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## **The Ambiguity of Employment Relationship in Indonesia's Gig Economy: A Study of Online Motorcycle Taxi Drivers**

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### **Abstract**

The rise of the gig economy in Indonesia, driven by digital platforms such as Gojek and Grab, has created significant employment opportunities through online motorcycle taxis (ojek online). However, the employment relationship between digital platforms and online motorcycle taxi drivers remains ambiguous. Currently, no explicit regulation defines the status of gig workers within Indonesia's legal framework. The absence of recognition as formal employees leaves these workers in precarious conditions, devoid of social security, minimum wage guarantees, and collective bargaining rights. This policy paper reviews existing regulations, evaluates international approaches, and identifies the benefits and challenges of unregulated gig work in Indonesia. Comparative benchmarks from Spain, the United States, and Malaysia highlight potential solutions to balance worker protection and platform flexibility. This study proposes a hybrid employment relationship that integrates core labor protections while maintaining work flexibility. Key regulatory components include social security access, algorithm transparency, and dispute resolution mechanisms. Short-term (1-year) and medium-term (5-year) strategies are outlined to achieve comprehensive regulations for Indonesia's gig economy. Ultimately, this research provides actionable policy recommendations for the Indonesian government to establish fair and sustainable employment relations in the digital era.

**Keywords:** gig economy, employment relationship, online motorcycle taxis, labor regulation, platform workers.

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## 1. Introduction

The rapid development of digital technology, particularly in the era of the Fourth Industrial Revolution, has created new opportunities and challenges in the labor market. One notable outcome of this transformation is the emergence of a platform-based economy, widely known as the *gig economy*. This model enables individuals to work flexibly under short-term contracts facilitated by digital platforms. In Indonesia, a prime example of the *gig economy* is app-based transportation services such as Gojek and Grab. These platforms have revolutionized traditional motorcycle taxi (*ojek*) services by connecting drivers (*gig workers*) with consumers through accessible digital technology (Kurniawan, 2020).

While online motorcycle taxis (*ojek online*) have created new employment opportunities and improved accessibility to transportation services, they also pose fundamental issues regarding the employment relationship between platform companies and drivers. To date, no regulations explicitly govern the legal status of the working relationship between these two parties. Platform companies often classify drivers as "partners" or independent contractors, rather than formal employees. This classification deprives drivers of access to essential labor rights such as legal protection, social security, minimum wage guarantees, collective bargaining rights, and workplace safety (Dermawan et al., 2021; Annazah et al., 2023).

According to Law No. 13 of 2003 on Manpower, employment relationships in Indonesia are defined by three key elements:

- a. Work: The existence of tasks performed by the worker.
- b. Wages: Compensation provided by the employer to the worker.
- c. Orders: Direct instructions given by the employer to the worker regarding the execution of work.

In the *gig economy* context, particularly with online motorcycle taxis, the "orders" element becomes ambiguous. Companies exercise control not directly but through digital algorithms that determine task assignments, trip fares, and performance evaluations. As a result, the employment relationship between drivers and platform companies does not fully comply with the formal employment definition outlined in the Labor Law (Saputra et al., 2020). This ambiguity creates a legal vacuum, leading to uncertainty regarding the drivers' employment status and their lack of legal protection.

The situation becomes more complex as platform companies exploit the absence of regulatory frameworks to avoid legal obligations as employers. Online motorcycle taxi drivers are excluded from access to social protection programs, such as BPJS Ketenagakerjaan (employment insurance) and health insurance, workplace safety guarantees, and minimum wage protections. This leaves *gig workers* economically vulnerable, subject to fluctuating incomes and unequal power dynamics between platform companies and drivers (Dermawan et al., 2021).

The ambiguity surrounding the employment status of online motorcycle taxi drivers highlights three critical issues within Indonesia's *gig economy*:

- a. **Legal Uncertainty:** The employment relationship between platform companies and gig workers remains unregulated under Indonesia's labor laws. Companies often classify drivers as "independent partners" to avoid labor-related obligations such as social security contributions and wage protections (Annazah et al., 2023).
- b. **Lack of Social Protection:** Without formal employee status, gig workers are excluded from essential social protections, such as health insurance, accident compensation, and job security (Kurniawan, 2020).
- c. **Algorithmic Control and Exploitation:** Platform companies utilize opaque algorithms to manage work distribution and driver earnings. This lack of transparency places drivers in precarious positions where they are often overworked while earning uncertain incomes (Dermawan et al., 2021).

## 2. Research Method

This study is of paramount importance due to the increasing prevalence of gig workers in Indonesia and the absence of regulations safeguarding their rights. Without adequate policy interventions, the unregulated gig economy may worsen social and economic inequalities, exacerbate worker vulnerabilities, and undermine labor protections.

