

Gig Workers and Legal Ambiguity: Flexibility and Vulnerability in Indonesia

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Abstract

The rise of gig workers poses a fundamental challenge to modern labour law, where the flexibility offered by digital platforms contrasts sharply with workers' socio-economic vulnerability. As of October 2025, Indonesia still lacks a comprehensive legal framework governing gig work. Existing regulations, such as Government Regulation No. 35 of 2021 on Fixed-Term Employment, fail to capture the distinctive features of algorithm-mediated labour relations. In contrast to Malaysia's Gig Workers Act 2025, Indonesian gig workers remain in a legal grey area, and their designation as "partners" diminishes their bargaining power against platforms. The protection gap is evident in their limited participation in social security schemes like BPJS Employment and BPJS Health, leaving them exposed to occupational hazards, work-related illnesses, and income insecurity without sufficient compensation. In the financial sector, despite the rapid growth of fintech and digital banking under OJK Regulation No. 3 of 2024, gig workers' financial inclusion remains limited. Irregular income, minimal credit history, and low financial literacy continue to restrict access to secure and affordable financial services. This study reveals the asymmetrical power dynamic between digital platforms and gig workers, in which algorithmic systems control pricing, performance assessment, and contract termination. It recommends the establishment of a dedicated regulatory framework recognising gig workers' legal status, adaptive social security mechanisms, a stronger role for the Financial Services Authority in promoting inclusive financial innovation, targeted literacy initiatives, and transparent algorithmic governance: essential steps towards a fair and sustainable digital labour ecosystem.

Keywords: Employment Relations, Financial Inclusion, Gig Workers, Legal Ambiguity, Social Protection

1. Introduction

The rapid expansion of digital labour platforms in the last decade has reshaped the global employment landscape, blurring traditional distinctions between employer and employee, autonomy and dependence, and flexibility and protection. In Indonesia, as in much of Southeast Asia, this transformation has occurred against the backdrop of evolving industrial relations, fragmented labour law enforcement, and persistent informal employment (Sankaran, 2022). The emergence of gig work tasks mediated through applications such as Gojek, Grab, Shopee, or freelance platforms like Upwork has generated both new opportunities for income generation and new forms of vulnerability. Gig workers operate under algorithmic systems that dictate task allocation, performance rating, and compensation, yet they remain outside the scope of standard employment protections (Duggan et al.,

2023). This duality flexibility coupled with precarity defines the central dilemma of modern labour governance.

Indonesia's labour market illustrates this tension vividly (Dollah et al., 2024). Much of this growth is driven by platform-based services that rely on millions of gig workers. Yet, unlike Malaysia, which passed the Gig Workers Act 2025, Indonesia lacks a comprehensive regulatory framework recognising the unique legal status of platform workers. Existing regulations, notably Government Regulation No. 35 of 2021 concerning Fixed-Term Employment, are based on the binary model of "employee" versus "independent contractor." This dichotomy fails to capture the algorithmic control and behavioural dependence that characterise digital platform work (Mohlmann et al., 2021). Consequently, gig workers in Indonesia are legally classified as partners, a term that limits their collective bargaining rights and excludes them from mandatory social security schemes such as BPJS Employment and BPJS Health.

The implications of this legal ambiguity are profound. A simulated survey of 500 gig workers conducted for this study comprising drivers, couriers, and online freelancers across Jakarta, Surabaya, and Medan indicates that while 76 percent value flexible scheduling, 68 percent report income volatility severe enough to affect household stability. Over 60 percent are not enrolled in any social security programme, and 54 percent report working more than 10 hours daily without occupational insurance coverage. These findings align with international literature highlighting how flexibility in gig work is often offset by precarious conditions and limited institutional support (Montgomery & Baglioni, 2021).

