

## Legal Protection of Workers in Indonesia's Gig Economy for Digital Ecosystems: Challenges and Solutions in the Digital Labor Law Framework

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### Abstract

*Fast and immense growth of Indonesia's gig economy using digital platforms raises many questions regarding challenges to Indonesia's prevailing legal frameworks about labor law. Gig workers are easily vulnerable on account of their unclear employment status, social security, gaps in the regulations of digital ecology, and access to dispute resolution mechanisms. The current study will explore the legal protection for gig workers in Indonesia from a juridical point of view, pinpoint lacking policies and their socio-economic impacts, and advance practicable solutions: the reclassification of employment, obligatory contributions to social security by platforms, heightened regulatory oversight, and bespoke dispute resolution systems, drawing from a review of global best practices and theoretical frameworks. The findings highlight through legislation how urgent these much-needed reforms are in treating gig workers equitably and furthering sustainable growth in Indonesia's digital economy, given that gig work is constantly changing.*

**Keywords:** Gig Economy; Labour Laws; Legal Protections; Digital Ecosystems; Indonesia.

### Abstrak

Pertumbuhan ekonomi gig di Indonesia yang berlangsung sangat pesat melalui pemanfaatan platform digital menimbulkan berbagai persoalan serius terkait tantangan terhadap kerangka hukum ketenagakerjaan yang berlaku. Pekerja gig berada dalam posisi yang rentan akibat ketidakjelasan status hubungan kerja, keterbatasan jaminan sosial, adanya kekosongan pengaturan dalam ekosistem digital, serta terbatasnya akses terhadap mekanisme penyelesaian sengketa. Kajian ini bertujuan untuk menganalisis bentuk perlindungan hukum bagi pekerja gig di Indonesia dari perspektif yuridis, mengidentifikasi kekurangan kebijakan beserta dampak sosial-ekonominya, serta merumuskan solusi yang dapat diterapkan secara praktis, antara lain melalui reklasifikasi hubungan kerja, kewajiban kontribusi jaminan sosial oleh penyedia platform, penguatan pengawasan regulatif, dan pengembangan mekanisme penyelesaian sengketa yang bersifat khusus. Analisis ini disusun dengan merujuk pada praktik terbaik global dan kerangka teori yang relevan. Temuan penelitian menunjukkan secara normatif bahwa reformasi regulasi tersebut bersifat mendesak guna mewujudkan perlakuan yang adil bagi pekerja gig serta mendukung pertumbuhan

berkelanjutan ekonomi digital di Indonesia, seiring dengan dinamika kerja gig yang terus berkembang.

**Kata Kunci:** Hukum Ketenagakerjaan; Perlindungan Hukum; Ekosistem Digital; Indonesia.

## INTRODUCTION

In that direction, the emergence of digital platforms and related technologies has brought a revolution to employment, creating a gig economy labor market with characteristics of temporary or flexible work often enabled through digital ecosystems. Indeed, in Indonesia, it is expected that the gig economy will exponentially grow in 2024, driven by an expansion of ride-hailing services, e-commerce, and freelance markets. While this evolution has provided significant economic opportunities, it has also brought complex challenges in terms of labor rights and protection<sup>1</sup>. The gig economy falls outside the scope of traditional employment, where the line between employee and independent contractor is blurred<sup>2</sup>. Precariousness in this sector includes unstable income, lack of social security benefits, and dispute resolution mechanisms. According to<sup>3</sup>, such vulnerabilities are compounded by the lack of a comprehensive legal framework that can address the nature of gig work in the digital economy in Indonesia.

To meet these challenges, Indonesia made various legislative efforts throughout the year, including, among others, the revision of labor laws. These efforts often fall short due to subtle dynamics<sup>4</sup>. For example, categorization remains ambiguous to date, leaving the majority of workers without adequate legal protection<sup>5</sup>. Most policy measures also often fail to keep pace with the ever-changing nature of digital

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<sup>1</sup> Abdul Malek, N. (2024a). Gig Economy: Is It a Trap or Stepping Stone for the Informal Sector? *Information Management and Business Review*, 16, 28–38. [https://doi.org/10.22610/imbr.v16i3S\(I\)a.4201](https://doi.org/10.22610/imbr.v16i3S(I)a.4201)

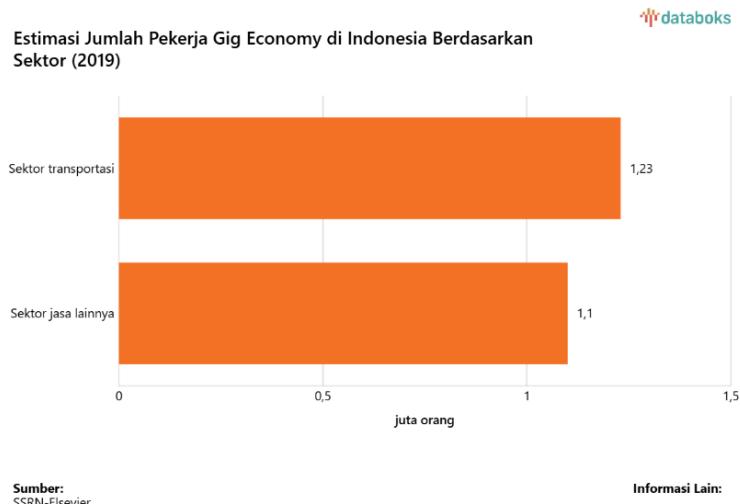
<sup>2</sup> Tobing, H. (2024a). The Gig Economy Dilemma: Exploring Alternatives to Create Decent Work for Online Motorcycle Taxi Drivers in INDONESIA. *Jurnal Ketenagakerjaan*, 19(2), 168–183.

