

Transformation of Employment Relationships in the Digital Era: Reconstructing Legal Protection for Freelance Workers within Indonesia's Employment System

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Abstract

The rapid growth of the digital economy has significantly increased the number of freelance and gig workers in Indonesia. However, the national labor law framework remains oriented toward conventional employment relationships and has yet to provide adequate legal certainty regarding the legal status, rights, and protection of freelance workers. This study aims to analyze the transformation of employment relationships within Indonesia's labor law system and examine the urgency of strengthening legal protection for freelance workers in the era of the gig economy. This research employs a normative legal method using statutory and conceptual approaches. The findings indicate that the existing labor regulations have not accommodated the characteristics of project-based and platform-based employment, resulting in a legal vacuum for freelance workers. Based on Sudikno Mertokusumo's Theory of Legal Certainty, comprehensive regulations are required to provide clear legal status, rights and obligations, social security protection, and effective dispute resolution mechanisms for freelance workers. Therefore, accelerating the enactment of the **Gig Workers Protection Bill** and strengthening the role of the Department of Industry, Manpower, and Transmigration of East Aceh Regency are strategic measures to ensure legal certainty and fair legal protection for freelance workers in the digital economy era.

Keywords: *Freelance Workers, Gig Economy, Legal Certainty, Legal Protection, Labor Law.*

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Introduction

The rapid advancement of information and communication technology has transformed nearly every aspect of society, including the nature of employment relationships. Digitalization has given rise to new forms of work that are more flexible, dynamic, and technology-driven. Employment relationships that were once predominantly characterized by permanent positions with fixed working hours and designated workplaces have evolved into project-based employment, short-term contractual arrangements, and work performed through digital platforms. This transformation forms part of the broader development of the gig economy, an economic model that enables individuals to work independently by undertaking specific assignments without being bound by a permanent employment relationship. (Kusnanto et al. 2024)

The term "gig" originally emerged in the American jazz music scene during the 1920s, where it referred to short-term performances or temporary engagements (Kompas, 2025). With the advancement of digital technology, the term evolved into the concept of the gig economy, a labor market model that connects service providers and clients through digital platforms while emphasizing flexible employment arrangements. In Indonesia, the growth of the gig economy is evident across a wide range of sectors, including ride-hailing services, logistics and delivery, creative industries, content writing, graphic design, translation, software development, photography, videography, and numerous other digital professions that secure work through platforms such as Gojek, Grab, Upwork, Fiverr, and similar digital marketplaces. This phenomenon demonstrates that the labor market has undergone a significant transformation and is no longer exclusively dependent on conventional employment relationships. (Wardhana and Rasji 2026).

This transformation is reflected in the continuing evolution of Indonesia's labor market. According to Statistics Indonesia (Badan Pusat Statistik/BPS), the country's labor force has reached approximately 154 million people. Of this total, around 59.42% are employed in the informal sector, including 20.57% who are self-employed and approximately 3.45% who work as freelance or casual workers. Furthermore, the number of freelance workers is estimated to have reached approximately 36 million, representing roughly 24% to 32% of the national labor force. At the same time, the number of workers engaged through digital platforms continues to increase, including approximately 1.2 million workers in the online transportation sector, alongside a growing workforce across various digital service industries. These figures demonstrate that the gig economy has become an increasingly important pillar in supporting the growth of Indonesia's digital economy. (BPS, 2026).

The rapid expansion of the gig economy has been driven by several interrelated factors. Advances in digital technology and internet connectivity have significantly simplified the process of matching service providers with clients through online platforms. At the same time, businesses increasingly favor flexible employment arrangements because they enhance operational efficiency while reducing labor costs associated with permanent employees. In addition, changing workforce preferences particularly among younger generations who prioritize flexible working hours and greater autonomy as well as the growing demand for on-demand services, have further accelerated the growth of the gig economy. The COVID-19 pandemic also served as a major catalyst for this transformation by accelerating the adoption of digital and remote working arrangements, thereby expanding the prevalence of project-based employment across a wide range of industries.

Despite the substantial economic opportunities created by the gig economy, its rapid development has also introduced new challenges for Indonesia's employment law system. To date, Indonesia's labor law framework remains largely grounded in the concept of a conventional employment relationship, as regulated under Law No. 13 of 2003 on Manpower, as amended by Law No. 6 of 2023 concerning the Enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law. Under this framework, an employment relationship is established through the existence of three essential elements: work, wages, and

employer supervision or direction. Consequently, the existing legal framework is primarily designed for permanent employees or workers who maintain a direct employment relationship with an employer. By contrast, freelance work is commonly organized through partnership arrangements, project-based contracts, or digital platform-based engagements, which often do not satisfy the legal criteria of an employment relationship as currently defined under Indonesian labor law.

