

Gig Workers: Flexibility and Vulnerability from Multiple Perspectives: A Legal Review of Employment Relations in the Indonesian Gig Economy

Indra Syamuddra

Ar-Raniry Islamic State University

Correspondence: indrasamudra935@email.com

Abstract

The expansion of Indonesia's gig economy has emerged as a crucial development within the contemporary labor market. Among its sectors, digital services represent the fastest-growing field in terms of absorbing platform-based workers (GoodStats, 2024). Statistics Indonesia reports that the proportion of informal workers has risen to 59.40 percent (Antara, 2025). Meanwhile, CIPS (2023) notes that approximately 57.95 percent of the national workforce falls within the informal category, which includes gig workers. In 2019, the number of workers engaged in the gig economy was estimated at 2.3 million, concentrated mainly in online transportation and digital service industries (Katadata, 2024).

Despite its appeal in offering flexibility, gig work also exposes workers to significant vulnerabilities, such as the absence of legal clarity, unstable income, and limited access to social protection. Hukumonline (2024) emphasizes that existing labor laws namely Law No. 13 of 2003 and the Omnibus Law on Job Creation do not explicitly address gig workers. Consequently, many are classified merely as independent partners, lacking fundamental rights. Furthermore, civil law scholarship underscores the imbalance in electronic contracts, which disproportionately favor platforms (Jurnal Nomos, 2024).

This study highlights three central issues: (1) ambiguous worker status and platform responsibility; (2) inadequate systems of social and labor protection; and (3) algorithmic management practices that risk exploitation. Potential policy responses include broadening the definition of "worker," introducing a minimum protection scheme with platform contributions, mandating algorithmic transparency, and applying a levy on platforms. The primary recommendation is a phased hybrid approach that incorporates platform-based contributions to social security, compulsory algorithm transparency, and localized pilot regulations. Achieving this requires a clear legislative roadmap, pilot initiatives in major urban centers, and stronger institutional capacity for labor inspection.

Keywords: Gig Economy, Gig Workers, Legal Protection, Labor Protection, Digital Labor Platforms.

1. Introduction

The acceleration of the gig economy has fundamentally reshaped the landscape of the Indonesian labor market. This transformative phenomenon is quantified by the substantial proportion of informal workers, a segment encompassing platform-based labor, which stood at 59.40% (or roughly 86.58 million individuals) as of February 2025 (Antara News, 2025). Digital services are the primary catalyst for this shift, absorbing approximately 40% of the digital freelance workforce, with activities heavily concentrated in online transportation, delivery logistics, and specialized digital tasks (GoodStats, 2024; Katadata, 2024; Jawa Pos, 2025).

While the prospect of temporal and spatial flexibility is a powerful incentive for workers, extensive scholarly evidence points to a glaring contradiction between this promised autonomy and the harsh realities of worker well-being (CIPS, 2024). Gig workers are exposed to systemic risks, including precarious income streams, extended working hours, and severely restricted access to essential labor entitlements and social security. This vulnerability is profoundly exacerbated by the opaque algorithmic management utilized by platforms. As Human Rights Watch (2025) has meticulously documented, the utilization of algorithms to govern wages and task assignments frequently lacks transparency, thereby cementing deep structural inequalities between platform operators and the workforce they manage.

Domestically, the robust contribution of gig workers to the national digital economy contrasts sharply with their unresolved legal status. The existing Indonesian labor legal framework specifically Law No. 13 of 2003 and Law No. 11 of 2020 on Job Creation provides no explicit regulatory mechanism for platform-based employment (Hukumonline, 2020). Consequently, their working relationship defaults to a "partnership" or independent contract classification, effectively absolving platforms of mandatory legal obligations concerning social insurance, severance pay, and paid leave.