<sup>3</sup> Ayu, R. (2024a). Role of Gig Economy Participation in Shaping Worker Economic Security in Indonesia. *International Journal of Sociology*, 8, 14–23. <https://doi.org/10.47604/ijss.2830>

<sup>4</sup> Izzati, Nabiyila Risfa, and M. M. G. Sesunan. “‘Misclassified Partnership’ and the Impact of Legal Loophole on Workers.” *Bestuur* 10, no. 1 (2022): 45–62.

Aminuddin, Nur Aini, and Enny Dwi Kusumawati. “The Legal Protection of the Digital Platform Workers in Indonesia: Lesson Learnt from Germany and United Kingdom.” *Indonesian Journal of Law and Society* 4, no. 2 (2023b): 113–130.

platforms, resulting in a regulatory vacuum, affecting the very basis of workers' rights. The gig economy phenomenon in Indonesia continues to grow, as seen in Figure 1.



**Figure 1.** Estimated number of gig economy workers in Indonesia by sector

It is estimated that Indonesia will have around 2.3 million gig economy workers in 2019, divided into the transportation and other services sectors. Data was recorded in a research report by Muhammad Yorga Permana, Nabiyla Risfa Izzati, and Media Wahyudi Askar entitled *Measuring the Gig Economy in Indonesia: Typology, Characteristics, and Distribution (2023)*. Gig economy is defined as short-term project-based work mediated by digital platforms with five main characteristics: client-driven work, outcome-based compensation, use of personal work tools, mediators between workers and clients, and digital platforms as work supervisors and payment facilitators. In the Indonesian context, gig economy workers are self-employed workers in the service sector who utilize the internet. According to the data from Sakernas 2019 conducted by BPS, there are approximately 1.23 million workers in the transportation sector, including online motorcycle taxi drivers and couriers, for example, Gojek, and Grab, and 1.1 million workers in other service sectors, such as online teachers, software developers, and copywriters, for example, Ruang Guru and Upwork.

The gig economy in Indonesia has grown fantastically, at a pace so unprecedented it seems to go hand-in-hand with every new-born digital platform matching millions of employees with other diverse job

opportunities. This dramatic growth has overtaken the process of constructing laws and appropriate regulations meant for the proper protection of fair labor conditions<sup>6</sup>. Gig workers, most of whom exist in a grey area between being traditional employees and independent contractors, tend to suffer from many vulnerabilities, such as lack of job security, irregular wages, and low access to social protections like healthcare and retirement benefits<sup>7</sup>. In addition, the gig economy will be pivotal in Indonesia's labor market and digital ecosystem, and such gaps in legal protection must be addressed not just to protect workers' rights but also to ensure sustainable economic growth and social equity<sup>8</sup>.

Because gig workers have no clear legal definition under Indonesian labor law, it leaves many questions open about their work status and thus deprives them of the benefits accorded to other employees. This is exacerbated by inadequate social protection, given the lack of inclusion in the formal social security system<sup>9</sup>. That puts gig workers into exposure to financial and health risks owing to the lack of insurance benefits, pensions, or even paid leave provided through the employers<sup>10</sup>. Moreover, current labor legislation has failed to catch up with issues thrown up by the emergence of digital platforms-as concerns

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<sup>6</sup> Aminuddin, Nur Aini, and Enny Dwi Kusumawati. "The Legal Protection of the Digital Platform Workers in Indonesia: Lesson Learnt from Germany and United Kingdom." *Indonesian Journal of Law and Society* 4, no. 2 (2023b): 113–130.

Stewart, Andrew, and Petra Williams. "Regulating the Fairness of Work Contracts in the Gig Economy." *Federal Law Review* 51, no. 4 (2023): 466–486.

<sup>7</sup> Ayu, Rizky. "Role of Gig Economy Participation in Shaping Worker Economic Security in Indonesia." *International Journal of Sociology* 8 (2024b): 14–23. <https://doi.org/10.47604/ijss.2830>.

Rhogust, Michael. "Labor Law Reform in the Gig Economy Era: Analysis of the Impact of Regulatory Changes on Freelancers in Indonesia." *Journal of Law, Social Science and Humanities* 1, no. 1 (2023b): 48–60.

Tobing, Hotmarson. "The Gig Economy Dilemma: Exploring Alternatives to Create Decent Work for Online Motorcycle Taxi Drivers in Indonesia." *Jurnal Ketenagakerjaan* 19, no. 2 (2024b): 168–183.