From a legal standpoint, Indonesia's current approach exemplifies what Ferroglio et al (2024) calls regulatory lag, a temporal gap between technological innovation and legal adaptation. While platforms operate as intermediaries, their algorithms perform functions traditionally associated with employers: supervision, evaluation, and discipline. This creates a functional employment relationship without legal recognition. The absence of explicit statutory definitions of gig work in Indonesian law perpetuates what scholars describe as triangular employment ambiguity (Turhan et al., 2025), wherein accountability is diffused among workers, platforms, and clients. Such ambiguity undermines workers' bargaining power, complicates access to dispute resolution mechanisms, and weakens the enforcement of minimum standards such as wages, working time, and occupational safety.

At the same time, the rise of the gig economy coincides with Indonesia's policy agenda for financial inclusion and digital transformation. Under OJK Regulation No. 3 of 2024, the Financial Services Authority (OJK) has promoted fintech development to expand access to financial products for underserved populations. Yet gig workers remain only partially included. Unstable income streams, limited credit histories, and low financial literacy restrict their ability to secure credit, savings, or insurance (Salisbury et al., 2023). This financial exclusion reinforces the structural vulnerability of gig workers, trapping them in a cycle of irregular income and limited protection: a pattern mirrored across developing economies (Raimi, 2025).

This study situates the Indonesian experience within the broader discourse on digital labour, legal status, and social protection. It adopts a hybrid approach combining doctrinal legal analysis with simulated empirical data to capture both normative and practical dimensions of gig work. The research

seeks to answer three central questions: (a) How does Indonesia's existing labour law framework address or fail to address the legal status of gig workers?; (b) What forms of socio- economic vulnerability arise from the current regulatory gap?; and (c) What policy and legal mechanisms can reconcile flexibility with fairness in the platform economy?

By addressing these questions, the paper contributes to the labour-studies literature in three ways. First, it extends the comparative understanding of Southeast Asian regulatory responses to gig work, contrasting Indonesia's fragmented approach with Malaysia's emerging model. Second, it integrates empirical perspectives on worker experiences to ground legal analysis in socio- economic realities. Third, it proposes a policy framework linking legal recognition, social protection reform, and algorithmic transparency as pillars of a fair and sustainable digital labour ecosystem.

The novelty of this research lies in its focus on legal ambiguity as both a structural and functional phenomenon. Rather than viewing flexibility and precarity as opposing forces, it argues that they are co-produced through the interplay of market logic, algorithmic governance, and outdated legal categories. In doing so, the paper responds to growing calls within labour studies to reconceptualise employment relations beyond the traditional employer–employee binary (Mehta & Kappal, 2025). Understanding this dynamic is essential not only for Indonesia but for the future of work in developing economies undergoing rapid digitalisation.

2. Research method

This study employs a mixed qualitative design, combining doctrinal legal analysis and simulated empirical inquiry to capture both the normative and practical dimensions of gig work in Indonesia. The methodological framework follows the principles of socio-legal research, which view law not only as a set of rules but as a dynamic instrument shaped by socio-economic realities (Casanovas et al., 2022). Accordingly, the study examines statutory and regulatory texts, judicial interpretations, and policy instruments alongside illustrative field-based data representing the lived experiences of gig workers. This integrative approach allows for a comprehensive assessment of how legal ambiguity translates into socio-economic vulnerability within the platform economy.

2.1. Research Design and Approach

The research design consists of two complementary components: (a) Doctrinal Legal Analysis, focusing on the textual and structural interpretation of Indonesian labour legislation, government regulations, and relevant international labour standards. (b) Simulated Empirical Study, presenting hypothetical yet methodologically plausible data derived from surveys and semi-structured interviews with gig workers in major Indonesian cities.

The doctrinal component adopts a comparative analytical method, contrasting Indonesia's regulatory framework with that of Malaysia and selected OECD countries that have introduced specific gig work statutes, such as the United Kingdom's Employment Status Regulations and Spain's Rider Law (2021). Legal sources include Law No. 13 of 2003 on Manpower, Government Regulation No. 35 of 2021 on Fixed-Term Employment, OJK Regulation No. 3 of 2024 on Financial Inclusion, and

ILO Conventions Nos. 87, 98, and 102 relating to freedom of association and social security. This component identifies the normative gap between Indonesia's legal architecture and the evolving nature of algorithm-mediated work.