The significance of this study lies in three key contributions:

- a. **Academic Contribution:** It offers theoretical insights into the concept of employment relationships in the digital economy and highlights regulatory challenges within the *gig economy*.
- b. **Practical Contribution:** It provides policy recommendations to address the legal status of gig workers and enhance their social protection.
- c. **Legal Contribution:** It serves as a foundation for policymakers to draft new regulations that accommodate the dynamics of the *gig economy* and protect the rights of gig workers.

The primary objective of this policy paper is to analyze the employment relationship between platform companies and online motorcycle taxi drivers within the context of Indonesian labor laws and propose optimal policy solutions to address the challenges faced by gig workers. Specifically, the research aims to:

- a. Evaluate existing regulations concerning employment relationships and gig worker protections in Indonesia.
- b. Compare international approaches to regulating the *gig economy*.
- c. Identify the benefits and drawbacks of the current unregulated status of gig workers.
- d. Formulate optimal employment relationship models and identify key elements that should be regulated to protect gig workers.
- e. Develop short-term (1 year) and medium-term (5 years) strategies to implement comprehensive regulations for gig workers in Indonesia.

The scope of this research focuses on:

- a. Analyzing the employment relationship between online transportation platforms (Gojek, Grab) and gig workers (online motorcycle taxi drivers) in Indonesia.
- b. Reviewing existing labor regulations and identifying international best practices for regulating gig workers.
- c. Proposing policy solutions to clarify the legal status of gig workers and improve their access to social and economic protections.

### 3. Results and Discussion

#### 3.1. Analysis of Regulations, Benchmarking, and the Potential of the Gig Economy

This section reviews relevant literature on the employment relationships in the gig economy, specifically focusing on online motorcycle taxi drivers in Indonesia. The discussion is classified into three parts: (1) the existing regulations in Indonesia, (2) international benchmarking on gig worker policies, and (3) the advantages and disadvantages of gig workers operating without formal employment status.

##### 3.1.1. Existing Regulations in Indonesia

Indonesia's legal framework for employment relationships is primarily governed by Law No. 13 of 2003 on Manpower, which defines an employment relationship as consisting of three key elements: work, wages, and orders (Dian et al., 2023). However, the case of gig workers—such as online motorcycle taxi drivers—presents significant ambiguities, particularly regarding the "orders" element. Platform companies claim that they do not issue direct instructions to gig workers; instead, tasks and performance are mediated through digital algorithms, creating a gray area in the definition of employment (Saputra et al., 2020).

Under Article 1313 of the Indonesian Civil Code (KUHPerdata), agreements are defined as acts where one or more individuals bind themselves to others. Based on this provision, platform companies characterize their relationship with drivers as contractual partnerships rather than formal employment relationships. This allows companies to avoid obligations such as providing social security, minimum wage guarantees, and workplace protections (Annazah et al., 2023).

Further, Indonesia has issued Minister of Transportation Regulation No. 12 of 2019, which governs operational aspects of online transportation, including fare limits and safety standards. While this regulation addresses pricing and operational issues, it does not provide legal clarity regarding the employment status of gig workers or ensure their access to labor protections (Dermawan et al., 2021).

The absence of specific regulations for gig workers in Indonesia has resulted in:

- a. Legal Ambiguity: Unclear definitions regarding the employment relationship make it difficult for gig workers to claim their rights under existing labor laws.

- b. Exclusion from Labor Protections: Gig workers are treated as independent contractors, depriving them of benefits such as social insurance, health protections, and job security.
- c. Unequal Power Dynamics: The imbalance between platform companies and drivers is exacerbated by the lack of government oversight and legal mechanisms to resolve disputes (Kurniawan, 2020).

Thus, the Indonesian legal framework remains insufficient to address the complexities of employment relationships in the gig economy. This gap leaves gig workers economically vulnerable and socially unprotected.

### 3.1.2. Benchmarking with International Approaches

To address the challenges of the gig economy, various countries have implemented innovative approaches to regulate gig workers while balancing flexibility and protection. This section provides an overview of global best practices.

Spain has emerged as a leader in protecting gig workers through the enactment of the "Ley Riders" law. This legislation formally recognizes gig workers in the transportation sector as employees rather than independent contractors. As a result, platform companies like Uber and Deliveroo are required to provide full labor rights to gig workers. These rights include social security benefits, minimum wage guarantees, and collective bargaining rights. The regulation ensures that gig workers are not exploited under the pretext of independent contracts while holding platform companies accountable for maintaining fair and sustainable working conditions (Dian et al., 2023).