The theoretical understanding of the gig economy defines it as a project-based work system facilitated by digital platforms, characterized by temporal autonomy, non-formal relationships, and reliance on algorithmic technology (Alauddin et al., 2025). However, Rogers (2016) posits that this arrangement falls short of a genuine partnership, given the platform's decisive control over workflow and remuneration. This leads to the concept of "dependent self-employment," where the worker is nominally independent but economically reliant on a sole digital entity. Addressing this legal ambiguity, Kondo & Singer (2020) advocate for a new digital labor framework the "employment continuum" a classification positioned between a full employee and an independent contractor, intended to ensure minimum statutory protections remain applicable. This imperative for protection is critically assessed against the International Labour Organization's (ILO) concept of Decent Work, which emphasizes rights at work and social protection. The necessity is underscored by data showing that only about 30% of informal sector workers are registered with BPJS Ketenagakerjaan (CIPS, 2024). This regulatory deficit has prompted global responses, notably the European Union's Platform Work Directive (2023) and the tightening of contractor definitions in the United States through the California AB5 Law. These international precedents serve as valuable policy benchmarks for Indonesia.

Existing scholarship has extensively mapped the socio-economic impacts of gig worker precarity (CIPS, 2024; Human Rights Watch, 2025) and analyzed the inherent shortcomings of current Manpower Laws. Nevertheless, a comprehensive study formulating a viable hybrid regulatory model one that pragmatically integrates civil and labor law principles to specifically address algorithmic management in the nuanced Indonesian context remains a critical academic deficit. Current research is often preoccupied solely with the binary classification dilemma, failing to advance adaptive normative solutions tailored to the local gig economy's unique characteristics. Accordingly, this research aims to bridge this specific gap.

Research Questions

Based on the background and identified research gap, this study addresses the following core questions:

1. What is the legal status of gig workers within the Indonesian labor system?
2. What forms of socio-economic vulnerability are faced by gig workers due to weak regulation?
3. What policy framework can be implemented to protect gig workers without eliminating work flexibility?

Research Objectives

The study aims to analyze the legal standing of gig workers in the Indonesian labor law system and to provide policy recommendations for an inclusive social protection framework. It also seeks to contribute academically to the development of adaptive digital labor regulation.

2. Research method

This study employs a juridical-normative method with a descriptive-qualitative approach. The research data sources comprise primary data (statutory regulations, including Law No. 13 of 2003, the Job Creation Law, and Government Regulation No. 35 of 2021) and comprehensive secondary data (scientific literature, legal journals, institutional reports from HRW, CIPS, ILO, and authoritative news articles). Data collection is exclusively conducted through literature study. The analytical stages are executed systematically: (1) content analysis is applied to deeply identify core legal issues concerning platform worker classification; (2) this is followed by a comparison of regulatory frameworks between national and international law (e.g., European Union and United States); and (3) finally, a synthesis is performed to formulate comprehensive policy recommendations. The conceptual framework guiding this research illustrates the causal nexus between work flexibility → legal status → social protection → and, ultimately, gig worker welfare.

3. Results and Discussion

3.1. The Erosion of Partnership: Algorithmic Command and Ambiguous Legal Classification

The profound and multifaceted structural transformation currently sweeping through the Indonesian labor landscape, primarily instigated by the accelerated and pervasive growth of the gig economy and facilitated by market-dominant digital platforms such as Gojek, Grab, Shopee, and Maxim, presents an insurmountable jurisprudential challenge to all existing frameworks of labor law. The sheer, undeniable scale of this socio-economic disruption is empirically substantiated by national figures: the informal workforce with platform operators now constituting a rapidly expanding segment accounted for an astonishing 59.4% of the total labor force as of February 2025 (Antara News, 2025; Katadata, 2024). This paradigm shift represents a fundamental and irreversible departure from the traditional model of formal, contract-based employment towards an application-mediated partnership model, the legal validity and normative sufficiency of which remains intensely contested within legal scholarship.

The crux of the legal conundrum resides precisely in the failure of the current worker classification to align with the stringent criteria stipulated within Indonesian Manpower Law No. 13 of 2003. This foundational labor legislation mandates the co-existence of three essential, non-negotiable components: the performance of work, the payment of wages, and the unambiguous presence of a command structure (supervision) as the absolute prerequisites for establishing a recognized, formal employment relationship (Hukumonline, 2020). However, the operational reality of the contemporary gig economy dictates that the traditional element of "direct command" by a human superior has been functionally and entirely supplanted by sophisticated, proprietary, and data-driven algorithmic management systems. These non-human systems are tasked not only with coordinating but also with unilaterally controlling all critical operational functions, including dynamic order assignment, non-negotiable pricing mechanisms, and continuous, automated performance evaluation.

