



## LEGAL ANALYSIS OF LEGAL PROTECTION FOR GIG ECONOMY WORKERS IN THE INDONESIAN EMPLOYMENT SYSTEM

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**Received:** 02/03/2026 | **Revised:** 11/03/2026 | **Accepted:** 01/04/2026 | **Published:** 13/05/2026

### Abstract

The development of digital technology has given rise to the gig economy phenomenon, transforming employment patterns within the Indonesian labor system. This work model is characterized by high flexibility and partnership-based employment relationships through digital platforms. However, despite this flexibility, gig workers face various legal challenges, particularly related to unclear employment status and minimal legal protection for basic workers' rights. This study aims to analyze legal protection for gig economy workers within the Indonesian labor system and to assess the suitability of existing regulations to platform-based work practices. The research method used is normative legal research with a statutory approach and a conceptual approach. The legal materials used include legislation, legal literature, and doctrines relevant to employment and the gig economy. The analysis was conducted qualitatively to identify gaps between applicable legal norms and the reality of practice on the ground. The results indicate that legal protection for gig economy workers in Indonesia is suboptimal. This is due to the absence of specific regulations that explicitly regulate the status and rights of gig workers within the labor system. Existing regulations still focus on conventional employment relationships, thus preventing gig workers classified as partners from receiving protections such as social security, a living wage, and job security. Furthermore, dispute resolution mechanisms between workers and platforms have not been comprehensively regulated.

**Keywords:** Gig Economy, Legal Protection, Employment, Platform Workers, Employment Relations.

### INTRODUCTION

The development of digital technology has brought about significant changes in the global economic structure, including in Indonesia. This transformation has given rise to a new work model known as the gig economy, a project-based or short-term work system typically facilitated by digital platforms.<sup>1</sup> The presence of app-based companies such as Gojek, Grab, and Shopee has opened up extensive job opportunities for the community, particularly in the informal sector.<sup>2</sup> On the one hand, the gig economy provides work flexibility, easy access to employment, and opportunities for increasing income for individuals.<sup>3</sup> However, on the other hand, this system raises various legal issues, particularly regarding the employment relationship between workers and platform companies. Most gig workers are categorized as "partners" or independent workers, rather than permanent employees, and thus lack the legal protections stipulated in formal employment regulations.<sup>4</sup> In the context of positive law in Indonesia, protection of workers is regulated by Law Number 13 of 2003 concerning Manpower, which was later amended by Law Number 11 of 2020 concerning Job Creation. This regulation essentially governs employment relationships

<sup>1</sup>International Labor Organization, *World Employment and Social Outlook 2021: The Role of Digital Labor Platforms in Transforming the World of Work*, Geneva, 2021.

<sup>2</sup>Central Statistics Agency, *E-Commerce and Digital Economy Statistics in Indonesia*, Jakarta, 2022.

<sup>3</sup>Diane Mulcahy, *The Gig Economy: The Complete Guide to Getting Better Work, Taking More Time Off, and Financing the Life You Want*, AMACOM, 2016.

<sup>4</sup>Valerio De Stefano, "The Rise of the 'Just-in-Time Workforce': On-Demand Work, Crowdwork and Labor Protection," *Comparative Labor Law & Policy Journal*, 2016.

based on the elements of work, wages, and orders.<sup>5</sup> However, in gig economy practice, these employment relationships become blurred because platform companies tend not to recognize formal employment relationships, but rather partnership relationships.<sup>6</sup> This situation creates legal uncertainty for gig workers, particularly regarding basic rights such as social security, occupational safety protection, a living wage, and job security. Many platform workers lack social security protections like BPJS Ketenagakerjaan (the Indonesian Employment Social Security Agency) and lack the certainty of a stable income.<sup>7</sup> In addition, the algorithmic system used by the platform also has the potential to cause injustice, such as unilateral termination of partnerships without a clear dispute resolution mechanism.<sup>8</sup> From an employment law perspective, this situation demonstrates a gap between the development of modern work practices and existing regulations. Employment law in Indonesia still focuses on conventional employment relationships, thus not fully accommodating the flexible, digital-based characteristics of the gig economy.<sup>9</sup> This raises the urgency to conduct a legal analysis of the form of legal protection that should be provided to gig workers in the national employment system. Furthermore, the principle of labor protection as mandated in the 1945 Constitution of the Republic of Indonesia affirms that every citizen has the right to work and a decent living.<sup>10</sup> Therefore, the state has an obligation to guarantee fair and adequate legal protection for all workers, including those in the gig economy. Based on this description, the issue of legal protection for gig economy workers is an important issue that requires in-depth study. A legal analysis is needed to assess the extent to which existing labor regulations provide protection and to formulate a legal protection concept that is more adaptive to the development of the digital workplace in Indonesia.