The empirical component simulates a qualitative field study conducted between January and April 2025 in Jakarta, Surabaya, and Medan, involving 500 respondents engaged in various forms of platform labour, including ride-hailing, delivery, and digital freelancing. Data collection methods were designed to replicate academic survey standards: structured questionnaires for demographic and economic indicators, and semi-structured interviews for exploring perceptions of flexibility, legal awareness, and access to social protection.

2.2. Data Sources and Sampling Framework

The doctrinal data are sourced from primary and secondary legal materials. (a) Primary sources: statutes, regulations, ministerial decrees, and relevant case law (if any) concerning employment classification and social protection. (b) Secondary sources: academic journal articles, policy reports, and comparative legal analyses.

The simulated empirical dataset follows a purposive sampling framework (Ahmad & Wilkins, 2025), stratified by occupation type and geographic distribution (see Table 1). This structure mirrors Indonesia's urban platform workforce composition.

Table 1. Distribution of Simulated Gig Worker Respondents

Occupation Type	Jakarta	Surabaya	Medan	Total
Ride-hailing (motorbike/taxi)	120	80	70	270
Food and parcel delivery	60	40	30	130
Online freelancing/des ign	50	25	25	100
Total	230	145	125	500

Source: Simulated dataset processed by the author (2025)

Demographically, respondents ranged from 20 to 48 years old, with an average monthly income of IDR 4.2 million, fluctuating by as much as 35 percent month-to-month. Approximately 58 percent had dependents, and 64 percent had no formal employment contract with the platform. These figures reflect the informalised nature of platform work identified in previous studies (Wulansari et al., 2024; Prasetyo, 2022).

2.3. Analytical Framework

The analysis proceeds through three stages: legal mapping, empirical synthesis, and policy interpretation with explanation (a) Legal Mapping: identifies the scope and limitations of existing Indonesian labour regulations vis-à-vis gig work; (b) Empirical Synthesis: interprets the simulated dataset to identify patterns of socio-economic vulnerability (income stability, social protection access, working hours); and (c) Policy Interpretation: links doctrinal and empirical insights to formulate recommendations for adaptive regulation, algorithmic transparency, and inclusive social protection.

The framework assumes that legal ambiguity functions as a mediating variable linking digital labour governance and worker vulnerability. Algorithmic management systems intensify this link by substituting human supervision with automated evaluation mechanisms, thereby blurring accountability structures. This approach reflects the multi-dimensionality of the problem include legal, economic, and institutional what requiring interdisciplinary interpretation rather than purely juridical reasoning.

2.4. Data Analysis Techniques

The doctrinal analysis uses qualitative content analysis to interpret statutory texts, supported by comparative assessment against international norms. For empirical interpretation, descriptive statistics summarise demographic and economic trends, while thematic coding identifies recurrent perceptions among gig workers regarding flexibility, fairness, and social protection.

Data were processed using simulated coding cycles following Braun and Clarke's (Byrne, 2022) thematic analysis model. Three core themes emerged: (a) Algorithmic Dependence: workers' reliance on platform algorithms for income and access to tasks; (b) Institutional Disconnection what limited linkage between platform work and social protection systems; and (c) Perceived Injustice such a sense of inequality in bargaining power vis-à-vis platforms. These analytical layers converge in the discussion section, which integrates doctrinal interpretation with socio-economic realities to generate actionable legal and policy insights.

3. Results and Discussion

3.1. Legal Ambiguity in Gig Work Regulation

The results of the doctrinal analysis reveal that Indonesia's current labour framework inadequately accommodates the realities of platform-mediated work. The core of this inadequacy lies in the persistence of a binary classification system distinguishing between permanent employees and independent contractors. Under Law No. 13 of 2003 on Manpower and Government Regulation No. 35 of 2021 on Fixed-Term Employment, a worker qualifies as an employee only if there exists a direct employment relationship characterised by subordination, regular remuneration, and employer control. Gig workers defined by platforms as "partners" (*mitra*), fall outside this structure because the contractual relationship is nominally non-hierarchical and based on service provision.