Satria (2025) offers a critical theoretical perspective, asserting that this pervasive algorithmic framework constitutes not merely an advanced efficiency tool, but a highly effective, albeit subtly novel, form of labor control that systematically bypasses all established human supervisory and managerial oversight. This crucial structural distinction permits platforms to engage in what is widely known as strategic misclassification (Human Rights Watch, 2025), whereby they legally categorize workers as independent contractors or "partner" in order to systematically externalize and offload mandatory normative responsibilities, including guarantees for minimum wage, statutory social security contributions, and entitlement to paid leave. This resultant state of profound precarity is precisely what Rogers (2016) meticulously defined as dependent self-employment: a paradoxical status in which workers maintain formal independence on paper while being fundamentally and economically tethered to the platform's technological apparatus for their survival.

This dependency is functionally comprehensive, as the platform's proprietary algorithm exercises ultimate, unchallenged control over all operational terms, dynamic pricing structures, and disciplinary/punitive actions, thereby systematically eroding any vestige of genuine worker autonomy. The existing regulatory lacuna is compounded by outdated national regulations, notably Minister of

Transportation Regulation No. 12 of 2019, which rigidly defines the relationship as a non-employment partnership, consequently institutionalizing a severe and demonstrable asymmetry of power (Petisi.co, 2023). HRW (2025) provides forensic evidence that the algorithm acts as a direct managerial surrogate, employing subtle techniques such as "digital nudging" data-driven behavioral coercion to maximize worker availability, a process Rogers (2016) identifies as a form of technological coercion. This systemic control ultimately leads to automated subordination (Kondo & Singer, 2020), where supervisory authority is enforced through constant systemic monitoring and automated penalties rather than traditional vertical human management. The resulting legal trap is precisely the third category trap described by Levine (2025). Therefore, international responses, particularly the EU Platform Work Directive (2023) and the stringent ABC Test in California, strongly necessitate the urgent recognition of algorithmic control as the decisive factor in modern employment classification, affirming the compelling need for immediate legal reform in Indonesia.

3.2. Widespread Precarity and the Social Security Gap

The persistent failure to rectify the ambiguous legal classification, as critically detailed in the preceding section, directly translates into the entrenchment of extensive structural vulnerability among the Indonesian gig workforce. While the sector is often lauded by proponents for offering high degrees of economic flexibility, the lived reality for the vast majority of the workforce is characterized by severe socio-economic precarity, marked by chronic income volatility, dangerously exhaustive working hours, and, most critically, a pervasive absence of foundational social security. Critically, platform corporations consistently derive substantial economic value from this labor pool while systematically externalizing all financial and legal responsibility for worker well-being (CIPS, 2024; Antara News, 2025).

The precarious financial reality is starkly illustrated by data indicating the average monthly income for gig workers rests around 3 million (Katadata, 2024), a figure which often falls significantly short of the Upah Minimum Regional (UMR) across major metropolitan centers. To bridge this acute income deficit, a substantial 63 percent of online transport workers are compelled to exceed 10 hours of work daily (Petisi.co, 2023), effectively trapping them in conditions of precarious employment labor that is inherently insecure, unstable, and entirely devoid of long-term guarantees (Rogers, 2016). This fundamental contradiction highlights the systemic failure of the Indonesian gig economy model to uphold the core pillars of the ILO's Decent Work agenda, specifically regarding fundamental rights, social protection, and social dialogue (ILO, 2022).