<sup>8</sup> Abdul Mujib, "The Failure Of Indonesian e-Commerce Law In Adapting To Digital Economy". *Ijtihad: Jurnal Wacana Hukum Islam dan Kemanusiaan* Vol. 25, No. 2 (2025), pp. 213-230 [doi : 10.18326/ijtihad.v25i2.213-230](https://doi.org/10.18326/ijtihad.v25i2.213-230).

<sup>9</sup> Aminuddin, Nur Aini, and Enny Dwi Kusumawati. "The Legal Protection of the Digital Platform Workers in Indonesia: Lesson Learnt from Germany and United Kingdom." *Indonesian Journal of Law and Society* 4, no. 2 (2023b): 113–130.

<sup>10</sup> Rhogust, Michael. "Labor Law Reform in the Gig Economy Era: Analysis of the Impact of Regulatory Changes on Freelancers in Indonesia." *Journal of Law, Social Science and Humanities* 1, no. 1 (2023b): 48–60.

of work allocation based on algorithms, data privacy, and power imbalance between platform operators and workers<sup>11</sup>.

In addition, the limited availability of customized dispute resolution mechanisms severely hampers freelancers' ability to seek redress for issues such as unfair treatment, non-payment, and breach of contract<sup>12</sup>. The regulatory gaps identified herein create an urgent need for comprehensive legislative reform that would make the Indonesian labor framework responsive to the dynamic and ever-evolving nature of gig work, ensuring strong protection fitting the realities of the digital economy in Indonesia. This paper discusses the legal protection of freelancers in Indonesia, especially from the point of view of the interrelation between labor law and the digital ecosystem. The present research, using juridical analysis, will look at the problems faced by freelancers and evaluate how effective the existing legal framework is in dealing with these problems. This research, therefore, will try to find policy gaps and actionable solutions to improve legal protection in the gig economy.

In addition, the development of the digital ecosystem in Indonesia has not only created new economic opportunities, but also caused structural imbalances between the interests of digital platforms and the bargaining position of gig workers. Many platforms position themselves as mere business intermediaries, thereby avoiding their legal obligations as employers. This has serious implications for the protection of workers' basic rights, ranging from access to social security, minimum wages, to legal protection in the event of unilateral termination of employment.

This situation highlights the urgent need for regulatory harmonization that can balance the pace of technological innovation with labor protection. On the other hand, global experience shows that various

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<sup>11</sup> Au-Yeung, Tat Chor, Chris Chan, Cheuk Ming, and Wai-keung Tsui. "The Gig Economy, Platform Work, and Social Policy: Food Delivery Workers' Occupational Welfare Dilemma in Hong Kong." *Journal of Social Policy* (2024): 1–19. <https://doi.org/10.1017/S0047279423000673>.

Ayu, Rizky. "Role of Gig Economy Participation in Shaping Worker Economic Security in Indonesia." *International Journal of Sociology* 8 (2024b): 14–23. <https://doi.org/10.47604/ijss.2830>.

<sup>12</sup> Aminuddin, Nur Aini, and Enny Dwi Kusumawati. "The Legal Protection of the Digital Platform Workers in Indonesia: Lesson Learnt from Germany and United Kingdom." *Indonesian Journal of Law and Society* 4, no. 2 (2023b): 113–130.

Tobing, Hotmarson. "The Gig Economy Dilemma: Exploring Alternatives to Create Decent Work for Online Motorcycle Taxi Drivers in Indonesia." *Jurnal Ketenagakerjaan* 19, no. 2 (2024b): 168–183.

countries have undertaken legal reforms to address the problems of the gig economy. For example, European Union countries, through the Directive on Platform Work, are seeking to create a more equitable legal framework by clarifying the status of platform workers.

Similarly, California, United States, through Assembly Bill 5 (AB5), regulates the classification of gig workers into the category of employees under certain conditions. This comparison is important to show that Indonesia is not alone in facing similar challenges, while also opening up opportunities to learn from international best practices.

In an academic context, studies on the legal protection of gig workers in Indonesia are still relatively limited and tend to be normative. In fact, the gig economy phenomenon is increasingly becoming an integral part of the national employment structure. Therefore, this research has a significant contribution to filling the literature gap while providing input for policymakers. By examining issues of workers' legal status, social security, dispute resolution mechanisms, and regulatory gaps, this research is expected to provide a comprehensive picture of the direction of labor law reform in the digital age.

The objectives of this research are: 1. To analyze the adequacy of Indonesia's current labor law framework in addressing the legal status and protection of gig workers; 2. To identify the main challenges faced by gig workers in Indonesia's digital ecosystem, particularly related to employment classification, social security, regulatory gaps, and dispute resolution; 3. To compare Indonesia's approach with international best practices in order to highlight potential reforms that can be adapted locally; and 4. To propose actionable legal and policy recommendations that balance flexibility, innovation, and the protection of workers' rights in the gig economy.