As a result, many freelance workers remain in a vulnerable position because they have yet to receive adequate legal protection. Most gig workers are legally classified as independent partners rather than employees, preventing them from enjoying the statutory rights typically afforded to workers in conventional employment relationships, including income security, social security coverage, occupational safety and health protection, and access to formal mechanisms for resolving employment disputes. This situation stands in contrast to the constitutional guarantees enshrined in the 1945 Constitution of the Republic of Indonesia. Article 27(2) provides that *“every citizen shall have the right to work and to a livelihood worthy of human dignity.”* Furthermore, Article 28D(2) stipulates *“every person shall have the right to work and to receive fair and proper remuneration and treatment in employment.”*

These constitutional provisions affirm that legal protection constitutes a fundamental constitutional right of every worker, regardless of the form or structure of the employment relationship under which the work is performed. (Puannandini et al. 2025). This situation highlights a widening gap between the evolution of employment relationships and the development of Indonesia's labor regulations. On the one hand, the number of gig workers continues to grow as a consequence of the digital economic transformation. On the other hand, the national labor law framework has yet to provide a specific regulatory regime that adequately accommodates the distinctive characteristics of gig work. Recognition of this regulatory gap has begun to emerge through an initiative of the House of Representatives of the Republic of Indonesia (DPR RI), which has proposed the Draft Law on the Protection of Gig Economy Workers (Gig Workers Bill). The proposed legislation is intended to provide greater legal certainty for gig workers by establishing provisions governing the rights and obligations of the parties, guarantees of fair remuneration, social security protection, occupational safety and health, and mechanisms for the resolution of employment-related disputes, while preserving the flexibility that constitutes the defining characteristic of employment relationships within the gig economy. (Perpusnas, 2026).

These developments indicate that the State has recognized the need to modernize Indonesia's labor law framework in response to the transformation of the contemporary labor market. Several jurisdictions have already taken concrete legislative measures. Malaysia, for example, has enacted the Gig Workers Act 2025, which specifically regulates the legal status of gig workers, service agreements, dispute resolution mechanisms, and the protection of workers' fundamental rights. This development provides a valuable comparative perspective, underscoring the importance for Indonesia to expedite the enactment of the proposed Gig Workers Bill in order to prevent an expanding regulatory gap amid the rapid growth of the digital economy.

Based on the foregoing discussion, the central issue addressed in this study is how Indonesia's labor law system should be reconstructed to accommodate the transformation of employment relationships in the digital economy. In particular, the study examines the need to accelerate the adoption of a legal framework that provides greater legal certainty for gig workers while preserving the flexibility that constitutes the defining characteristic of employment relationships within the gig economy.

Research Methodology

This study employs a normative legal research method using both the statutory approach and the conceptual approach. The statutory approach involves an examination of the 1945

Constitution of the Republic of Indonesia, Law No. 13 of 2003 on Manpower, as amended by Law No. 6 of 2023, Government Regulation No. 35 of 2021, and other relevant legislation governing the legal protection of freelance workers.

The legal materials used in this research consist of primary, secondary, and tertiary legal materials, all obtained through library research. These materials are analyzed qualitatively using a descriptive–analytical method to identify regulatory gaps in the existing legal framework governing gig workers and to formulate a model for reconstructing legal protection that is responsive to the evolving nature of employment relationships in the digital economy. (Sembiring et al. 2024)

Results

A. The Transformation of Employment Relationships in Indonesia's Labor Law System

The development of the digital economy has fundamentally transformed the structure of employment relationships traditionally recognized within Indonesia's labor law system. Employment relationships have increasingly evolved toward more flexible arrangements, including partnership-based models, project-based employment, and platform-mediated work. This transformation demonstrates that the nature of employment has changed significantly, while Indonesia's labor law framework continues to be built upon the paradigm of conventional employment relationships.

This conventional paradigm is reflected in Article 1(15) of Law No. 13 of 2003 on Manpower, which provides:

“An employment relationship is a relationship between an employer and a worker/laborer based on an employment agreement containing the elements of work, wages, and employer supervision or direction.”