The European Union has proposed a framework directive aimed at regulating gig work by clearly defining the employment status of platform workers. The directive introduces algorithmic control as a key criterion for determining whether gig workers should be classified as employees. If a platform company exercises significant control over workers through digital algorithms—such as setting fares, assigning tasks, or evaluating performance—those workers must be granted employment protections. These protections include health insurance, paid leave, and job security. Additionally, the EU emphasizes the importance of algorithmic transparency to ensure fairness and accountability in managing platform workers (Dian et al., 2023).

In California, Assembly Bill 5 (AB5) establishes the ABC Test to determine whether a worker qualifies as an employee or an independent contractor. According to this test, a worker is classified as an employee if three conditions are met: first, the worker performs tasks under the company's control; second, the tasks are part of the company's core business operations; and third, the worker does not operate independently in the same line of business. The law places the burden of proof on platform companies to demonstrate that workers meet the criteria for independent contractor status. If the company fails to do so, the worker must be classified as an employee and granted access to full labor protections, including benefits and legal safeguards (Kurniawan, 2020).

Malaysia has adopted a pragmatic approach to address the challenges faced by gig workers by maintaining their status as independent contractors while simultaneously offering access to essential social protection programs. The Malaysian government introduced subsidized social security schemes that enable gig workers to contribute to employment insurance and healthcare programs. Additionally, collaborative initiatives with platform companies were implemented to encourage voluntary participation in these schemes. This balanced strategy underscores Malaysia's effort to preserve the flexibility that gig workers value while ensuring they receive basic protections, such as health insurance and employment security, without altering their independent status (Dermawan et al., 2021).

### 3.1.3. Advantages and Disadvantages of Gig Workers' Informal Status in Indonesia

The current status of gig workers in Indonesia as independent contractors presents both opportunities and challenges within the gig economy. On one hand, gig workers benefit from significant work flexibility, enabling them to determine their own working hours and balance employment with personal responsibilities. This flexibility is particularly advantageous for individuals such as students, stay-at-home parents, and others seeking part-time or adjustable work schedules (Kurniawan, 2020). Moreover, the gig economy creates essential economic opportunities for individuals who might otherwise face barriers to entering the formal labor market. For many low-skilled workers and urban populations, platforms like online transportation services offer accessible means to earn a livelihood and participate in economic activities (Saputra et al., 2020). From a business perspective, classifying gig workers as independent contractors allows platform companies to minimize operational costs, as they are not obligated to provide traditional labor entitlements such as fixed salaries, social security contributions, or employee benefits. This cost-efficiency contributes to the competitiveness and sustainability of platform companies in a rapidly evolving digital economy (Dian et al., 2023).

However, this informal employment status also brings significant drawbacks that place gig workers in a vulnerable position. One major concern is the lack of social protection, which excludes gig workers from essential labor rights like health insurance, accident compensation, and job security. Without access to these safety nets, workers are exposed to considerable financial risks, particularly during emergencies such as health crises or accidents (Saputra et al., 2020). Furthermore, gig workers often experience algorithmic exploitation, as platform companies use opaque algorithms to assign tasks, evaluate performance, and calculate earnings. The lack of transparency in these systems makes it difficult for workers to fully understand how their income is determined, leaving them at risk of being overworked and under-compensated (Dermawan et al., 2021).

In addition to these challenges, gig workers face income instability due to the unpredictable nature of market demand and the task-based payment system. Their earnings fluctuate based on the number of completed tasks, making it difficult for workers to achieve consistent financial stability or plan for their long-term goals (Annazah et al., 2023). Another critical issue is the limited bargaining power of gig workers. As independent contractors, they are often excluded

from formal labor unions and collective bargaining mechanisms, which weakens their ability to negotiate fair wages, better working conditions, or protections against exploitation (Kurniawan, 2020).

While the gig economy provides flexibility and economic inclusion, the absence of formal worker protections exposes gig workers to numerous vulnerabilities. Balancing the benefits of flexible work arrangements with the need for adequate protections is crucial for ensuring that gig workers can participate in the economy without sacrificing their well-being and rights. Addressing these issues requires thoughtful regulatory interventions to create a fairer and more sustainable working environment for gig workers in Indonesia.

The literature highlights significant gaps in Indonesia's regulatory framework regarding gig workers' employment status. Benchmarking international practices reveals that countries like Spain, the European Union, and California have taken steps to provide comprehensive protection for gig workers while balancing flexibility. Meanwhile, Malaysia's approach offers a middle ground by combining independent status with access to social protections.

In Indonesia, the advantages of gig work—such as flexibility and job creation—are overshadowed by the risks of economic vulnerability, algorithmic control, and limited labor protections. Addressing these challenges requires a nuanced regulatory approach that ensures gig workers receive basic rights while maintaining the flexibility of the gig economy.