The most tangible manifestation of this structural failure is the severe social protection deficit. Data confirms that only approximately 30 percent of the nation's informal sector workers, a category including gig laborers, are active participants in mandatory national BPJS social security schemes (CIPS, 2024). The deliberate lack of mandatory platform contributions, which is legally permitted by the non-employee classification, generates a stark and inexcusable structural inequality. This not only facilitates disproportionate corporate profit accumulation but actively transfers the entire spectrum of social and operational risk directly onto the individual worker, a practice Satria (2025) unambiguously identifies as a violation of the principle of distributive justice in labor law. Furthermore, the claimed

flexibility is systematically illusory: algorithmic systems impose substantial, often hidden, penalties on workers who fail to maintain continuous peak availability, and workers are constantly subjected to extreme income volatility resulting from non-transparent, unilateral changes in incentive and fare structures. This continuous economic instability further solidifies the algorithm's role as an unaccountable invisible employer (Levine, 2025).

The complete absence of legitimate representative structures severely impedes worker agency, effectively preventing the formation of recognized unions or access to legally mandated collective bargaining mechanisms (ILO, 2022). Attempts by workers to organize digital solidarity are frequently and harshly met with immediate structural repression, which can include permanent unilateral deactivation (HRW, 2025). This arbitrary termination, often executed without transparent cause or due process, constitutes a pervasive grievance that aligns directly with the international legal concept of wage theft. Moreover, contemporary studies on algorithmic bias (Kondo & Singer, 2020) reveal systematic disadvantages for female gig workers, whose performance metrics often fail to adequately account for unremunerated domestic responsibilities. Crucially, the macroeconomic cost of this protection gap is substantial: empirical evidence indicates that protected workers demonstrate 18 percent higher productivity (Alfarizi et al., 2024). Consequently, implementing social protection is not merely a welfare goal but a pivotal strategy for achieving sustainable national economic development. Hybrid policy models, such as the Co-Contribution Systems successfully implemented in Singapore and South Korea, alongside the ILO's foundational concept of a "universal social protection floor," provide the essential policy blueprints for urgently addressing Indonesia's complex and entrenched structural precarity.

3.3. The Hybrid Regulatory Model: Paving the Way for Algorithmic Justice

The evident and critical normative void within Indonesia's current labor system necessitates the immediate development of an innovative and highly adaptive legal framework, fundamentally centered on the realization of algorithmic justice. Given the employment relationship's decisive shift toward technological intermediation, traditional labor law is now functionally obsolete in addressing modern challenges (Kondo & Singer, 2020). The proposed Hybrid Regulatory Model is therefore strategically conceived to achieve a necessary and sustainable equilibrium between the essential demand for economic flexibility and the non-negotiable obligation for comprehensive social protection. This approach directly confronts the entrenched "legal lag" described by Levine (2025) and provides a structural solution to the core problem of dependent self-employment (Rogers, 2016). Global regulatory solutions, specifically the EU Platform Work Directive and the California ABC Test, strongly validate the practical feasibility of implementing a nuanced hybrid regulatory framework that effectively integrates fundamental worker rights without stifling innovation.

The Hybrid Regulatory Model is strategically constructed upon three distinct, yet mutually reinforcing, normative pillars:

Legal Recognition Based on Functional Dependency: The official definition of a "worker" within the Manpower Law must be decisively broadened through legislative means to explicitly and formally encompass the category of platform workers. This redefinition must consciously transcend the archaic,

literal interpretation of "direct command" and be firmly anchored to the modern principle of functional dependency (ILO, 2022). This proposed legal test would unequivocally recognize an employment relationship based on the worker's objective economic reliance on, and the platform's pervasive functional control over, their labor inputs. This structural approach aligns perfectly with the employment continuum (Kondo & Singer, 2020), strategically preventing platforms from exploiting the "partner" label when they clearly exercise comprehensive de facto control over the entire work process.

Mandatory Co-Contribution System for Social Security: This pillar introduces a legally binding shared contribution system (co-contribution) for all national social security programs. It mandates that platforms bear a defined, proportionate, and non-negotiable share of the premiums. This model, which is successfully operational in leading economies like Singapore and South Korea, embodies the critical principle of shared social responsibility. For effective implementation in Indonesia, a transparent proportional contribution (e.g., platform 2% versus worker 1% of net income) should be established, initially through rigorously managed pilot programs in high-dependency sectors. This system not only enhances measurable worker productivity (Alfarizi et al., 2024) but also serves as an essential, proactive mechanism for achieving social justice redistribution.