This provision indicates that, under Indonesian positive law, an employment relationship arises only when three essential elements are present: work, wages, and employer supervision or direction. These elements constitute the legal foundation for the rights and obligations of both parties and serve as the basis for extending statutory labor protection to workers. Consequently, Indonesia's labor law system continues to regard the subordinate relationship between employer and employee as the defining characteristic of an employment relationship. This legal framework has been retained under Law No. 6 of 2023 concerning the Enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law. Likewise, Government Regulation No. 35 of 2021 primarily regulates Fixed-Term Employment Agreements (PKWT), outsourcing arrangements, working hours, rest periods, and termination of employment. These regulatory instruments remain predominantly oriented toward formal employment relationships and therefore have yet to accommodate the emerging forms of work associated with the digital economy.

By contrast, the legal characteristics of freelance workers and gig workers differ substantially from those of conventional employees. Their legal relationships are generally established through service agreements, are temporary in nature, project-based, and do not necessarily involve the direct supervision or control of the service recipient as contemplated under Indonesia's labor legislation. In practice, these legal relationships are frequently facilitated by digital platforms, which merely connect service providers with clients without creating a permanent employment relationship between the parties. (Latri et al. 2024)

These distinctive characteristics make it difficult to classify gig workers within the conventional concept of an employment relationship as defined under Indonesia's labor legislation. Consequently, many of the statutory rights traditionally afforded to workers in formal employment relationships such as income security, employment social security coverage, occupational safety and health protection, and access to industrial relations dispute resolution mechanisms do not automatically extend to gig workers. This situation illustrates

that the evolution of employment relationships has outpaced the development of the legal framework governing them.

According to Sudikno Mertokusumo, legal certainty constitutes a guarantee that the law can be implemented as intended, enabling every individual to clearly understand the rights, obligations, and legal protections to which they are entitled. Legal certainty also ensures that such rights can be effectively enforced through established legal mechanisms. In the context of employment relationships, legal certainty provides both workers and employers with a clear understanding of their legal status, the scope of their respective rights and obligations, and the procedures available for resolving disputes should they arise..(Halilah and Arif 2021)

When considered in the context of the transformation of employment relationships in the digital economy, this theory suggests that Indonesia's labor law has not yet been able to provide adequate legal certainty for gig workers. The absence of specific legislation defining the legal status of gig workers has resulted in uncertainty regarding the legal relationship between workers and digital platform providers, giving rise to differing legal interpretations. Consequently, the legal protection afforded to gig workers depends largely on the policies adopted by individual platforms rather than on guarantees established by the State through legislation.

Accordingly, the transformation of employment relationships necessitates a corresponding transformation of Indonesia's labor law framework. Legal reform is essential to ensure that the national employment system is capable of accommodating the diverse forms of work emerging in the digital economy while providing legal certainty and effective protection for all workers, regardless of the nature or structure of their employment relationship.

B. The Urgency of Strengthening Legal Protection for Freelance Workers in the Gig Economy

The rapid growth of the digital economy has positioned freelance workers as one of the key participants in the modern labor market. Unlike permanent employees, who maintain a direct employment relationship with a company, freelancers perform work based on specific assignments, short-term contracts, or the provision of professional services according to their expertise. Today, the majority of freelancers obtain work through various digital platforms, making them an integral component of the expanding gig economy. Nevertheless, the flexibility that characterizes these employment arrangements also places freelancers in a more legally vulnerable position than workers engaged in conventional employment relationships.(Kurniawan and Rojabi 2026)

This vulnerability arises because the legal relationship between freelancers and their clients is generally based solely on service agreements or cooperation agreements established through contractual arrangements between the parties. In practice, many of these agreements are drafted unilaterally by companies or digital platform providers in the form of standard-form contracts, which freelancers must accept as a condition for obtaining work. Consequently, freelancers often have little or no bargaining power to negotiate essential contractual terms, including remuneration, the duration of the engagement, the respective rights and obligations of the parties, and the mechanisms for resolving disputes in the event of breach of contract. This situation demonstrates that flexibility in contractual arrangements does not necessarily translate into a legal relationship that provides fair and proportionate protection for both parties.