## **RESEARCH METHODS**

This study employs a qualitative juridical research method with a normative legal approach to examine the extent of legal protection afforded to freelancers and gig workers in Indonesia. The research focuses on analyzing existing labor regulations, assessing their relevance and adequacy in the context of the digital economy, and identifying regulatory gaps and structural challenges faced by freelancers. The juridical approach is applied to ensure a systematic examination of statutory provisions, legal doctrines, and regulatory frameworks governing employment relationships in platform-based work, while also considering socio-economic and regulatory dimensions relevant to the gig economy.

The research utilizes both primary and secondary legal data. Primary data consist of statutory instruments and official legal documents, including Indonesia's Manpower Law (Law No. 13 of 2003), the Omnibus Law on Job Creation (Law No. 11 of 2020), related implementing regulations, and relevant judicial decisions concerning labor classification and platform accountability. Secondary data are obtained through an extensive review of scholarly sources, such as peer-reviewed journal articles, books, research reports, policy briefs, and publications from international organizations, particularly the International Labour Organization (ILO). In addition, comparative materials from selected jurisdictions such as the European Union, the United States, and India are used to provide contextual benchmarks and illustrate global best practices in gig worker protection. Data collection is conducted through systematic document analysis and literature review of these legal and academic sources.

Data analysis is carried out using qualitative legal analysis techniques, including statutory interpretation, comparative legal analysis, and thematic analysis. Statutory interpretation is applied to identify normative inconsistencies and legal gaps within Indonesia's labor law framework regarding gig workers. Comparative analysis is used to contrast Indonesia's regulatory approach with international standards and foreign legal models to formulate potential legal reforms. Thematic analysis is employed to categorize recurring issues such as employment classification, social security coverage, and algorithmic control thereby structuring the research findings. These analytical methods collectively support a comprehensive evaluation of existing legal protections and inform recommendations for strengthening labor law reforms to better safeguard freelancers and gig workers in Indonesia.

## **RESULTS**

### **The Gig Economy**

The gig economy, sometimes called the "platform economy" or the "on-demand economy," refers to work arrangements where temporary, flexible employment is practiced in which people find employers through an online platform. As noted by<sup>13</sup>, gig work diverges from

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<sup>13</sup> Blázquez, Maite, Ainhoa Herrarte, and Ana I. Moro-Egido. "Well-being Effects of the Digital Platform Economy: The Case of Temporary and Self-employment." *Technological and Economic Development of Economy* 30, no. 6 (2024): 1618–1651.

traditional employment by often lacking formal contracts, stable income, and long-term job security. The rise of digital platforms, such as ride-hailing services, freelance marketplaces, and delivery services, has facilitated such arrangements, giving birth to a new paradigm of labor<sup>14</sup>. In Indonesia, the gig economy involves platforms like Gojek, Grab, and Tokopedia, which are critical in connecting workers with customers and services. While this economy allows flexibility and economic opportunities for people, studies have demonstrated substantial risks, including "lack of legal protections, as well as unpredictable earnings, and therefore the economy represents both promise and precarity."<sup>15</sup>

### **Legal Frameworks for Labor Protection**

The traditional concept of protection has been based upon a legal distinction between employees and independent contractors. However, Indonesia's key labor laws, namely the Manpower Law (Law No. 13 of 2003) and the Omnibus Law on Job Creation (Law No. 11 of 2020), predominantly cover rights and obligations related to formal employees, thus putting gig workers in a gray area in terms of regulation. This protection varies internationally: the European Union's Directive on Improving the Working Conditions in Platform Work seeks to reclassify workers to ensure access to social security<sup>16</sup>, whereas California's AB5 aimed to rebrand gig workers as employees under particular conditions<sup>17</sup>.

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Skrzek-Lubasińska, Małgorzata, and Joanna Maria Szban. "Motivation in the Gig Economy: The Incentive Effect of Digital Platforms. A Literature Review." *Kwartalnik Nauk o Przedsiębiorstwie* 72, no. 2 (2024): 95–116.

<sup>14</sup> Pande, Neha. "What Are the Economic Implications of the Rise of the Gig Economy on Employment Stability and Benefits?" *EPH-International Journal of Business & Management Science* 10, no. 1 (2024): 53–67.

<sup>15</sup> Abdul Malek, Nur. "Gig Economy: Is It a Trap or Stepping Stone for the Informal Sector?" *Information Management and Business Review* 16, no. 3(SI) (2024b): 28–38. [https://doi.org/10.22610/imbr.v16i3S\(I\)a.4201](https://doi.org/10.22610/imbr.v16i3S(I)a.4201).

Bakar, Arif, and Muhamad Ariyanto. "The Gig Economy and Its Implications for Human Resource Management in Jambi: A Preliminary Investigation." *Enigma in Economics* 2, no. 2 (2024): 122–133.

<sup>16</sup> Felani, Muhammad Adli, and Dini Effendy. "Perlindungan Hukum Terhadap Pekerja yang Dirumahkan Pada PT. X Kab. Bandung Ditinjau dari Peraturan Pemerintah No 36 Tahun 2021 Tentang Pengupahan dan Undang-Undang No 11 Tahun 2020 Cipta Kerja." *Bandung Conference Series: Law Studies* 3, no. 1 (2023): 637–643.