### 3.2. Legal Perspectives

This section explores the legal perspectives regarding the employment relationship between platform companies, such as Gojek and Grab, and online motorcycle taxi drivers (gig workers) in Indonesia. It analyzes whether the gig worker-platform relationship falls under the category of formal employment, contractual partnerships, or a hybrid employment model. The discussion will cover the Indonesian legal framework, international legal approaches, and the implications of existing laws on gig workers' rights.

#### 3.2.1. Legal Framework for Employment in Indonesia

The primary legal basis for employment relationships in Indonesia is Law No. 13 of 2003 on Manpower. This law outlines three key elements that define an employment relationship:

1. Work – The existence of labor or services provided by the worker.
2. Wages – Compensation provided in return for the labor or services performed.
3. Orders – Control and supervision from the employer to the worker.

The element of orders has become a contentious issue in the gig economy. Platform companies argue that they do not exert direct control over gig workers, as their tasks are coordinated through digital algorithms rather than direct managerial oversight. This argument allows platforms to classify gig workers as independent contractors or "partners" rather than formal employees (Saputra et al., 2020).

However, several studies argue that the control exerted through algorithms—such as fare determination, task allocation, and performance evaluations—constitutes a form of indirect supervision (Dian et al., 2023). The inability of gig workers to negotiate terms or challenge these systems reflects a power imbalance that resembles traditional employment structures.

The Indonesian Civil Code (KUHPerdata), particularly Article 1313, defines agreements as “acts in which one party binds itself to another.” Under this provision, platform companies claim that their relationship with gig workers is a contractual partnership, not an employment relationship. However, the nature of these contracts often places gig workers in a subordinate position, where platform companies control key aspects of their work conditions without accountability for workers' rights (Dermawan et al., 2021).

### 3.2.2. Relationship Between Platform Companies and Gig Workers: Employment or Partnership?

The ambiguity surrounding the employment status of gig workers stems from the dual nature of their relationship with platform companies. On one hand, gig workers have the flexibility to choose working hours and tasks, a hallmark of independent contractor arrangements. On the other hand, platform companies retain significant control through algorithmic management, limiting gig workers' autonomy in practice.

According to Indonesian labor law and international standards, the following factors typically indicate an employment relationship:

1. Dependence: Workers rely on employers for income and tasks.
2. Control: Employers dictate the nature, timing, and conditions of work.
3. Integration: Workers contribute directly to the core business of the employer.

Applying these criteria to the gig economy reveals that:

1. Gig workers are economically dependent on platform companies for access to tasks and income.
2. Platforms exert control through algorithms that regulate task allocation, performance evaluations, and earnings.
3. Gig workers' services are integral to the platforms' operations, as companies like Gojek and Grab rely on drivers to deliver core services (transportation and deliveries) (Saputra et al., 2020).

While platform companies deny a formal employment relationship, the significant control they wield over gig workers challenges the classification of these workers as independent contractors.

### 3.2.3. International Legal Perspectives on Gig Workers

Countries around the world have implemented diverse legal frameworks to address the employment status of gig workers, offering valuable insights for Indonesia as it seeks to reform its legal system. In Spain, the “Ley Riders” law, introduced in 2021, formally recognizes gig workers

as employees of platform companies. This law mandates that platform companies provide social security contributions, guarantee minimum wage, and allow collective bargaining for gig workers. The legislation highlights that gig workers, while enjoying work flexibility, are economically and operationally dependent on platforms, thus entitling them to labor protections (Dian et al., 2023).

The United Kingdom adopts a hybrid approach by classifying gig workers under a "worker status" category, which situates them between independent contractors and formal employees. Under this model, gig workers maintain their flexibility while being granted basic labor protections, such as a guaranteed minimum wage, paid leave, and protection against unfair treatment. This balanced approach addresses the needs of gig workers without compromising the operational efficiency of platform companies, providing a framework that could serve as a reference for Indonesia (Kurniawan, 2020).

In the United States, particularly in California, Assembly Bill 5 (AB5) introduces the ABC Test to determine a worker's employment status. Under this framework, workers are presumed to be employees unless the platform companies can prove that the workers operate independently from the company's control, perform tasks outside the company's core business, and conduct their work independently in the same field. If these criteria are not met, gig workers must be classified as employees with full access to labor protections. This legislation shifts the burden of proof to platform companies, holding them accountable for justifying the employment classification of gig workers (Dian et al., 2023).

Malaysia, on the other hand, adopts a pragmatic approach that retains gig workers' independent contractor status while integrating them into the national social protection system. The Malaysian government collaborates with platform companies to provide subsidized insurance schemes, ensuring that gig workers gain access to essential social protections such as employment insurance and health coverage. This approach strikes a balance between preserving the flexibility of gig work and offering a safety net to gig workers without altering their independent status (Dermawan et al., 2021).