However, empirical evidence and international scholarship demonstrate that digital platforms exercise functional control over gig workers through algorithmic management systems. These systems determine when, where, and how workers perform their tasks by allocating orders, setting fares, and evaluating performance through customer ratings. As one simulated respondent in Jakarta observed,

“I can choose my own hours, but if I reject too many orders, the system reduces my access to rides the next day.” This form of algorithmic discipline mirrors the control mechanisms of a traditional employer, blurring the distinction between autonomy and dependence.

In legal terms, this creates a category crisis (Sheehy et al., 2020) that is workers experience employer-like oversight without corresponding legal recognition or protection. The platforms’ insistence on partnership status serves both economic and regulatory functions, it transfers the cost of employment benefits to workers while shielding companies from compliance obligations related to social security, paid leave, and collective bargaining. This structural imbalance results in what Perulli (2022) describes as “subordinated self-employment,” wherein individuals are formally independent but materially dependent on the platform’s algorithmic infrastructure.

A comparative perspective underscores the consequences of Indonesia’s regulatory inertia. In Malaysia, the Gig Workers Act 2025 explicitly defines gig work as “a form of employment facilitated by a digital platform in which the worker provides services in exchange for remuneration.” The Act introduces minimum standards for insurance, social security contributions, and dispute resolution mechanisms under the Ministry of Human Resources. Similarly, Singapore’s Advisory Committee on Platform Workers (2023) has advanced tripartite guidelines mandating that platform companies contribute to workers’ Central Provident Fund (CPF) accounts. These regional precedents illustrate how legal recognition can coexist with flexibility when regulatory frameworks are adaptive and inclusive.

Indonesia’s failure to establish such recognition perpetuates a “grey zone” in which gig workers operate outside the protection of statutory labour rights. These findings confirm the existence of regulatory lag a mismatch between the pace of digital transformation and the evolution of legal frameworks. Despite policy rhetoric promoting digital inclusion, the absence of a dedicated legal framework leaves platform workers vulnerable to exploitation. Interviews in the simulated dataset reveal that 72 percent of respondents were unaware of their right to voluntarily register for BPJS, while 81 percent reported that platforms provided no formal information regarding occupational safety or income insurance. Such informational asymmetry compounds economic vulnerability, reinforcing the argument that legal ambiguity functions as a structural driver of inequality in the digital labour market.

In judicial practice, the ambiguity extends to the interpretation of employment relationships. A 2022 decision by the Central Jakarta District Court dismissed a claim brought by a ride-hailing driver seeking recognition as an employee, ruling that the contractual arrangement constituted a business partnership rather than an employment contract (Central Jakarta District Court Decision No. 217/Pdt.Sus-PHI/2022/PN.Jkt.Pst). The ruling reflects a strictly formalistic approach that prioritises written agreements over functional realities. This doctrinal rigidity contrasts sharply with the “economic dependence test” adopted in European jurisdictions, where courts examine the substance of work relations rather than their formal designation. Consequently, Indonesia’s legal framework perpetuates a regulatory vacuum that undermines workers’ access to justice. The lack of statutory definitions or judicial precedents recognising platform dependence as a criterion for employment status effectively excludes gig workers from key protections under Articles 77–85 of the Manpower Law, including working hour limits, overtime pay, and occupational safety guarantees.

This gap not only weakens individual rights but also undermines collective bargaining power. Simulated interviews indicate that only 9 percent of respondents participate in informal driver associations, most of which lack legal standing to negotiate with platforms. The absence of a recognised collective representation framework contravenes ILO Convention No. 87 on the Freedom of Association, to which Indonesia is a party. Hence, the intersection of algorithmic control, informal employment, and legal non-recognition creates a triple vulnerability—economic, institutional, and representational that defines the condition of Indonesia’s gig workforce.

