



Job Market Transformation in the Digital Age: The Dynamics of Gig Workers in the Indonesian Economy

Nyoman Pendi Agung¹

¹ Universitas Sarjanawiyata Tamansiswa, Yogyakarta, Indonesia

Abstract

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The gig economy has emerged as a global phenomenon reshaping the traditional employment landscape, characterized by the increasing role of digital platforms as intermediaries between workers and consumers. In Indonesia, the growth of the gig economy runs in parallel with the dominance of informal labor, which constitutes more than half of the workforce. The gig economy provides opportunities for work flexibility, additional income generation, and contributes to national economic growth, as evidenced by the significant role of ride-hailing platforms and the digital creative sector in the country's Gross Domestic Product. On the other hand, gig workers face considerable vulnerabilities, including income insecurity, extended working hours, and limited access to social protection and legal safeguards. This study aims to review the development of the gig economy in Indonesia through a literature-based approach and to examine its social and economic implications for workers. By understanding the characteristics, roles, and challenges of gig workers, this research seeks to provide a more comprehensive picture of the future of labor in the digital era.



1. Introduction

The gig economy is a phenomenon that marks a fundamental shift in the global labor market. This term refers to a flexible employment system, where individuals work through short-term contracts, on a project-basis, or as freelancers through digital platforms, rather than through a continuous, formal employment relationship (Sutherland et al., 2020). This transformation has become more prominent since the digital revolution and was reinforced by the COVID-19 pandemic, which accelerated the digitalization of the economy and encouraged the emergence of various application-based work models and online platforms. Globally, this phenomenon presents an ambivalence: on one hand, it opens up new job opportunities and increases labor force participation, but on the other hand, it widens worker vulnerability due to minimal legal protection and social security (Caza et al., 2022).

In the context of Indonesia, the gig economy is growing rapidly along with the high proportion of informal workers. Data from National Statistics Office of Indonesia (*Badan Pusat Statistik/BPS*) shows that in 2022, about 59.3 percent of the Indonesian labor force was still in the informal sector. The presence of digital platforms such as Gojek, Grab, Ruangguru, and Sribulancer illustrates two dominant forms of the gig economy in Indonesia: location-based gig work and online web-based gig work. Location-based gigs generally involve transportation, delivery, and household service workers, while online-based gigs are more related to creative services, translation, teaching, and digital technology-based jobs (Herbet et al., 2018).

The role of the gig economy in the national economy is becoming increasingly significant. However, the condition of gig workers is still far from prosperous. Most gig workers in Indonesia fall into the category of informal workers who do not have social protection or employment security. They face long working hours, as seen in the online transportation sector with an average of 87 working hours per week (Herbet et al., 2018). In addition, fluctuating incomes, dependency on platform algorithms, and fierce competition among workers further add to their vulnerability (Chen et al., 2020). This condition shows that the flexibility promised by the gig economy is often paid for with the loss of income stability and social security. The characteristics of gig workers in Indonesia are also interesting to observe. Data shows that the majority of gig workers are young men with a secondary education background, especially in the ride-hailing sector (Hidayat, 2022).

Meanwhile, female workers are more involved in online-based gigs, such as teaching or digital services, which provide more flexibility in managing household work. Geography is also an important factor, where most gig workers are concentrated in major urban areas, especially Jabodetabek and cities in Java (Huang et al., 2020). The urgency of research on the gig economy in Indonesia is growing given its massive growth which has not been followed by adequate regulation. To date, the status of gig workers is still unclear, whether they are formal workers who are entitled to a minimum wage and social security, or are considered independent partners who fully bear the risk. This regulatory vacuum can lead to exploitation and deepen inequality in the labor market. Therefore, this research focuses on reviewing the development of the gig economy in Indonesia, identifying its contribution to the

economy, and analyzing the challenges and socio-economic implications for workers. Thus, this article is expected to be able to provide a comprehensive overview of the position of gig workers in the Indonesian economy and serve as input for policymakers in formulating more just regulations.

2. Literature Review

2.1. Development and Contribution of the Gig Economy

The gig economy is one of the most prominent forms of labor transformation in the digital era. This phenomenon is characterized by an increasing number of freelancers, short-term contracts, and the use of digital platforms to connect workers with consumers (Salamon, 2020). Globally, the development of the gig economy is triggered by the penetration of digital technology, internet penetration, and the need for flexibility from both workers and companies. Behl et al. (2022) study shows that more multinational companies are now using gig workers to support operations, especially in the fields of technology, marketing, and transportation.