Algorithmic Transparency and Independent Audit Authority: This crucial third pillar establishes the necessary principle of algorithmic fairness by directly addressing the systemic power imbalance created by the invisible employer (HRW, 2025). Relevant labor oversight bodies must be legally mandated and fully empowered to conduct rigorous independent algorithmic audits. The comprehensive scope of this audit must meticulously examine the precise criteria used for all incentives, the detailed mechanics of all penalty and suspension actions, and the rationale behind all unilateral fare adjustments. Crucially, this framework must guarantee workers the explicit right to human review against any automated decision. To enforce and manage this complex oversight, a dedicated National Algorithmic Justice Commission is proposed to adjudicate compliance and handle complex algorithmic disputes across sectors.

Successful implementation of this comprehensive model requires a clear, executable regulatory roadmap to swiftly overcome the current fragmentation of regulatory authority and secure the necessary issuance of a Government Regulation specific to Digital Platform Workers. While persistent industry resistance to potential cost increases is widely anticipated, empirical studies consistently demonstrate that enhanced worker welfare leads directly to improved brand legitimacy and sustained long-term business viability (Rogers, 2016). Furthermore, enforcement capacity must be decisively modernized, requiring labor inspectors to receive specialized, advanced training in data auditing and the utilization of Regtech (Regulatory Technology) tools. In summation, the Hybrid Regulatory Model, strategically built on the three robust pillars of legal status recognition, co-contribution, and algorithmic fairness, presents a comprehensive, human-centered, and necessary strategy for Indonesia to lead Southeast Asia in constructing an adaptive and profoundly just legal framework for the digital labor economy, thereby directly supporting the achievement of Sustainable Development Goal (SDG) 8.

4. Conclusion and Recommendations

This study conclusively demonstrates that the unresolved regulatory ambiguity governing the status of digital platform workers in Indonesia has fostered a deep-seated structural vulnerability, which now demands immediate and purposeful intervention to safeguard social equity and economic resilience. The principal finding establishes that the pervasive reliance on sophisticated algorithmic management systems (Kondo & Singer, 2020; Rogers, 2016) has functionally rendered the criteria for a human-supervised "command structure" under Manpower Law No. 13 of 2003 ineffective. This regulatory obsolescence allows platform operators to systematically engage in strategic misclassification, thereby confining the workforce to a state of dependent self-employment and chronic precarity. This vulnerability is most tangible in the severe social protection deficit, as only an estimated 30 percent of this informal workforce is integrated into national social security programs. Accordingly, the most significant contribution of this research lies in proposing and analytically validating the Hybrid Regulatory Model, a comprehensive framework designed to legally bridge this gap by mandating the recognition of algorithmic control as a work relationship determinant and enforcing shared corporate social responsibility.

The primary policy imperative arising from this investigation is the urgent necessity for legislative reform that formally recognizes platform workers based on the objective criterion of functional dependency (ILO, 2022). Following this reclassification, it is crucial to immediately establish a compulsory Co-Contribution System for social security premiums, requiring platforms to assume a proportional financial responsibility (e.g., a 2% corporate contribution), drawing clear precedent from successful international models. Furthermore, a firm commitment to achieving algorithmic justice requires the creation of an empowered, independent regulatory entity such as a National Algorithmic Justice Commission with the statutory authority to conduct non-negotiable, transparent algorithmic audits. This body must also ensure that every worker is guaranteed the fundamental right to an impartial human review against any automated disciplinary decision (HRW, 2025). These institutional mechanisms are vital steps toward mitigating acute income volatility and correcting systemic algorithmic bias. To strengthen the implementation phase, the Directorate General of Manpower Supervision must modernize its enforcement apparatus by integrating Regtech solutions and providing specialized training for inspectors. Finally, for the continuous development of academic knowledge, future quantitative research should be directed towards meticulously evaluating the precise long-term economic effects of the proposed co-contribution system on both platform profitability and worker retention dynamics across Indonesia.

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