3.2. Socio-Economic Vulnerability of Gig Workers

The simulated empirical data provide quantitative and qualitative insights into the socio- economic realities faced by gig workers. Across the 500 respondents, income volatility emerges as the most pronounced vulnerability. Average monthly income stood at IDR 4.2 million, but fluctuations reached up to 35 percent, particularly during non-peak periods or following algorithmic policy changes. The data reveal a pattern consistent with piece-rate dependency: higher working hours correlate with marginal income gains, but diminishing returns set in beyond 10–12 hours daily due to algorithmic task limitations. This dynamic challenges the narrative of flexibility promoted by platform companies. While 76 percent of respondents valued the ability to “choose when to work,” 68 percent reported that their effective freedom was constrained by algorithmic incentives and penalties. These findings echo those of Gerber (2020), who found that autonomy in platform work is often conditional rather than substantive.

Social protection participation remains strikingly low. Only 38 percent of respondents reported voluntary registration with BPJS Employment, and 21 percent with BPJS Health. The majority cited administrative complexity and low awareness as barriers. Moreover, 45 percent had experienced minor occupational accidents—such as traffic incidents or repetitive strain injuries without any form of compensation. As one Surabaya respondent explained, “If I get sick or my motorbike breaks down, I stop earning. The app doesn’t care.” This lack of institutional cushioning reveals the fragility of Indonesia’s social protection framework in addressing non-standard work.

Educational attainment also influences vulnerability. Workers with tertiary education (17 percent of respondents) were more likely to engage in online freelancing, enjoy relatively higher earnings, and possess greater digital literacy. In contrast, ride-hailing and delivery workers, who form the majority (80 percent), exhibited limited access to digital financial services and higher exposure to occupational risks. This stratification mirrors broader labour market inequalities, where technological capability amplifies income gaps.

Financial exclusion compounds these challenges. Although Indonesia’s fintech sector has grown rapidly under OJK Regulation No. 3 of 2024, only 26 percent of respondents reported accessing digital savings or microcredit services. Lenders often require stable monthly income or formal employment verification, both of which gig workers lack. Algorithmic credit scoring further disadvantages irregular earners, perpetuating exclusion from affordable financial products. Table 2 summarises selected socio-economic indicators derived from the simulated dataset.

Table 2. Socio-Economic Profile of Simulated Respondents (n = 500)

Indicator	Percentage
Income fluctuation >30% month-to-month	68%
Working more than 10 hours per day	54%
Enrolled in BPJS Employment	38%
Enrolled in BPJS Health	21%
Experienced occupational accidents	45%
Access to microcredit/fintech products	26%
Member of worker association	9%

Source: Simulated field data (2025)

The data underscore the paradox of flexibility: while gig work offers entry into the labour market for many Indonesians, it does so under conditions of insecurity and exclusion. This reinforces the argument that flexibility and vulnerability are not antithetical but interdependent. The findings align with Li (2021) concept of “controlled flexibility,” where autonomy is shaped and constrained by employer—or in this case, algorithmic—expectations. These patterns suggest that without legal recognition, gig work risks perpetuating informalisation under the guise of digital modernisation. The absence of social protection mechanisms undermines Indonesia’s progress toward Sustainable Development Goal 8 (Decent Work and Economic Growth) and Goal 10 (Reduced Inequalities).

3.3. Financial Inclusion and Digital Labour Platforms

While Indonesia’s digital economy has grown rapidly, the benefits of financial inclusion have not been evenly distributed among its workforce. The OJK has positioned financial inclusion as a cornerstone of its digital transformation strategy, as outlined in OJK Regulation No. 3 of 2024. This regulation encourages fintech innovation, promotes alternative data-based credit scoring, and aims to integrate unbanked and underbanked populations into the formal financial system. Yet, for gig workers whose income streams are irregular and often unrecorded the promise of inclusion remains largely aspirational.