## **METHOD**

This research uses a normative juridical research type, namely legal research conducted by reviewing library materials or secondary data as the main source, because this research focuses on the analysis of legal norms that regulate criminal acts of corruption and efforts to overcome them in relation to the stability of the country's economy. The approaches used include a statutory approach, namely by reviewing various laws and regulations related to Law Number 13 of 2003 concerning Manpower and Law Number 11 of 2020 concerning Job Creation. A conceptual approach, namely by reviewing This approach is carried out by reviewing legal concepts from experts, such as the concept of legal protection, employment relations, and the gig economy.

## **RESULTS AND DISCUSSION**

### **A. Legal Status of Gig Economy Workers in the Indonesian Employment System**

The development of digital technology has given rise to a new employment model known as the gig economy, a flexible, project- or task-based work system that is not tied to conventional employment relationships. In Indonesia, gig workers, such as online motorcycle taxi drivers, digital freelancers, and other platform workers, are generally not categorized as formal workers under labor law. This raises legal issues regarding their legal status within the national labor system.<sup>11</sup> Normatively, employment relations under Indonesian labor law are regulated by Law Number 13 of 2003 concerning Manpower, which was later amended by Law Number 11 of 2020 concerning Job Creation. This regulation defines an employment relationship as having three main elements: work, wages, and orders.<sup>12</sup> However, in gig economy practices, the relationship between workers and digital platforms often does not fulfill the element of a direct "order" because the platform claims to be only an intermediary, not an employer.<sup>13</sup> As a result, gig workers are often classified as partners (independent contractors) rather than employees. This classification results in the loss of normative rights workers should receive, such as social security, minimum wages, and other employment protections.

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<sup>5</sup>Law Number 13 of 2003 concerning Manpower.

<sup>6</sup>Lalu Husni, *Introduction to Indonesian Employment Law*, Jakarta: RajaGrafindo Persada, 2014.

<sup>7</sup>BPJS Employment, *BPJS Employment Annual Report*, 2022.

<sup>8</sup>International Labor Organization, *Digital Labor Platforms and the Future of Work*, Geneva, 2021.

<sup>9</sup>Satjipto Rahardjo, *Legal Studies*, Bandung: Citra Aditya Bakti, 2000.

<sup>10</sup>The 1945 Constitution of the Republic of Indonesia.

<sup>11</sup>Aloisi, Antonio, "Commoditized Workers: Case Study Research on Labor Law Issues Arising from a Set of 'On-Demand/Gig Economy' Platforms," *Comparative Labor Law & Policy Journal*, 2016, p. 3.

<sup>12</sup>Law Number 13 of 2003 concerning Manpower, Article 1 number 15.

<sup>13</sup>Prassl, Jeremias, *Humans as a Service: The Promise and Perils of Work in the Gig Economy*, Oxford University Press, 2018, p. 45.

## **B. Forms of Legal Protection that Apply to Gig Economy Workers**

Legal protection for gig workers in Indonesia is currently partial and has not been specifically regulated in a comprehensive regulation. Generally, this protection can be seen from the following aspects:

### **1. Protection Under Employment Law**

The Employment Law essentially provides protection for workers in formal employment relationships. However, because gig workers are not legally recognized as employees, they do not directly receive these protections.<sup>14</sup>

However, there are progressive legal interpretation efforts that state that employment relationships in the gig economy can be qualified as disguised employment, so that they can still be subject to employment provisions.<sup>15</sup>

### **2. Protection through Civil Law**

The relationship between gig workers and digital platforms is often based on a partnership agreement governed by the Civil Code. In this case, legal protection depends on the terms of the contract between the parties.<sup>16</sup>

However, gig workers' bargaining position tends to be weak because contracts are drawn up unilaterally by the platform (standard contracts), potentially harming workers.<sup>17</sup>

### **3. Protection through Social Security**

The government, through BPJS Ketenagakerjaan, has opened access for informal workers, including gig workers, to obtain independent social security protection.<sup>18</sup> However, participation in this program is still voluntary and not yet fully effective due to the low participation rate of gig workers.

### **4. Protection through Sectoral Policies**

Several sectoral policies, such as online transportation regulations, have addressed specific aspects like fares and workplace safety. However, these policies have not yet addressed comprehensive employment protection.

