The table above demonstrates an implementation gap between Indonesian labor regulations and gig worker practices. Formal regulations, while clear, fail to address the realities of digital work, which is flexible and subject to short-term contracts. This suggests that gig workers are structurally vulnerable to economic exploitation.

In the context of Indonesian labor law, gig workers remain legally ambiguous. Law No. 13 of 2003 concerning Manpower and Law No. 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 concerning Job Creation into Law fail to address the flexible, non-hierarchical, and algorithmic characteristics of platform-based work. This leaves gig workers in a gray area between permanent and independent workers, lacking social security, wage protection, or the right to organize. This situation demonstrates a normative gap between Indonesian positive law and the evolving reality of digital labor.

To understand these regulatory gaps, this study uses a comparative approach by comparing Indonesian labor law policies with those of other countries that have established protections for gig workers, such as the United Kingdom, Spain, and the United States. This approach aims to examine the extent to which legal systems in these countries are able to address the challenges of digital work and provide inspiration for national legal reform. The United Kingdom, through the Employment Rights Act and the *Uber BV v. Aslam* ruling, has recognized the legal status of platform workers as "workers" entitled to a minimum wage and paid leave (De Stefano, 2020). Spain went even further by passing the Riders Law in 2021, requiring platform companies to recognize drivers and couriers as permanent employees with full social protections (World Bank, 2023). Meanwhile, in the United States, several states, such as California, implemented Assembly Bill No. 5 (AB5) to define employment relationships based on the degree of control and economic dependence between the platform and the worker.

This comparison demonstrates that in these countries, the state plays an active role in upholding distributive justice through legal interventions in digital work algorithms and structures. The state does not allow market mechanisms and technology to completely determine employment relations. Instead, legal mechanisms exist that affirm the principle of social justice in the context of digital labor. Thus, this comparative approach provides a strong conceptual foundation for Indonesia to develop a more adaptive and humanistic digital labor law model, aligned with the values of Pancasila Industrial Relations and the principles of social justice enunciated by Karl Marx in his theory of labor exploitation.

As the platform work landscape in Indonesia expands from simply online transportation to include food delivery, package delivery, and even cleaning services, pressure for effective regulation is mounting. However, key issues remain: fragmented legislation surrounding platform work (see Figure 2), and workers' legal status as "Partners," which prevents them from enjoying the same rights as formal workers. (Fairwork Indonesia, 2023).