The simulated empirical findings reveal that only one in four gig workers (26%) has access to formal financial products, such as microcredit, savings, or insurance. Most respondents rely on informal mechanisms such as family borrowing, community savings groups (*arisan*), or high-interest digital loans from unregulated providers. This pattern reflects structural barriers that inhibit gig workers’ participation in mainstream finance. The three most commonly cited obstacles were: (a) Unstable income and lack of proof of earnings (78% of respondents), (b) Low financial literacy, especially regarding digital products (64%), and (c) Limited trust in financial institutions (52%).

The paradox lies in the fact that platforms themselves generate vast amounts of algorithmic data that could, in principle, be harnessed to build alternative credit profiles. Each transaction, customer rating, and work-hour log forms a potential data trail reflecting productivity and reliability. Some fintech startups, such as Amarnya and KoinWorks, have experimented with behavioural-based credit scoring models that use platform data to evaluate lending risk. However, the absence of a legal

framework governing data sharing and ownership between platforms and financial institutions inhibits these initiatives from scaling sustainably.

A Jakarta-based fintech manager interviewed for this study (simulated data) remarked: “We have the technology to assess drivers’ transaction histories for credit scoring, but platforms rarely share data due to privacy and competition concerns.” This insight underscores a critical regulatory blind spot. Without clear data interoperability standards and privacy safeguards, both workers and lenders remain exposed to asymmetric risks. Workers risk data misuse, while financial institutions face uncertainty over data reliability and consent.

Comparatively, Malaysia’s Digital Financial Inclusion Blueprint 2023-2026 integrates platform data into credit scoring under the supervision of Bank Negara Malaysia, while maintaining workers’ right to informed consent. Similarly, India’s Account Aggregator Framework on 2021 allows workers to authorise the sharing of gig platform data with financial institutions to access microcredit or insurance. Indonesia could adopt similar mechanisms under OJK’s digital innovation roadmap to close the financial inclusion gap among gig workers. Table 3 presents a synthesis of the main financial inclusion barriers identified in this research and corresponding policy opportunities.

Table 3. Financial Inclusion Barriers and Policy Opportunities for Indonesian Gig Workers

Category	Barrier	Policy Opportunity
Income Documentation	Income Documentation	Income Documentation
Digital Literacy	Limited understanding of fintech products	Targeted financial literacy programs via BPJS and OJK platforms
Data Governance	Absence of interoperability and consent regulation	Enactment of data-sharing frameworks aligned with privacy laws
Social Security Integration	Fragmented BPJS registration for gig workers	Automatic enrolment through platform partnerships
Trust in Financial Institutions	Perceived bias and high interest rates	Expansion of microfinance institutions with government guarantees

Source: Processed (2025).

The findings reinforce the idea that financial exclusion is both a cause and consequence of legal ambiguity. Gig workers’ inability to formalise their income and employment status restricts their financial visibility, while financial invisibility perpetuates their socio-economic precarity. Thus, advancing financial inclusion for gig workers requires an integrated policy approach linking labour law reform, data governance, and financial regulation.

In this context, OJK's role extends beyond financial oversight to become a catalyst for inclusive digital innovation. Collaboration between OJK, the Ministry of Manpower, and platform companies could establish a Tripartite Data Inclusion Scheme, whereby verified platform data are shared under informed consent for purposes of social security registration, credit scoring, and insurance provision. Such institutional alignment would represent a significant step toward achieving both economic equity and technological accountability in Indonesia's digital labour market.

3.4. Policy and Governance Implications

The combined findings from both legal and empirical analyses reveal that the flexibility enjoyed by gig workers in Indonesia is deeply intertwined with systemic vulnerability. Addressing this paradox requires a comprehensive, multi-level governance approach that simultaneously redefines legal recognition, strengthens social protection, and enforces algorithmic accountability. In the absence of such reforms, the so-called flexibility that characterises digital labour risks perpetuating structural insecurity rather than empowerment.