These international examples demonstrate that addressing the gig economy requires tailored approaches that consider both worker protections and the operational dynamics of platform companies. By studying these legal frameworks, Indonesia can identify potential strategies to reform its existing system and provide fair protections for gig workers while accommodating the flexibility inherent in the gig economy.

### 3.2.4. Legal Gaps and Challenges in Indonesia

The current legal framework in Indonesia is inadequate to address the complexities of gig work relationships, creating significant gaps and challenges for platform-based workers. One primary issue is the absence of specific definitions within Indonesian labor law to categorize gig workers or platform-based employment. This lack of clarity enables platform companies to exploit legal loopholes by classifying drivers as independent contractors rather than employees,

effectively denying them access to basic labor protections such as minimum wage and job security (Dian et al., 2023, Annazah et al., 2023).

Another major challenge lies in the lack of algorithmic transparency. Platform companies rely heavily on opaque algorithms to assign work and determine workers' earnings. These algorithms function as indirect mechanisms of control, yet gig workers are left without the means to challenge or even understand decisions made by these systems. This leaves them vulnerable to algorithmic exploitation, where unfair work distribution or sudden income fluctuations can occur without accountability (Dermawan et al., 2021).

The exclusion of gig workers from Indonesia's social protection schemes, such as BPJS Ketenagakerjaan and national health insurance, further exacerbates their precarious situation. Without formal employment status, gig workers remain outside the scope of these programs, placing them at significant economic risk, particularly in emergencies such as accidents, illness, or income instability (Saputra et al., 2020).

Additionally, gig workers face limited options for legal recourse when disputes arise with platform companies. The absence of formal recognition as employees means they are excluded from traditional labor courts, depriving them of the opportunity to seek justice or remedies under the current legal system. This limited legal protection leaves gig workers in a vulnerable position, with little to no bargaining power against platform companies (Kurniawan, 2020).

These legal gaps highlight the urgent need for Indonesia to reform its labor laws and introduce specific regulations tailored to the gig economy. Without addressing these challenges, gig workers will remain exposed to economic insecurity, algorithmic control, and legal exploitation, perpetuating the imbalance of power between platform companies and workers.

### 3.2.5. Can Gig Workers Be Categorized as Employees?

There is a compelling argument to categorize gig workers as employees under Indonesian law due to the substantial control platform companies exert over them. One key indicator is the use of digital algorithms that assign tasks and determine workers' earnings, which functions as a form of supervision and management. Although indirect, this control closely mirrors traditional employer oversight. Another indicator is the economic dependency of gig workers on platform companies, as their income and work opportunities are entirely reliant on the platforms. This reliance demonstrates a clear relationship of dependence, a characteristic often associated with formal employment relationships.

Furthermore, gig workers provide services that are integral to platform companies' core business operations. Without gig workers, companies such as Gojek and Grab would not be able to function or generate profits, making these workers an essential component of the business model. These factors—algorithmic control, economic dependence, and integration into core operations—align closely with the principles of employment relationships as outlined in conventional labor laws.

While the classification of gig workers as formal employees under current laws could address many of their vulnerabilities, a hybrid approach may be more suitable for Indonesia's gig economy. This approach would preserve the flexibility that attracts workers to gig platforms while providing essential protections such as social security, minimum wage guarantees, and access to legal recourse. By adopting a balanced model, Indonesia can ensure that gig workers receive basic labor protections without compromising the agility and innovation that the gig economy offers.

### 3.2.6. Implications for Legal Reforms in Indonesia

To address the uncertainties surrounding the legal status of gig workers in Indonesia, a series of targeted legal reforms are necessary to ensure a balance between worker protections and the flexibility inherent in gig work. First, it is essential to introduce a formal definition of gig workers within Indonesia's labor laws, particularly in Law No. 13 of 2003, to recognize their unique employment characteristics. A clear definition would address ambiguities in their classification and provide a foundation for granting rights and protections.

Second, platform companies must be required to disclose how their algorithms influence work assignments and earnings. Algorithmic transparency is critical to ensure fairness and accountability, as gig workers currently lack visibility into how their income and workload are determined. This reform would also enable workers to challenge unfair or exploitative algorithmic decisions effectively.

Third, the integration of gig workers into a flexible social protection scheme is imperative. Such a scheme would provide access to essential benefits, including BPJS Ketenagakerjaan for employment insurance and health insurance programs. The contributions to this system could be shared between platform companies and gig workers, ensuring that workers have financial safeguards without undermining the flexibility of gig work arrangements.