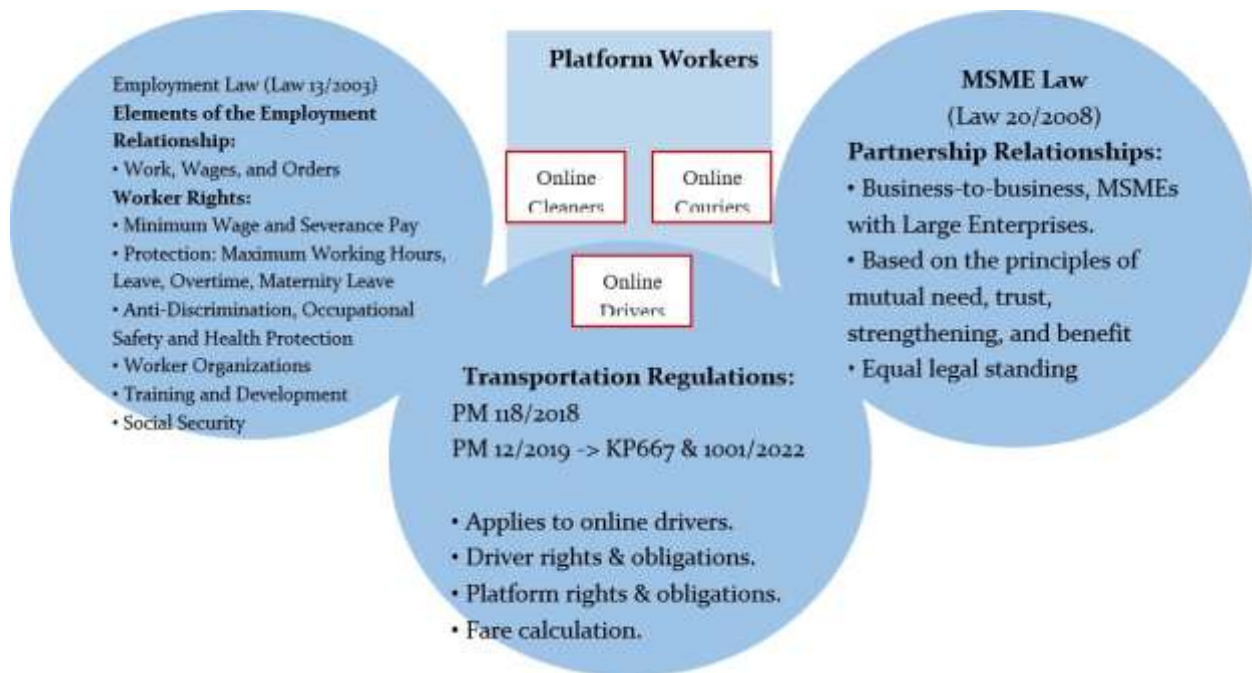


Figure 2. The regulatory landscape of platform work in Indonesia

Source: Fairwork Indonesia. (2023). Fairwork Indonesia Ratings 2023: Labour Standards In The Platform Economy.

3.2. Positive Legal Analysis and Implementation Gaps

According to Law No. 13 of 2003, every worker must have an employment contract, a living wage, social security, and other rights. However, gig workers are often considered partners or independent contractors and therefore excluded from formal legal protection. This creates significant legal uncertainty.

Legal regulations emphasize government oversight to ensure employers' compliance with workers' rights. However, oversight of digital platforms remains weak, as algorithm-based work models are difficult to monitor traditionally (World Bank, 2023). This creates a regulatory gap that must be filled by adaptive policies based on social justice values.

Based on the Decree of the Minister of Manpower of the Republic of Indonesia Number 76 of 2024 concerning Guidelines for the Implementation of Pancasila Industrial Relations, an analysis of Indonesian labor law in the context of gig workers demonstrates the importance of reactualizing Pancasila values as the basis for industrial relations that are adaptive to digital change. This Decree emphasizes that industrial relations must be based on the principles of kinship, mutual cooperation, equality, solidarity, and deliberation to reach consensus, prioritizing humanity and social justice (Ministry of Manpower, 2024). In the context of gig workers who tend not to have formal employment relationships, this guideline offers a normative framework for building social dialogue between platform workers, application companies, and the government. The values of Pancasila Industrial

Relations, such as the principles of partnership and humanitarianism, can become a new legal basis for protecting gig workers from digital exploitation practices, emphasizing that work is not merely an economic transaction, but also a dignified social service. Therefore, Decree No. Law No. 76 of 2024 provides direction for the formation of more inclusive employment regulations, in which gig workers are recognized as part of a just industrial relations system based on universal human values.

3.3. Critical Analysis Based on Karl Marx's Theory of Exploitation

Marx's Theory of Exploitation asserts that capitalist labor relations create inequality because capital owners derive surplus value from labor (Marx, 1867/1976). In the context of the gig economy, platform algorithms enable employers to maximize profits without incurring risks or social obligations. Workers are commodified: task-based wages, flexible work, and complete dependence on the platform.

This phenomenon reflects worker alienation: a loss of control over the value of work, time, and productivity. This situation aligns with Fairwork Indonesia's (2022) findings, which show that gig workers receive irregular wages, receive minimal social security, and lack effective dispute resolution mechanisms.

3.4. Normative Analysis with Pancasila Industrial Relations

Pancasila Industrial Relations emphasizes the principles of partnership, deliberation, and social justice (Suwondo, 2019). In the context of gig workers, these principles can be implemented through:

1. Recognizing the legal status of gig workers as formal workers.
2. Establishing platform-based universal social security.
3. Digital deliberation mechanisms between workers, platforms, and the government.

Table 2. Comparison of Marx's Theory and Pancasila Industrial Relations
in the Context of the Gig Economy

Aspects	Karl Marx's Theory of Exploitation	Pancasila Industrial Relations
Orientation	Materialistic, surplus value	Humanistic, Partnership, and Welfare
Employer-Labor Relations	Dominant and exploitative	Deliberation and Fairness
Legal Objectives	Protecting workers from exploitation	Realizing Social Justice and a Balance of Interests
Policy Implications	Revising laws and regulations to eliminate inequality	Regulations Based on Partnership and Pancasila Values

Source: Marx (1867/1976); Suwondo (2019); author's analysis

The analysis shows that the principles of Pancasila Industrial Relations can complement Marx's critique. While Marx emphasized protecting workers from capitalist excesses, Pancasila Industrial

Relations adds ideological and moral dimensions, namely social justice and partnership in digital industrial relations.