The issue is further compounded by the fact that Indonesia's labor law has yet to establish a legal framework that specifically recognizes freelance work as a distinct form of employment emerging in the digital era. Law No. 13 of 2003 on Manpower, as amended by Law No. 6 of 2023, continues to define employment relationships on the basis of the essential elements of work, wages, and employer supervision or direction. As a result, freelancers who work under partnership arrangements or service contracts remain outside the scope of the statutory labor protections traditionally afforded to formal employees. In practice, however, freelancers face many of the same risks as conventional workers, including uncertain payment, unilateral

termination of engagements, the absence of social security protection, and limited legal remedies in disputes with clients or service recipients. (Dani 2022)

According to Sudikno Mertokusumo, legal certainty guarantees that the law provides clear recognition of the rights, obligations, and legal protections afforded to every legal subject. In the context of freelance workers, legal certainty may be understood as the State's recognition of the legal status of freelancers, together with the establishment of legal mechanisms through which they may seek protection when their rights are violated. As long as no specific legal framework clearly regulates the legal relationship of freelancers, the principle of legal certainty envisioned by Sudikno Mertokusumo cannot be considered fully realized.

This regulatory gap has become one of the principal reasons behind the initiative to draft the Bill on the Protection of Gig Economy Workers (Gig Workers Bill). The proposed legislation reflects the State's growing recognition that the paradigm of employment relationships has evolved beyond the traditional model of conventional employment. One of the Bill's key objectives is to provide legal certainty for platform-based workers, including freelancers, by establishing clear rules governing the rights and obligations of the parties, guarantees of fair remuneration, social security protection, occupational safety and health, and dispute resolution mechanisms that are tailored to the distinctive characteristics of digital employment relationships.

The urgency of enacting such legislation becomes even more apparent when viewed in comparison with legal developments in Malaysia. Through the Gig Workers Act 2025, Malaysia has formally recognized the legal status of gig workers by regulating service agreements, the obligations of contracting entities, dispute resolution through the Gig Workers Tribunal, and the protection of workers' fundamental rights while preserving the flexibility inherent in gig work. Malaysia's experience demonstrates that meaningful legal protection for freelancers and gig workers can be achieved without undermining the flexible nature of their employment arrangements, while at the same time providing greater legal certainty regarding the legal relationships between the parties involved.

The direction of legal reform in Indonesia should no longer focus on debating whether freelancers should be classified as employees or independent partners. Instead, the primary concern should be how the State can establish minimum standards of legal protection for all individuals who earn their livelihoods through project-based engagements or digital platform work. At a minimum, such protection should include formal recognition of the legal status of freelancers, regulation of the essential terms of service agreements, guarantees of timely payment for completed work, access to social security programs, occupational safety and health protection appropriate to the nature of the work performed, and dispute resolution mechanisms that are simple, efficient, and affordable. By establishing these minimum standards, the flexibility inherent in freelance work can be preserved without compromising freelancers' constitutional right to fair and legally certain protection.

Within this framework, the role of government, including the Department of Industry, Manpower, and Transmigration of East Aceh Regency becomes particularly significant as the regional authority responsible for labor affairs. Although the authority to enact labor legislation rests with the Central Government, regional governments retain substantial capacity to support freelance workers by maintaining databases of freelance workers, providing legal education to freelancers and service recipients, facilitating the resolution of employment-related disputes, expanding access to employment social security programs, and formulating regional policies that promote the protection of workers engaged in non-conventional forms of employment. Such measures represent a practical implementation of the principle of legal certainty articulated by Sudikno Mertokusumo, namely ensuring that every legal subject has clear recognition of their rights, obligations, and legal protection within employment relationships that continue to evolve in the era of the digital economy.

Conclusion

The rapid expansion of the digital economy has transformed employment relationships from conventional labor arrangements into more flexible forms of work characterized by freelance and gig employment. Nevertheless, Indonesia's labor law framework remains primarily oriented toward formal employment relationships based on the elements of work, wages, and employer supervision or direction, and has yet to adequately accommodate the distinctive characteristics of project-based and platform-mediated employment. As a consequence, freelance workers continue to face significant legal uncertainty regarding their status, rights, and the legal protections to which they should be entitled.

From the perspective of Sudikno Mertokusumo's Theory of Legal Certainty, effective legal protection for freelance workers requires a regulatory framework that clearly defines their legal status, the rights and obligations of the parties, access to social security, and appropriate dispute resolution mechanisms. Accordingly, the expedited enactment of the Bill on the Protection of Gig Economy Workers constitutes an urgent priority for the modernization of Indonesia's labor law. At the regional level, the Department of Industry, Manpower, and Transmigration of East Aceh Regency should likewise assume a strategic role by maintaining databases of freelance workers, providing legal guidance and education, and facilitating legal protection for freelance workers as a practical implementation of the principle of legal certainty in the digital economy.

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