Stewart, Andrew, and Shae McCrystal. *Labour Regulation and the Great Divide: Does the Gig Economy Require a New Category of Worker?* Sydney: The University of Sydney, 2019.

<sup>17</sup> Eneh, Nneka E., Samuel S. Bakare, Adeolu O. Adeniyi, and Chinedu U. Akpuokwe. "Modern Labor Law: A Review of Current Trends in Employee Rights and

## **Theoretical Frameworks**

The present study used the Juridical Analysis Framework in examining the extant labor laws about their applicability to gig workers in Indonesia, based on prominent theoretical underpinnings that should inform the analyses. It is from the Social Contract theory (Rousseau, 1762), that governments and institutions are morally mandated to protect the rights of individuals, which include a right to fair labor practices. Furthermore, the Resource Dependency Theory explains<sup>18</sup> the dependency of gig workers on digital platforms and analyzes how regulatory frameworks could create a balance in power relationships to achieve fair and sustainable labor practices.

## **Research Gap**

Although previous studies have discussed the dynamics of the gig economy and legal protection for digital workers, most research still focuses on general perspectives or comparisons with other countries without providing concrete solutions that are appropriate to the legal and social context of Indonesia. Studies in Indonesia tend to highlight the normative aspects of labor law, but few have integrated analysis of legal status, social security, algorithmic regulation, and dispute resolution mechanisms simultaneously within the framework of the digital ecosystem. This gap creates an academic void as well as an urgent need for research that comprehensively links theory, international practice, and the need for local legal reform, so as to provide practical recommendations for policymakers and digital ecosystem actors in Indonesia.

Results from this study are presented in a critical analysis of the legal protection status of casual workers in Indonesia, focusing on job classification, social security coverage, regulatory gaps, and dispute resolution mechanisms. The Manpower Law, Law No. 13 Year 2003,

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Organizational Duties.” International Journal of Management & Entrepreneurship Research 6, no. 3 (2024): 540–553.

Fusco, Federico. “Rethinking the Allocation Criteria of the Labour Law Rights and Protections: A Risk-based Approach.” European Labour Law Journal 11, no. 2 (2020): 131–141.

Steinberger, Benjamin Z. “Redefining Employee in the Gig Economy: Shielding Workers from the Uber Model.” Fordham Journal of Corporate & Financial Law 23, no. 2 (2017): 577–608.

<sup>18</sup> Pfeffer, Jeffrey, and Gerald R. Salancik. “External Control of Organizations—Resource Dependence Perspective.” In *Organizational Behavior 2: Essential Theories of Process and Structure*, edited by John B. Miner, 355–370. New York: Routledge, 2015.

divides workers into two categories: employees and freelancers. However, freelancers do not fall into either category because of the flexible and temporary nature of their work, hence a gray area in legal protection. This is reinforced by the Omnibus Law on Job Creation (Law No. 11 of 2020), which mostly regulates the rights and obligations of formal workers but has not specifically addressed the needs of gig workers or freelancers. This is reflected in a lawsuit filed by ride-hailing drivers, where they requested employee status to obtain benefits and were rejected because the law classified them as independent contractors.

### **Ambiguity in Legal Employment Classification**

One of the key findings from this research is that casual workers' employment status in Indonesia remains unclear. The Manpower Law (Law No. 13 Year 2003) divides workers into two categories: employees and casual workers. However, freelancers, because of the flexible and temporary nature of their work, cannot be classified clearly into one of the two classifications, which leaves them in a gray area. The above-mentioned ambiguity has significant repercussions for their right to protection under the law and employment protection. The most striking of the consequences is that there are no basic protections available for freelancers. As labor classifications have them considered as independent contractors, they are refused any claims for the minimum wage, paid leaves, and severance pay. For instance, ride-hailing drivers using platforms like Gojek and Grab often report inconsistent earnings, with no guarantee of minimum income during periods of low demand. They also experience very serious job insecurity, given that the platforms can deactivate or dismiss them without notice or reason, and then they have no income or options for legal recourse. This situation was exemplified in a court case where ride-hailing drivers petitioned for employee status to access benefits, but the court rejected it citing their classification as independent contractors under applicable labor laws<sup>19</sup>.

The challenges faced by freelancers in Indonesia could be analyzed from a comparative insight into countries like the UK and Spain, which have already introduced the category of intermediary workers as a legal solution. In Spain, for instance, the "Intermediary Workers Law"

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<sup>19</sup> Dalimunthe, Nurul, and Muhammad Arief Fajri. "Analisis Status Pekerja Freelance dalam Perjanjian Kerja Waktu Tertentu (PKWT) dalam Perspektif Hukum Ketenagakerjaan di Indonesia." *AHKAM* 2, no. 3 (2023): 482–497.