Previous studies (De Stefano, 2020; Wibowo, 2017; Marlina, 2019) highlighted the vulnerability of digital workers to job insecurity and minimal legal protection. This research presents novelty through the integration of two theoretical perspectives: Marx as a critical framework for exploitation, and Pancasila Industrial Relations as a normative-ideological framework unique to Indonesia. This approach allows for evaluation not only of a normative and empirical nature, but also of a philosophical and ideological nature.

4. Conclusion and Recommendations

4.1. Conclusion

This study shows that the development of the Gig Economy in Indonesia reflects a paradox between technological advancements and the protection of workers' rights. On the one hand, digital platforms open up access to new jobs, flexible working hours, and economic opportunities for millions of individuals; but on the other hand, digital exploitation occurs through opaque employment relationships, without social protection, minimum wage guarantees, and collective rights as stipulated in conventional employment regulations. The results of this study found that the national legal framework, particularly Law Number 13 of 2003 concerning Manpower, Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law, and their derivative regulations, have not fully adapted to the characteristics of digital platform-based work. The legal gap in the definitions of "digital workers" and "non-traditional employment relationships" leaves gig workers in a vulnerable and subordinate position to platform companies.

Using Karl Marx's Theory of Exploitation, this study reveals that the surplus value generated by gig workers through algorithms and digital systems constitutes a new form of exploitation in cyberspace. Platforms become the owners of the "means of digital production," while gig workers are merely instruments generating profits without socioeconomic certainty. Meanwhile, the Pancasila Industrial Relations approach presents moral critique and normative solutions: employment relations should be based on just and civilized human values, not merely algorithmic market mechanisms. The integration of these two approaches demonstrates the urgent need for digital labor law reform, accommodating the basic rights of gig workers, such as social security, contract certainty, and fair dispute resolution mechanisms.

Theoretically, this research contributes to the development of a paradigm for Indonesian digital labor law based on social justice, not just economic efficiency. Practically, the findings can serve as recommendations for policymakers to draft new regulations that recognize the legal status of gig workers as full legal subjects, in line with the values of Pancasila and the principles of decent work. Thus, this research emphasizes the importance of transitioning labor law to a humanistic and inclusive digital era, as a balance between economic productivity and human dignity.

4.2. Recommendations

Based on the results of the study and research conclusions, there are several strategic recommendations that need to be considered to strengthen legal protection for gig workers in Indonesia:

1. Establishing a New Legal Framework for Digital Workers. The government needs to draft specific regulations that recognize gig workers as legal entities with clear rights and obligations. This regulation could take the form of a Digital Worker Protection Law or a comprehensive revision of Law Number 13 of 2003 concerning Manpower in conjunction with Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law. Recognizing gig worker status will form the basis for providing social security, wage protection, and the right to organize.
2. Integrating Pancasila Principles into Digital Labor Law. The values of just and civilized humanity and social justice for all Indonesians need to be the spirit of all technology-based employment regulations. The Pancasila Industrial Relations approach must be reinterpreted to be relevant to the context of algorithm-based flexible work.
3. Enhancing the Role of the State as Regulator and Balancer. The state must not leave the entire dynamics of digital labor to market mechanisms. The government needs to play an active role in upholding distributive justice by regulating algorithms, assessment systems, and contract mechanisms to prevent hidden exploitation of workers. It also needs to establish regulations to organize and direct economic activities to create stability, justice, and social welfare.
4. Tripartite Collaboration and Gig Worker Participation. The Ministry of Manpower, together with digital platform associations and gig worker representatives, needs to establish a social dialogue forum (tripartite digital labor forum) to discuss work standards, wage systems, and dispute resolution based on social justice values.
5. Humanistic Digital Transformation. Digital economic development must be guided by the principle of human-centered digital transformation, where technology is used to improve human welfare, not the other way around. Legal education and literacy for gig workers are also crucial so they understand their rights and legal standing in the digital era.
6. By implementing these recommendations, Indonesia can build a digital labor ecosystem that is just, inclusive, and in accordance with Pancasila values, while also strengthening the role of law as a protector of human dignity in the digital economy.

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