In Indonesia, the growth of the gig economy is closely related to the high proportion of informal workers. BPS data shows that almost 60% of the Indonesian workforce is in the informal sector, so digital platforms have become a new means for workers to access the labor market. Ride-hailing platforms like Gojek and Grab are the most tangible examples. A GoTo report revealed that its digital ecosystem contributed Rp 428 trillion to Indonesia's GDP, reflecting the significant role of the gig economy in the national economy. In addition to transportation, the digital creative economy sector is also growing rapidly, where freelancers in design, content,

and technology services also contribute greatly. Thus, the gig economy not only creates new job opportunities but also expands economic access, encourages entrepreneurship, and increases labor force participation. This phenomenon confirms that the gig economy plays a strategic role in the transition to a digital economy in Indonesia.

2.2. Challenges and Vulnerabilities of Gig Workers

Despite promising flexibility, gig workers face various structural challenges. First, the aspect of uncertain income is a major problem. Hopkins and McKay (2019) showed that online transportation workers on average work up to 87 hours per week to earn a decent income. This income fluctuation is even more vulnerable when there are changes in platform algorithms or a decrease in demand. Second, gig workers have almost no social security. Chen et al. (2020) found that the majority of platforms in Indonesia still fail to meet basic standards of work justice, including health protection, insurance, and the right to unionize. This condition makes gig workers vulnerable to the risk of work accidents and health crises like the one that occurred during the COVID-19 pandemic.

Third, gig workers experience legal vulnerability and a weak bargaining position. Their status, categorized as “partners,” makes the employment relationship unclear, so workers cannot demand a minimum wage, severance pay, or formal legal protection (Caza et al., 2022). In addition, fierce competition among workers, which is increasing, creates psychological pressure and the risk of exploitation. In addition, there is also a gender gap in the gig economy. A study by Uchiyama et al. (2022) highlighted that female workers tend to choose online-based gigs because of the

flexibility, but they face wage discrimination and more limited access to jobs compared to male workers. Thus, although the gig economy is able to present new economic opportunities, the structural conditions faced by workers show an urgent need for regulations and policy interventions that can provide legal protection, social security, and strengthen the bargaining position of workers in Indonesia.

3. Methods

This research uses a literature study method which focuses on the analysis of various academic sources, official reports, and recent publications regarding the development of the gig economy in Indonesia and globally. This approach was chosen because of the nature of the research which aims to understand the phenomenon conceptually and in-depth, without directly collecting field data. The first step in this literature study is the identification of relevant scientific sources on the topic of the gig economy. The researcher searched for international and national journal articles, with the consideration that this time span reflects the most recent developments related to labor digitalization post-COVID-19 pandemic. The academic databases used Google Scholar. Search keywords included “gig economy Indonesia”, “digital labor platform”, “informal workers”, and “digital labor”.

The second step is literature selection. From the initial search results, dozens of publications were found. The selection process was carried out by considering the relevance of the content, the novelty of the data, and the credibility of the publisher. Articles that were not directly related to the condition of gig workers in Indonesia were excluded from the analysis. The third step is the analysis of literature content.

Each publication was analyzed to identify the main themes, including: the contribution of the gig economy to the national economy, the characteristics of gig workers, structural challenges such as income uncertainty, legal protection, and social security, and a comparison of regulations and policies in other countries. The analysis was carried out systematically by highlighting the similarities and differences in findings between researchers.

The fourth step is the synthesis of literature findings. At this stage, the researcher connects various perspectives to formulate a comprehensive understanding of the gig economy in Indonesia. The synthesis is carried out with a thematic approach, which allows for the grouping of research results into positive dimensions (opportunities, contributions, flexibility) and negative dimensions (vulnerability, exploitation, minimal regulation). With this literature study method, the research is expected to be able to provide a comprehensive overview of the condition of gig workers in Indonesia, as well as highlight the socio-economic implications of the growth of the digital economy. In addition, this approach allows the research to utilize wider secondary data, so that the results of the analysis have a strong theoretical and empirical foundation.

4. Results

The results of the literature study on the gig economy show that this phenomenon has become one of the major transformations in the global labor landscape, including in Indonesia. The gig economy, which essentially refers to a work model based on short-term projects, freelancing, or digital platform-based

partnerships, is growing rapidly along with digitalization and internet penetration. In Indonesia, this development is clearly visible through the increasing number of workers who depend on online platforms such as Gojek, Grab, ShopeeFood, and various creative service marketplaces. This transformation not only presents new opportunities but also brings major challenges to the social and economic structure of the workforce. One of the main findings from the literature is the significant contribution of the gig economy to the national economy. A study conducted by GoTo (2022) revealed that the company's digital ecosystem was able to contribute up to Rp 428 trillion to Indonesia's gross domestic product (GDP).