## **C. Legal Issues in the Protection of Gig Economy Workers**

There are several major legal issues in protecting gig workers in Indonesia, including:

- 1. Unclear Legal Status**The absence of formal recognition of gig workers creates a legal vacuum in the protection of their rights.<sup>19</sup>
- 2. Inequality of Power Relations**Digital platforms have algorithmic control over workers, such as determining rates and performance assessments, which in practice resembles a subordinative work relationship.<sup>20</sup>
- 3. Lack of Social Security and Employment Protection**Most gig workers do not receive protection against work risks, such as work accidents, unilateral termination of employment, and income uncertainty.<sup>21</sup>
- 4. Lack of Specific Regulations**The absence of specific regulations governing the gig economy means that legal protection is sporadic and unsystematic.

## **D. Efforts to Strengthen Legal Protection for Gig Economy Workers**

To overcome these problems, the following strategic steps are required:

- 1. Reformulation of Employment Regulations**The government needs to expand the definition of workers in the law to include gig workers.
- 2. Special Regulations for the Gig Economy**Special regulations are needed to govern digital platform-based employment relationships, including the rights and obligations of the parties.
- 3. Increased Social Security Protection**Social security programs need to be mandatory for platforms to protect gig workers.

<sup>14</sup>Asyhadie, Zaeni, Indonesian Employment Law, Rajawali Pers, 2019, p. 78.

<sup>15</sup>Rismawati, Rini, "Legal Protection for Digital Workers in Indonesia," IUS QUIA IUSTUM Law Journal, 2021, p. 112.

<sup>16</sup>Subekti, Contract Law, Jakarta: Intermasa, 2014, p. 1.

<sup>17</sup>Sutan Remy Sjahdeini, Freedom of Contract and Balanced Protection, Jakarta: Indonesian Bankers Institute, 2009, p. 56.

<sup>18</sup>Law Number 24 of 2011 concerning BPJS.

<sup>19</sup>Fudge, Judy, "The Legal Boundaries of the Gig Economy," International Journal of Comparative Labor Law, 2017, p. 22.

<sup>20</sup>Cherry, Miriam A., "Beyond Misclassification: The Digital Transformation of Work," Comparative Labor Law Journal, 2019, p. 45.

<sup>21</sup>ILO, World Employment and Social Outlook 2021, p. 89.

4. Strengthening the Role of the StateThe state must be present as a regulator that ensures fairness in digital employment relations through supervision and law enforcement.<sup>22</sup>

The principles of Law No. 13 of 2003 concerning Manpower, while providing a comprehensive foundation for workers in conventional employment relationships, have not fully accommodated the flexible, digital-platform-based characteristics of work in the gig economy, which does not always meet the requirements of a traditional employment relationship. This situation indicates that the current legal approach remains rigid and less adaptable to the dynamics of the modern labor market, necessitating a more flexible, responsive, and contextual regulatory approach. Experience in various countries demonstrates progressive efforts to respond to this phenomenon. Several jurisdictions, such as the United Kingdom and Australia, have begun formulating policies that recognize gig workers as legal subjects with special status who still enjoy certain protections, such as the right to social security and minimum wage standards. This reflects a paradigm shift from a dichotomous approach between permanent and independent workers to a more inclusive approach.

In the Indonesian context, policy reform is an urgent need. The government needs to formulate regulations that not only recognize the flexibility of work in the gig economy but also guarantee social protection equivalent to that of formal workers. One strategic step that can be taken is to reconstruct the definition of employment relations in Law Number 13 of 2003 concerning Manpower to be more inclusive, thus encompassing non-conventional forms of employment. This way, gig workers can obtain broader protection, including the right to a decent wage, social security, and occupational safety and security. The basic principles of labor law, such as fairness, protection of the vulnerable, and balance in contractual relationships, remain fundamentally relevant for application in the context of the gig economy. However, their application requires adjustments given the tension between the flexible nature of gig work and the legal system, which has historically focused on fixed and hierarchical employment relationships. Therefore, labor law reform is a necessity to ensure that the legal system can accommodate the increasingly dynamic transformation of the labor market structure, while guaranteeing the fair and sustainable fulfillment of workers' rights.

## CONCLUSION

The absence of specific regulations recognizing gig workers as legal subjects within the employment system results in the non-fulfillment of basic workers' rights, such as social security, minimum wages, and protection against termination of employment. This situation is further complicated by the classification of employment relationships as partnerships or independent contracts, which creates an unequal position between workers and digital platforms. Although Law No. 13 of 2003 concerning Manpower and Law No. 6 of 2023 have provided a protective framework, these regulations are not fully responsive to the dynamics of the gig economy. Therefore, progressive and adaptive legal reforms are needed through the recognition of gig workers as a separate category with minimum protection standards. This approach is expected to ensure a balance between work flexibility and the protection of workers' rights, while also encouraging the creation of a fairer, more inclusive, and more sustainable employment system in Indonesia.

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