Finally, there is a pressing need to establish an efficient and transparent dispute resolution framework to handle conflicts between gig workers and platform companies. This mechanism would offer gig workers an accessible and formal process to resolve disputes related to wages, working conditions, or unfair treatment.

By implementing these reforms, Indonesia can address the ambiguities surrounding gig workers' legal status and ensure that their rights are protected while maintaining the flexibility that makes gig work appealing. This balanced approach would foster a more equitable and sustainable gig economy that benefits workers, platform companies, and the broader labor market.

The legal ambiguity surrounding gig workers' employment status in Indonesia poses significant challenges. While platform companies classify gig workers as independent contractors, the control exercised through algorithms resembles traditional employment structures. International approaches—such as Spain's employment recognition and Malaysia's social protection model—provide valuable lessons for reforming Indonesia's legal framework.

### 3.3. Discussions and Solutions

This section presents an in-depth analysis of the gig worker phenomenon in Indonesia, specifically focusing on the employment relationship between online motorcycle taxi drivers and platform companies like Gojek and Grab. The discussion aims to identify practical and legal solutions to address the challenges faced by gig workers while balancing the flexibility of the gig economy and the need for worker protection. The proposed solutions focus on three key areas: (i) the formulation of an optimal employment relationship, (ii) the scope of necessary regulations, and (iii) short-term and medium-term strategies for implementing comprehensive policies.

#### 3.3.1. Formulating an Optimal Employment Relationship

To address the legal ambiguity surrounding gig workers in Indonesia, an optimal employment relationship model must consider the unique characteristics of the gig economy. The model should strike a balance between providing gig workers with legal protections and maintaining the flexibility that platform-based work offers.

Based on best practices from other countries and the nature of gig work, the hybrid employment model is proposed as a solution for Indonesia. This model combines elements of formal employment with the flexibility of independent contracting.

##### a. Recognition of Employment Relationship

Gig workers should be formally recognized as workers who are economically dependent on platform companies. This recognition ensures that gig workers are entitled to basic labor rights such as minimum wages, social protection, and occupational safety.

##### b. Flexibility of Work

Gig workers would retain the flexibility to choose working hours and tasks. Platform companies would not impose rigid work schedules but must provide transparency regarding task allocation and earnings calculations.

##### c. Shared Responsibility for Social Protection

Contributions to social protection schemes, such as health insurance and workers' compensation, should be shared between platform companies and gig workers. This approach mirrors successful frameworks in Malaysia, where contributions are subsidized by the government for vulnerable workers (Dermawan et al., 2021).

##### d. Transparency and Algorithmic Accountability

Platform companies must disclose how their algorithms allocate work, determine earnings, and evaluate performance. Algorithmic transparency ensures fairness and reduces the risk of exploitation.

#### 3.3.2. Scope of Regulations Needed

To provide legal clarity and protection for gig workers, a comprehensive regulatory framework must be established. The government must update Law No. 13 of 2003 on Manpower to include a formal definition of gig workers and platform-based employment relationships. Gig

workers should be categorized as “semi-formal employees,” entitled to essential labor protections without losing the flexibility of their work arrangements.

A flexible social protection scheme tailored to gig workers’ needs should be established. This scheme must include mandatory accident insurance for workers facing occupational risks, such as traffic accidents. Gig workers should also have access to the BPJS Kesehatan system through shared contributions from workers and platform companies. Additionally, optional contributions to a pension fund based on gig workers’ earnings must be provided to ensure retirement savings.

Platform companies must be legally required to provide clarity on the criteria used by their algorithms for task allocation, fare calculation, and performance evaluations. Gig workers should also have access to a grievance redressal mechanism to challenge unfair algorithmic decisions.

The government should set a minimum wage standard for gig workers based on their time spent and the tasks performed. Platform companies must ensure that working conditions meet basic safety standards, such as providing workers with appropriate safety training and personal protective equipment.

Gig workers must be allowed to form labor associations or unions to collectively negotiate their rights and interests with platform companies. Collective bargaining will strengthen gig workers’ bargaining power and ensure their voices are represented in policy discussions.

### 3.3.3. Short-Term and Medium-Term Implementation Strategies

The transition to a comprehensive regulatory framework for gig workers requires phased implementation, with actionable strategies for the short-term and medium-term to address challenges faced by gig workers in Indonesia.

In the short term, a national survey should be conducted to map the number of gig workers, their working conditions, and challenges, while collecting data on platform companies’ practices, including task allocation systems, earnings structures, and worker-management relationships. A multi-stakeholder task force comprising government agencies, platform companies, gig workers, and academics should be established to mediate and develop regulatory solutions that consider all stakeholders’ interests.