The cornerstone of this reform lies in the legal recognition of gig work as a distinct category of employment, one that falls between the binary classification of "employee" and "independent contractor." Indonesia can draw valuable lessons from Malaysia's Gig Workers Act 2025, which formalises the rights and obligations of platform-based labour, or from Spain's Rider Law (2021), which presumes employment status for food-delivery riders unless proven otherwise. Such frameworks recognise that although gig workers choose their schedules, they remain economically and algorithmically dependent on platforms that dictate pricing, access to work, and performance evaluation.

Legal recognition should therefore guarantee core labour entitlements such as minimum wage protection, participation in BPJS Employment and Health, and the right to collective representation. Embedding these provisions directly into Indonesia's Manpower Law would eliminate interpretative inconsistencies and align domestic regulations with ILO Recommendation No. 198 on the employment relationship. Beyond legal categorisation, reform must also extend to social protection mechanisms that are adaptive to the unique conditions of digital work.

Current Indonesian social security systems operate on rigid contribution models premised on stable income and employer participation, conditions rarely met by gig workers. An innovative solution involves a micro-contribution model, where small, automatic deductions from each completed transaction are channelled into BPJS accounts. This per-transaction mechanism successfully piloted under the Philippines' Social Security Act of 2018 can be integrated into platform payment systems through API connections managed by BPJS. Simulated focus-group feedback from this study indicates that gig workers support this approach, provided contributions remain proportional to income. Such a system would expand coverage efficiently while ensuring equity, bridging the gap between flexibility and social protection.

Equally important is the need for algorithmic transparency and accountability. Digital platforms act as de facto employers through algorithmic management systems that determine task allocation,

pricing, and even contract termination. However, Indonesia currently lacks any regulation that compels platforms to disclose how these algorithms operate. Establishing Algorithmic Governance Regulations would require platforms to provide clear explanations of algorithmic criteria and decision-making logic that affect workers' livelihoods. This measure would prevent arbitrary digital dismissals and strengthen due process in the digital labour environment. Indonesia could develop its own Algorithmic Code of Conduct. This code coordinated by the Ministry of Communication and Digital with OJK would ensure ethical data use, protect privacy, and uphold fairness in algorithmic decision-making.

To implement such multifaceted reforms, institutional coordination is indispensable. The current regulatory landscape is fragmented, with overlapping mandates among the Ministry of Manpower, OJK, BPJS, and the Ministry of Communication and Digital. Establishing a National Council for Platform Work (NCPW) would provide an integrated governance mechanism capable of coordinating policies, managing data, and mediating disputes. This tripartite body comprising government agencies, platform companies, and gig worker representatives would institutionalise continuous dialogue and joint standard-setting. Through such collaboration, Indonesia could develop sector-specific benchmarks on algorithmic ethics, minimum wage policies, and social protection contributions.

Drawing from the above findings, several strategic recommendations can guide Indonesia's policy direction. First, legislative reform should amend the Manpower Law to formally recognise platform workers as a distinct employment category. Second, micro-contribution systems should be operationalised through platform integration with BPJS, ensuring proportional social protection coverage. Third, algorithmic accountability must be enforced through transparency and audit obligations for all platforms affecting employment outcomes. Fourth, financial inclusion should be enhanced through formal data-sharing frameworks between OJK and platforms, enabling gig workers to access credit and insurance. Finally, institutional coordination should be formalised through the creation of the NCPW, ensuring coherence between labour, financial, and digital governance.

Taken together, these reforms constitute a holistic regulatory roadmap for building a fair and sustainable digital labour ecosystem in Indonesia. Rather than viewing flexibility and protection as opposing goals, the proposed approach seeks to institutionalise their coexistence through adaptive law, participatory governance, and transparent technology. By doing so, Indonesia can transform its gig economy from a space of precarious opportunity into one of equitable innovation where flexibility empowers, rather than exploits, the modern worker.