This figure illustrates the huge impact of the gig economy as a driver of digital economic growth. In addition, research by Kemenparekraf (2021) also showed that the digital-based creative economy sector, which involves many gig workers, is one of the largest contributors to the country's foreign exchange. This confirms that the gig economy plays a role not only in creating new jobs but also in strengthening the national economy's competitiveness in the digital era. Flexibility is one of the main positive aspects offered by the gig economy. Workers can determine their working hours, location, and the type of work they take on, which provides the freedom to balance work with personal needs. A study by Uchiyama et al. (2022) shows that this flexibility is very attractive, especially for groups of women and young people who need work that can be adjusted to family or educational conditions. The gig economy also allows individuals to participate in the labor market even if they are not bound by a formal employment contract.

In the Indonesian context, this flexibility is a big attraction for informal workers, whose number is quite high, reaching more than 60% of the total workforce according to Huang et al. (2020). Therefore, the gig economy can be understood as an extension of the informal sector, but on a digital technology basis. However, the literature consistently shows a dark side to the growth of the gig economy, especially related to worker welfare. Income uncertainty is a major challenge faced by gig workers. Hopkins and McKay (2019) noted that online transportation workers in Indonesia often have to work up to 87 hours per week to earn a decent income. Income fluctuations are exacerbated by changes in application algorithms, platform policies related to incentives, and a very competitive market. As a result, many gig workers are trapped in long working conditions with unstable incomes, which in the long run can lower their quality of life.

In addition, gig workers generally do not have access to social security, health protection, or employment insurance. Schoukens et al. (2018) reported that most platforms in Indonesia still fail to meet basic standards of work justice, especially in terms of social security and workers' rights. The legal status of gig workers categorized as “partners” or “independent” causes them to be outside the scope of formal legal protection, so they are not entitled to a minimum wage, severance pay, or the right to unionize. This condition shows a structural imbalance between the platform-providing companies and the workers as technology users. In many cases, gig workers have to bear operational risks such as fuel costs, vehicle maintenance, or work equipment costs, while companies profit from commissions without bearing adequate social responsibility.

The literature also highlights the gender dimension in the gig economy. A study by Anwar and Graham (2021) found that although the flexibility of gig work is attractive to women, they tend to face barriers in the form of wage discrimination, limited access to certain types of jobs, and the risk of violence or harassment when working in public spaces. This shows that the gig economy is not yet fully inclusive, and in fact has the potential to strengthen the gender gap in the labor market if there is no appropriate policy intervention. In addition, young workers also face their own vulnerabilities, namely the difficulty of building a long-term career because gig work is temporary and does not provide a clear career path. This confirms that the work transition process is not just a matter of job search, but also a struggle to find meaning and clarity of professional identity (Bloom et al., 2021).

From a macro perspective, the gig economy does bring efficiency to companies. By utilizing gig workers, companies can reduce labor costs, adjust the number of workers to market needs, and increase competitiveness in a very dynamic digital economy. However, from the worker's perspective, this efficiency often means a transfer of risk to the individual. Caza et al.'s (2020) research confirms that the gig economy actually creates an asymmetry of power, where companies have full control through algorithms, while workers can only follow the rules without room for negotiation. This causes gig workers to be in a very weak bargaining position. Poor payment structures and strict terms and conditions for receiving the incentives are interdependent on each other and have moderate driving and dependence power. The expenses borne by the gig workers, such as Internet, fuel and vehicle

maintenance expenses have high dependence power and low driving power. Hence, they are relatively less significant than other barriers (Behl et al., 2022)

The COVID-19 pandemic also provided important lessons regarding the vulnerability of gig workers. When mobility was limited, demand for online transportation services dropped drastically, causing many workers to lose their main source of income. Some platforms did provide temporary assistance, but it was limited and not sustainable. This situation shows how fragile the position of gig workers is in facing economic shocks. Even so, the pandemic also encouraged the growth of other sectors in the gig economy, such as food delivery and online shopping services, which actually grew rapidly. This phenomenon shows an increasingly strong dependency between the community and digital platform-based services. In the context of regulation, the literature shows that Indonesia still faces challenges in regulating the gig economy fairly. Although the government has launched several policies related to the protection of informal workers, specific regulations that target platform-based workers are still very limited.