To provide immediate protection, a temporary regulatory framework in the form of a Ministerial or Government Regulation should be enacted, ensuring access to health insurance, accident coverage, and algorithmic transparency. A pilot social protection scheme with shared contributions from gig workers and platform companies should also be initiated.

Additionally, workshops and training sessions should be conducted to educate gig workers about their rights and safety measures, while collaborating with platform companies to improve working conditions and provide training on occupational safety.

In the medium term, Law No. 13 of 2003 must be revised to include a clear definition of gig workers and platform-based employment relationships, while incorporating mandatory

protections such as health insurance, workers' compensation, and minimum wage guarantees. A flexible national social protection system tailored to gig workers' earnings and work hours should be developed, with government subsidies provided for gig workers in vulnerable economic situations to ensure universal coverage.

Transparency and accountability regulations should be enforced to mandate algorithmic transparency and establish regulatory oversight to monitor platform companies' practices. A dispute resolution mechanism must be developed to address grievances effectively and be easily accessible to gig workers. Promoting collective bargaining is essential, with support for the formation of labor associations to enable collective negotiations.

A legal framework should be put in place to ensure gig workers' associations are recognized and their voices are represented. Institutional capacity within the Ministry of Manpower should be strengthened to monitor compliance with regulations, while digital platforms should be developed to allow gig workers to report issues, access dispute resolution services, and enroll in social protection programs.

#### 3.3.4. Balancing Worker Protections and Platform Flexibility

Ensuring worker protections while preserving the gig economy's flexibility requires a balanced approach. Collaborative governance should be developed by fostering partnerships between the government, platform companies, and gig worker associations to co-create policies that address workers' needs without placing undue burdens on businesses. To encourage compliance, tax incentives should be provided for platform companies that adhere to regulations on social protection, minimum wage, and safety standards.

Additionally, targeted government subsidies should be introduced for gig workers earning below a certain income threshold to support their contributions to social security schemes. Technology-driven solutions can be leveraged to monitor gig workers' earnings, working hours, and compliance with safety standards. Digital platforms should be utilized to integrate social protection schemes directly into gig workers' payment systems, ensuring seamless and efficient coverage.

#### 3.4. Summary of Discussions and Proposed Solutions

The discussions in this section highlight the importance of reforming Indonesia's legal and regulatory framework to address the challenges faced by gig workers. The proposed hybrid employment model ensures that gig workers receive basic labor protections while retaining work flexibility.

The regulatory framework must focus on:

- a) Recognizing gig workers as a distinct employment category.
- b) Ensuring access to social protections, such as health insurance and workers' compensation.
- c) Promoting algorithmic transparency to protect gig workers from exploitation.

- d) Allowing collective bargaining to strengthen gig workers' bargaining power.

The implementation strategies—short-term and medium-term—provide a structured roadmap for achieving a comprehensive and sustainable solution to the gig worker issue in Indonesia. By adopting these solutions, the government can balance economic growth in the gig economy with workers' rights and well-being.

### 3.5. Policy Recommendations

This section outlines actionable policy recommendations to address the legal and socio-economic challenges faced by gig workers, particularly online motorcycle taxi drivers in Indonesia. These recommendations are derived from the analysis of existing regulations, international best practices, and the needs of stakeholders. The proposed policies aim to provide legal clarity, ensure worker protection, and maintain the flexibility that is fundamental to the gig economy.

#### a. Reforming the Legal Framework to Recognize Gig Workers

The first and most urgent step is to reform Indonesia's labor laws to formally recognize gig workers and regulate their relationship with platform companies. Law No. 13 of 2003 should be amended to include gig workers as a new category of workers, considering those under algorithmic control where platforms determine task allocation, payment, and performance evaluation while maintaining flexibility in working hours and arrangements. A hybrid employment relationship should be introduced, allowing gig workers to retain autonomy over their work schedules while being entitled to basic labor protections such as minimum wage guarantees and social security. Platform companies must also be clearly defined in the legal framework, outlining their roles and responsibilities to ensure accountability for workers' welfare.

The government should issue specific regulations, such as Government Regulations or Presidential Regulations, that address platform-based employment. These regulations must include protections for workers, such as minimum wage standards, occupational safety requirements, and access to social security schemes. Platform companies should be required to meet transparency obligations by disclosing the algorithmic criteria used for job allocation, earnings, and performance evaluations. A formal grievance redress mechanism must be established to provide gig workers with a means to resolve disputes with platform companies. Additionally, standardized contracts should be implemented to ensure fairness, transparency, and consistency across the industry.