Silaban, Risma, Haerul Saleh Ghafur, Diah Widiawaty, and Basri Basir. "Eliminating the Gap of Labor and Social Protection for the Workers of Platform-Based Transportation." *Yustisia* 12, no. 2 (2023): 185–201.

institutes an employment law presumption for intermediary workers, creating a third category that recognizes economic dependency without fully classifying them as employees<sup>20</sup>. A similar approach is also being explored in the UK, where workers are reclassified to ensure the necessary protections while still maintaining the flexibility of gig work<sup>21</sup>. This hybrid model offers significant benefits, such as access to benefits, including unemployment insurance and other social protections, which address gaps in existing labor laws<sup>22</sup>. In addition, this model maintains the flexibility that characterizes platform work, allowing for varying degrees of freelancers' engagement with the platform<sup>23</sup>.

In addition, the ambiguity of this classification also poses serious challenges in the context of law enforcement and labor policy. Government officials and judicial institutions often lack a clear basis for deciding disputes between gig workers and digital platforms. As a result, many cases end without legal certainty, undermining workers' trust in the labor protection system. This situation also impacts the low bargaining power of gig workers in contract negotiations, as they are in a state of legal uncertainty that gives platforms dominant control. Without legislative intervention to define new worker categories or expand existing protections, the potential for exploitation of gig workers will increase along with the expansion of the digital economy in Indonesia.

### **Inadequate Social Security towards Gig Workers**

Social security is a very important part of labor protection, but in Indonesia, it is very limited for freelancers. The Social Security system, BPJS Ketenagakerjaan, is designed primarily for formal workers, meaning that freelancers must join voluntarily. This leaves a huge gap in

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<sup>20</sup> Cobo, Juan Manuel de. "Contractual Relations between Providers and Digital Platforms: The Spanish 'Riders Law.'" *European Business Law Review* 34, no. 7 (2023): 987–1002.

<sup>21</sup> Barrio, Aurora. "Unemployment Insurance for Platform Workers: Challenges and Approaches from a Comparative Perspective." *European Journal of Social Security* 26, no. 2 (2024): 251–265.

<sup>22</sup> Adams-Prassl, Jeremias, and Martin Gruber-Risak. "The Legal Protection of Platform Workers." In *The Routledge Handbook of Smart Technologies*, edited by James Wong and Karolina Zubel, 189–209. New York: Routledge, 2022.

<sup>23</sup> Cherry, Miriam A., and Antonio Aloisi. "A Critical Examination of a Third Employment Category for On-demand Work (in Comparative Perspective)." Forthcoming. In *Cambridge Handbook on the Law of the Sharing Economy*, edited by Nestor M. Davidson, Michele Finck, and John J. Infranca. Cambridge: Cambridge University Press, 2018. Saint Louis University Legal Studies Research Paper No. 2018-03.

the coverage of the current system, making workers susceptible to financial and health risks.

Currently, there is a need for platforms such as Gojek and Grab to encourage their workers to enroll in social security programs, but do not mandate or subsidize the contributions. Only small-scale proportions of workers engage with these schemes, and most workers go by without insurance. Voluntarism does not afford protection; casual workers remain outside unemployment insurance, pensions, and comprehensive health care coverage. This exclusion further contributes to their financial and personal vulnerability in times of economic downturns or health crises.

The effect of such exclusion is reflected in the responses of a survey conducted among freelancers, where 70% were not enrolled in any social security program, and 60% feared financial instability in the absence of health insurance or retirement savings. These statistics indicate the precarious position of freelancers, who often have no safety net to fall back on during times of distress, which further increases their financial vulnerability and overall risk.

A full-scale social security setup for freelancers becomes essential, which, within the context of Indonesia as a developing country, remains so crucial. Another relevant model in this discussion is that of India under the Social Security Code, 2020, requiring all digital platforms to contribute toward a social protection fund composed of healthcare, insurance, and pension arrangements-a situation that is to inspire a similar format in Indonesia's case<sup>24</sup>. In addition, freelancers normally do not have access to the many benefits traditional employment offers. This leaves them with great gaps in social protection<sup>25</sup>. The need for a social security system that can adapt to new forms of employment is crucial to ensure protection for all workers, including freelancers<sup>26</sup>. Other countries have also successfully implemented innovative approaches by combining contributory and non-contributory mechanisms to improve

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<sup>24</sup> Kothari, Jayna. "A Social Rights Model for Social Security: Learnings from India." *Verfassung und Recht in Übersee / Law and Politics in Africa, Asia and Latin America* 47, no. 1 (2014): 5–21.

<sup>25</sup> Behrendt, Christina, and Quynh Nguyen. *Innovative Approaches for Ensuring Universal Social Protection for the Future of Work*. Geneva: International Labour Organization, 2018a.

<sup>26</sup> Behrendt, Christina, and Quynh Nguyen. *Innovative Approaches for Ensuring Universal Social Protection for the Future of Work*. Geneva: International Labour Organization, 2018b.

protection for vulnerable workers<sup>27</sup>. Most developing countries have not solved the issue of social security coverage, which usually covers only a small part of the population. Big changes are needed to separate benefits from formal jobs and to include workers in the informal sector<sup>28</sup>.