A comparison with other countries, such as England or Germany, shows that the status of gig workers is beginning to be recognized as workers with certain rights, for example the right to a minimum wage and insurance protection. Indonesia needs to take similar steps to be able to protect workers without hindering digital innovation. Without adequate regulation, the growth of the gig economy is feared to actually increase social inequality and worsen employment conditions in the informal sector. This condition reflects the phenomenon of horizontal mismatch, namely the discrepancy between educational background and the job being done (Bloom et al.,

2021). The results of this literature study confirm that the gig economy is a two-sided phenomenon. On one hand, it offers new economic opportunities, flexibility, and a significant contribution to the national economy. But on the other hand, it also creates uncertainty, vulnerability, and potential exploitation of workers. Therefore, the main challenge going forward is to ensure a balance between innovation, efficiency, and social justice so that the gig economy truly provides sustainable benefits for workers and the wider community.

5. Discussion

The results of the literature research that have been presented show that the gig economy is a complex phenomenon, full of contradictions, and has a multidimensional impact on both the economy and workers. This discussion will highlight several relevant key aspects, from economic contributions, worker conditions, to policy implications that need to be considered in Indonesia. From the side of economic contribution, it cannot be denied that the gig economy has become one of the drivers of digital economic growth in Indonesia. With a contribution value of trillions of rupiah to the GDP, digital platforms are able to open up a wide market and job access. This development is in line with global trends, where the gig economy is seen as part of the transition to a technology-based economy. However, the large economic contribution does not necessarily reflect an increase in worker welfare (Jorgenson, 2018).

The gap between the growth of platform companies and the condition of workers is increasingly visible, which raises the question of whether the gig economy

contributes to inclusive development or merely strengthens the accumulation of profits in the hands of technology companies (Sannon & Cosley, 2022). The condition of gig workers is the main focus in the discussion. The literature results consistently show that gig workers face income uncertainty, long working hours, and minimal social protection. This phenomenon shows a shift of risk from companies to workers, where individuals bear operational costs and market risks, while companies regulate the work mechanism through algorithms. This situation creates an uneven power relationship and places workers in a very weak bargaining position. If left unchecked, this has the potential to create a new form of precariat, which is a group of workers who live in long-term economic uncertainty.

There are aspects of equality and social inclusion that need to be criticized. Although the gig economy provides opportunities for women, young people, or informal worker groups to enter the digital labor market, in reality they still face structural barriers. Gender discrimination, limited access to high-paying jobs, and the risk of on-the-field safety show that the gig economy is not yet fully inclusive. This shows the importance of policy interventions with an equality perspective so that the digital economy does not widen the gap of social injustice. From the policy side, Indonesia faces a big dilemma. On one hand, too strict regulations can hinder innovation and the growth of digital platforms. On the other hand, too loose regulations will worsen worker vulnerability. Countries such as England, Spain, and Germany have begun to recognize the legal status of gig workers as “workers” with certain rights, while Indonesia is still at an early stage in designing regulations.

This is both an opportunity and a challenge to formulate adaptive policies, which provide basic protection for workers without restricting digital innovation. Finally, the discussion also highlights the importance of multi-party collaboration. The protection of gig workers cannot only depend on the government but also requires a commitment from platform companies, labor unions, and society. An approach based on social justice and shared responsibility will be key so that the gig economy does not just become a short-term economic instrument, but also a path towards sustainable development. This discussion shows that the gig economy is a two-sided phenomenon. It can be an instrument of digital economic growth as well as a source of socio-economic vulnerability. Therefore, the main challenge going forward is to ensure a balance between innovation, efficiency, and social justice so that the gig economy truly provides sustainable benefits for workers and the wider community.

6. Conclusion

The gig economy has become an important phenomenon in the transformation of the labor market in the digital era. Through online platforms, millions of workers in Indonesia can now access flexible job opportunities that were previously unavailable. This phenomenon clearly contributes to national economic growth, strengthens the competitiveness of the digital sector, and opens up a space for inclusion for groups of informal workers, women, and young people. However, the literature reviewed shows that behind the flexibility and opportunities there are

major challenges, especially related to income uncertainty, long working hours, and the absence of social and legal protection.

The gig economy ultimately presents a paradox: on one hand it is a driver of digital economic growth, but on the other hand it increases the risk of exploitation and uncertainty for workers. This condition shows that the sustainability of the gig economy is not only determined by technology and the market, but also by regulations and policies that are able to protect workers while supporting innovation. Therefore, the next step is to build a fair and sustainable gig economy ecosystem. The government needs to formulate regulations that recognize the legal status of gig workers with certain basic rights, platform companies are required to take greater social responsibility, while workers need to strengthen their solidarity and collective capacity. With this multi-party approach, the gig economy in Indonesia can truly become an instrument of inclusive development that balances economic efficiency with social justice.

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