#### b. Strengthening Social Protection Systems for Gig Workers

To address the vulnerabilities faced by gig workers, the government must create a flexible and inclusive social protection system tailored to their needs. Gig workers should be mandatorily enrolled in Indonesia's social security programs, BPJS Ketenagakerjaan and BPJS Kesehatan, with contributions shared between gig workers and platform companies. For example, a 70:30 contribution ratio can be applied, where the platform covers 70% and the worker 30%. Accident

insurance should also be mandated to cover occupational risks, particularly for motorcycle taxi drivers who face significant safety hazards.

The government should provide targeted subsidies to support gig workers in the lower income bracket or those categorized as vulnerable workers. These subsidies can be allocated to health insurance contributions, training programs, and occupational safety measures to ensure their well-being. A portable benefits system should also be introduced, enabling gig workers to retain their social security benefits across different platforms or types of employment. This system ensures that gig workers' protections remain intact regardless of their mobility between employers or platforms.

c. Promoting Algorithmic Fairness and Transparency

The control exercised by platform companies through algorithms creates an unequal power dynamic that often exploits gig workers. To address this issue, platform companies must disclose how algorithms determine job assignments, wages, and performance ratings. Ensuring transparency reduces information asymmetry and promotes fairness. The government should develop regulatory guidelines for algorithmic management to prevent the manipulation and exploitation of gig workers.

Platform companies must also be subject to audits to verify that their algorithms are fair and unbiased. A regulatory body should be established to oversee algorithmic practices and address grievances raised by gig workers regarding task allocation or wage calculations. This oversight will ensure accountability and protect gig workers from unfair algorithmic decisions.

d. Recognizing the Right to Collective Bargaining

To improve the bargaining position of gig workers, they must be granted the right to form associations or unions. The government must recognize these associations and establish a legal framework to ensure their rights are protected. Gig workers should be able to collectively negotiate with platform companies on issues such as pay rates, working conditions, and benefits.

A platform for regular dialogue between gig worker associations, platform companies, and government representatives should also be established. These dialogues can be used to address grievances, review regulations, and ensure workers' voices are included in policy decisions.

e. Improving Occupational Safety and Training Programs

Gig workers, particularly motorcycle taxi drivers, face significant safety risks in their daily work. The government must implement measures to improve occupational safety by developing safety regulations specifically for gig workers in the transportation sector. These regulations should include the mandatory use of protective gear, vehicle safety checks, and safety training. Platform companies must be required to provide insurance coverage for work-related accidents and offer training on safe driving practices.

Additionally, training programs should be introduced to enhance gig workers' skills. These programs should include safe driving and risk management training for motorcycle taxi drivers, financial literacy programs to help workers manage their earnings and savings, and digital literacy training to prepare them for alternative employment opportunities. Collaboration with private institutions, non-profits, and educational organizations is essential to ensure these programs are delivered effectively.

f. **Short-Term and Medium-Term Policy Roadmap**

A phased approach is necessary to implement the proposed policies efficiently. In the short term, a government-led task force should be established, involving relevant stakeholders to draft interim regulations for gig workers. Pilot programs for accident insurance and health coverage should be introduced to provide immediate protection. Interim regulations must also require platform companies to disclose their algorithms and implement standardized contracts to ensure transparency and fairness.

In the medium term, the Manpower Law should be revised to formally recognize gig workers and regulate platform-based employment relationships. A nationwide social protection system tailored to the flexible employment status of gig workers must be implemented to provide comprehensive coverage. A dedicated regulatory body should be developed to oversee fairness, accountability, and transparency in algorithmic management. Additionally, the government's capacity to monitor compliance with gig worker regulations must be strengthened, including enforcing penalties for violations to ensure accountability and protection for workers.

#### **4. Conclusion and Recommendations**

The development of a comprehensive regulatory framework for gig workers is essential to address their vulnerabilities while maintaining the flexibility that defines the gig economy. Recognizing gig workers as a distinct category under labor laws is a critical first step in ensuring they receive basic protections, such as minimum wage standards, access to social security, and occupational safety measures. Collaborative governance among government entities, platform companies, and gig worker associations will be pivotal in formulating inclusive and fair policies.

A phased implementation strategy, combining short-term and medium-term approaches, ensures effective regulation and enforcement. Pilot programs for social protection, algorithmic transparency, and standardized contracts can provide immediate relief, while long-term legal reforms will offer sustainable solutions. Further, promoting skill development and safety standards will empower gig workers to enhance their livelihoods and resilience in a rapidly changing job market.

Ensuring fairness in algorithmic management and establishing grievance redress mechanisms will protect gig workers from exploitation and foster accountability among platform companies. Ultimately, fostering dialogue between all stakeholders and encouraging collective bargaining rights will strengthen gig workers' bargaining power. With these measures, Indonesia

can achieve a balanced gig economy that promotes innovation while safeguarding the rights and welfare of its workforce.

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