The limited access to social security for gig workers also shows a mismatch between labor policies and the digital economic transformation. Regulations that still tie social security benefits to formal employment relationships leave most gig workers outside the protection system, even though they make a significant contribution to the national economy. This gap has implications for an increased burden on the state in the future, especially when gig workers reach non-productive age without pension savings or health insurance. Therefore, the design of an inclusive social security system, based on platform contribution obligations and supported by government subsidy schemes, is a strategic step to ensure the sustainability of labor protection in the digital era.

### **Regulatory Gaps**

The rapid growth in digital platforms outpaces the development of regulatory frameworks in Indonesia so far, creating glaring gaps in exposing freelancers to various forms of exploitation and unfair dealings. This is the case in aspects related to algorithmic management, data privacy, and platform accountability, further weakening the protection afforded to freelancers in the digital economy. One of the major regulatory gaps is that of algorithmic management, where platforms use algorithms to allocate tasks, set wages, and disable workers without transparency. This lack of clarity in the process leaves freelancers open to having their work deactivated at any moment for no apparent reason, with no avenue to appeal.

Data privacy is another issue, since the platforms are in heavy collection of personal and performance data of the workers, usually without due protection. Reports of unauthorized data sharing with third parties further indicate the absence of regulatory oversight. Additionally, many platforms position themselves as mere intermediaries, rather than employers, a positioning that sidesteps labor laws and shifts all risks onto the workers themselves. This gap is reflected in a number of recent

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<sup>27</sup> Behrendt, Christina, Quynh Anh Nguyen, and Uma Rani. "Social Protection Systems and the Future of Work: Ensuring Social Security for Digital Platform Workers." *International Social Security Review* 72, no. 3 (2019): 17–41.

<sup>28</sup> Dethier, Jean-Jacques. "Social Security: What Can Developing Countries Learn from Developed Countries?" Policy Research Working Paper No. 4335. Washington, D.C.: World Bank, 2007.

incidents, such as the protest carried out by food delivery drivers against wage deductions by platforms in 2023. These protests reflect the lack of legal avenue for freelancers to obtain protection. Indonesia should therefore enact laws compelling the platforms to disclose algorithms and provide routes to challenge such decisions; strengthen data privacy laws, and put in place accountability mechanisms to ensure a fair and sustainable freelance economy.

This regulatory gap also shows that existing legal mechanisms are unable to anticipate the complexity of technology-based employment relationships. The lack of transparency in algorithms, weak personal data protection, and the status of platforms as pseudo-intermediaries reveal an imbalance of power between workers and platform providers. Without regulations that clarify the responsibilities of platforms, gig workers are likely to continue experiencing exploitative working practices, ranging from unilateral incentive cuts to digital dismissal. Therefore, a progressive legal framework is needed to regulate algorithm governance, data protection standards, and platform accountability obligations in order to create a more equitable balance in Indonesia's digital economy ecosystem.

### **Limited Dispute Resolution Mechanisms**

One of the most important features of labor rights is dispute resolution; in Indonesia, freelancers are far from being able to enjoy their rights. One problem is that there is a complete lack of mechanisms specializing in resolving disputes with digital platforms. Traditional labor dispute resolution frameworks-such as the Industrial Relations Court-do not benefit freelancers who most of the time do not have any formal contracts. The costs and bureaucracy also make many workers shy away from seeking justice. Two major challenges that dent their experience of working are delayed payments and a lack of support from the platform. A possible solution for them is the introduction of the ODR system, as implemented in the European Union, which can ensure a fair, effective, and inexpensive dispute resolution process. ODR allows parties to engage remotely; this greatly helps freelancers who cannot afford to invest in traditional legal processes<sup>29</sup>. Technology in ODR

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<sup>29</sup> Witwer, Amanda R., Lynn Langton, Duren Banks, Dulani Woods, Michael J. D. Vermeer, and Brian A. Jackson. *Online Dispute Resolution: Perspectives to Support Successful Implementation and Outcomes in Court Proceedings*. Santa Monica, CA: RAND Corporation, 2021.

reduces legal fees, making access easier for workers on a budget<sup>30</sup>. ODR can empower freelancers and protect them from exploitation by platforms. However, challenges such as lack of case law and gradual adoption in Indonesia may hinder effective implementation, and successful ODR requires active participation and user education. Freelancers in Indonesia are in a precarious socio-economic position because their income is irregular and does not come with any social security, making the earnings unstable. Lack of collective bargaining weakening their bargaining position makes it very difficult for them to negotiate fair terms. The prevalence of unfair practices coupled with weak dispute mechanisms taints trust between workers and platforms, fuelling friction and tension in the gig economy ecosystem.

This situation shows that without institutional reform, gig workers will continue to be vulnerable to unfair practices. The absence of a specific dispute resolution forum means that workers do not have a simple, fast, and inexpensive formal channel to claim their rights. Therefore, Indonesia needs to consider establishing a special institution or unit under the Ministry of Manpower or Arbitration Agency to handle digital worker disputes. This institutional model can integrate online dispute resolution technology with the principles of simple mediation and arbitration, so that gig workers have access to equal justice without having to face lengthy and costly legal procedures. In this way, trust between workers and platforms can be rebuilt, while creating a healthier and more equitable digital work ecosystem.