4. Conclusion and Recommendations

The rapid expansion of Indonesia's gig economy has transformed the structure of work, creating unprecedented opportunities for income generation while simultaneously deepening socio-economic inequality. This study demonstrates that the very flexibility celebrated by digital platforms is inseparable from structural vulnerability. Gig workers in Indonesia occupy a precarious legal and economic position: classified as "partners" rather than employees, they are excluded from fundamental labour protections, deprived of stable income, and exposed to algorithmic control that governs their livelihoods without transparency or accountability.

The absence of a specific legal framework for gig work has left workers in a regulatory vacuum, where traditional labour law mechanisms fail to capture the realities of algorithmic management and platform dependence. The comparative evidence from countries such as Malaysia and Spain illustrates that effective regulation is possible when governments acknowledge the unique characteristics of platform-based labour. By recognising gig workers as a distinct category—neither entirely independent nor subordinate—states can bridge the legal and social protection gap that currently marginalises millions of digital workers.

The simulated empirical findings of this research reinforce the multidimensional nature of gig workers' vulnerability. Irregular earnings, limited access to social security, and exclusion from formal financial systems combine to perpetuate a cycle of insecurity. Only a small portion of gig workers enjoy consistent contributions to BPJS Employment or BPJS Health, while the majority remain uninsured and unprotected against occupational accidents, illness, or income shocks. In financial terms, their invisibility within formal systems limits access to credit, insurance, and savings opportunities—factors essential for long-term resilience.

The findings further highlight the central role of algorithms as the invisible architecture of the gig economy. Platforms exert managerial power through data-driven decision-making, controlling work allocation, pricing, and deactivation processes with minimal oversight. This algorithmic governance effectively substitutes human management, yet operates without transparency or accountability. The lack of regulation surrounding algorithmic decision-making mechanisms places workers at the mercy of opaque systems that determine their access to income and employment continuity.

In light of these challenges, the study argues that reform must proceed along three integrated dimensions: legal recognition, adaptive social protection, and algorithmic transparency. Legal recognition would provide the foundation for rights and obligations, while adaptive protection models such as per-transaction micro-contribution systems would extend social security to those currently excluded. Algorithmic transparency, in turn, would ensure that technological management aligns with human rights principles and due process. Together, these elements form a cohesive governance model capable of reconciling innovation with justice.

Institutional coordination emerges as another critical pillar. The fragmentation of authority among the Ministry of Manpower, OJK, BPJS, and the Ministry of Communication and Digital has created inefficiencies and policy overlap. A coordinated body, such as the proposed National Council for Platform Work (NCPW), could centralise policymaking, harmonise data governance, and mediate conflicts among stakeholders. This tripartite mechanism would also ensure that worker representatives have a formal voice in shaping the rules of the digital economy, a necessary condition for fairness and legitimacy.

Beyond the legal and institutional sphere, the research underscores the importance of financial inclusion as a pathway to empowerment. By recognising algorithmic data as a credible source of alternative credit information, OJK and financial institutions could facilitate gig workers' access to savings, loans, and insurance. Integrating financial inclusion initiatives with labour protection policies

would promote economic security and enable workers to transition from informality to sustainable participation in Indonesia's digital economy.

Ultimately, this study concludes that Indonesia stands at a critical juncture. The nation's digital transformation has outpaced its labour law and social protection frameworks, creating a widening gap between technological advancement and human welfare. Bridging this gap requires political will, institutional innovation, and an inclusive vision of the future of work. The recommendations offered in this paper—ranging from legislative reform and algorithmic governance to social protection redesign constitute a pragmatic yet progressive roadmap for balancing flexibility with justice.

In essence, the transformation of Indonesia's gig economy into a fair and sustainable system depends on reimagining the relationship between technology, law, and labour. Flexibility should no longer be a euphemism for insecurity but a platform for dignity, protection, and opportunity. Through coherent regulation, transparent governance, and collective commitment, Indonesia can lead the region in demonstrating that digital innovation and social justice are not mutually exclusive, but mutually reinforcing pillars of a modern labour ecosystem.

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