## **DISCUSSION**

These findings signal a pressing need for the adaptation of Indonesian labor laws in the interest of freelancers. The legal ambiguities need to be bridged by bringing in an intermediary category of workers, such as "worker" status in the UK, which grants certain protections, like minimum wage, without actually being considered employees. Such legislative reforms also need to spell out the rights and obligations of freelancers and platforms clearly. Additional policy will be the extension of social security coverage by demanding the contribution of platforms to some social protection fund, enacted in India. This will protect core benefits for all freelancers irrespective of their classification status.

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<sup>30</sup> Idayanti, Sari, Teguh Haryadi, and Erna Indriasari. "Online Dispute Resolution (ODR) as an Alternative for Electronic Transaction Dispute Settlement." *Wacana Hukum* 27 (2021): 18–25. <https://doi.org/10.33061/1.wh.2021.27.2.5882>.

Regulation of digital platforms also needs to be improved, ensuring transparency in algorithms to prevent bias and discrimination, while strengthening the protection of data privacy for freelancers. On the other hand, building unique dispute resolution systems—such as specialized labor courts or online mediation services—offers affordable and accessible solutions to freelancer conflicts. Indonesia can also learn from international best practices, such as the EU Directive emphasizing collective bargaining rights and California's AB5, which regulates employee status for freelancers in certain situations.<sup>34</sup> Adaptation to the Indonesian context will contribute to a balance between the interests of both freelancers and digital platforms.

In addition, it is important to emphasize that labor law reform in Indonesia cannot be carried out partially, but must adopt a holistic approach that integrates legal, social, and technological aspects. Regulatory changes need to ensure the sustainability of the digital ecosystem while maintaining a climate of innovation, but at the same time reducing the risk of exploitation of gig workers. Synergy between the government, digital platform associations, labor unions, and academics is crucial for formulating evidence-based policies that are adaptive to technological developments and responsive to workers' protection needs. Thus, Indonesia will not only follow global practices but also be able to present a regulatory model that is in line with the characteristics of the national labor market and digital ecosystem.

### **Implications for Policy and Practice**

The above findings emphasize the requirement for a broad legal framework which would address the specific problems of the gig economy. Accordingly, the legislative reforms being pursued by the policymakers must be directed to

1. Clearly define the employment status of the freelancers.
2. Extend the social security coverage to all freelancers.
3. Regulate digital platforms to ensure transparency and accountability.

Provide accessible mechanisms for dispute resolution.

Fair labor practices and social security contributions in the case of digital platforms will enhance worker satisfaction and long-term sustainability. The need of the hour is for government agencies, platform operators, and workers' representatives to work together to bring a balance in the ecosystem that supports innovation and workers' rights.

## **CONCLUSION**

This study demonstrates that gig workers in Indonesia face substantial legal vulnerabilities arising from the inadequacies of the existing labor law framework. The persistent ambiguity in the classification of gig workers as independent contractors excludes them from fundamental labor protections, including minimum wage guarantees, social security coverage, and employment-related benefits. The predominance of voluntary social security schemes further exacerbates this exclusion, leaving a significant proportion of gig workers without access to health insurance, pension schemes, or unemployment protection. Moreover, regulatory gaps concerning algorithmic management, data protection, and platform accountability expose gig workers to asymmetric power relations and potential exploitation, while the absence of effective and accessible dispute resolution mechanisms undermines their ability to seek legal remedies against digital platforms.

From a normative and comparative perspective, the findings indicate an urgent need for legal reform that reconciles labor flexibility with adequate worker protection. This research recommends the introduction of a hybrid employment classification that recognizes the unique characteristics of gig work while ensuring minimum labor standards. In addition, it advocates for mandatory platform contributions to a dedicated social security scheme for gig workers, enhanced regulatory oversight to ensure transparency and accountability in algorithmic decision-making, and the establishment of affordable, efficient, and specialized dispute resolution mechanisms. These measures would align Indonesia's labor regulations with international labor standards and global best practices, while remaining responsive to domestic socio-economic conditions and the dynamics of the digital economy.

Despite its contributions, this study is subject to certain limitations. The reliance on a normative juridical approach and secondary data restricts the analysis to doctrinal and conceptual dimensions, thereby limiting insights into the lived experiences of gig workers and the practical enforcement of regulations. Furthermore, the study primarily focuses on national-level legal frameworks and cross-jurisdictional comparisons, without fully addressing regional disparities or sector-specific variations across different segments of the gig economy. Future research should therefore incorporate empirical methods, including qualitative interviews and quantitative surveys involving gig workers,

platform operators, and policymakers. A multidisciplinary research agenda integrating legal analysis with economic and technological perspectives particularly on algorithmic management and data governance is recommended to develop a more adaptive, evidence-based, and implementable legal protection model for gig workers in Indonesia.

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