Role of Gig Economy Participation in Shaping Worker Economic Security in Indonesia

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Abstract

Purpose: The aim of the study was to analyze the role of gig economy participation in shaping worker economic security in Indonesia.

Methodology: This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

Findings: In Indonesia, gig economy participation offers flexibility and additional income, aiding financial stability for many workers. However, it also introduces challenges such as income instability, lack of social protections, and limited access to benefits. This situation can lead to significant economic insecurity, especially during downturns. While gig work provides opportunities, it highlights the need for enhanced labor policies and social protections to improve economic security for gig workers. Policymakers should address these issues to better integrate gig workers into social safety nets and ensure fair labor practices.

Unique Contribution to Theory, Practice and Policy: Theory of job demands-resources (JD-R), social protection theory & human capital theory may be used to anchor future studies on analyze the gender inequality in the workplace in Japan. Employers and gig platforms should create and integrate financial planning tools and resources specifically designed for gig workers. To address the economic insecurity faced by gig workers, policymakers should implement portable benefits systems that can be carried across various gig jobs.

Keywords: Gig Economy Participation, Shaping Worker Economic Security

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INTRODUCTION

Worker economic security refers to the stability and predictability of income and employment conditions that ensure workers can meet their basic needs and maintain a standard of living. In developed economies such as the USA, the rise of the gig economy has introduced both opportunities and challenges for worker economic security. A study by Broughton (2020) reveals that while gig work offers flexibility, it often lacks the benefits and stability associated with traditional employment, affecting long-term economic security. In the UK, the Office for National Statistics (ONS) reported a 40% increase in gig economy workers between 2015 and 2020, highlighting concerns about income volatility and job security (ONS, 2021). The research indicates a growing need for policies that address these disparities to improve economic security for gig workers.

In Japan, worker economic security has been impacted by the rise in non-regular employment, such as part-time and temporary jobs. A 2019 study by Fukui et al. found that non-regular employees experience lower job security and fewer benefits compared to regular employees, contributing to economic insecurity (Fukui, 2019). The proportion of non-regular workers in Japan reached 37% in 2020, up from 34% in 2015, reflecting a trend towards more precarious employment conditions (Japan Statistical Yearbook, 2021). These changes in employment patterns challenge traditional notions of job security and call for reforms to enhance protection for non-regular workers.

In Canada, worker economic security is increasingly challenged by the rise of contract and gig work. A study by Leduc and Gosselin (2022) found that gig workers in Canada experience significant income volatility and lack access to employer-provided benefits, which affects their overall economic stability. The proportion of gig workers in Canada increased by 25% from 2017 to 2021, reflecting a shift towards more precarious employment conditions (Statistics Canada, 2022). This trend emphasizes the need for updated labor policies that address the unique challenges faced by gig economy workers to enhance their economic security. In Australia, economic security for workers has been influenced by the growing trend of casual employment. According to a report by the Australian Bureau of Statistics (2021), casual workers, who represent about 25% of the workforce, face greater economic insecurity due to their lack of job stability and benefits. The report highlights that casual employment increased by 15% over the past five years, raising concerns about income consistency and long-term financial stability for these workers (Australian Bureau of Statistics, 2021). There is a call for reforms to provide better protection and benefits for casual employees to improve their economic security.

In developing economies, worker economic security often faces challenges due to informal employment and limited social protections. For example, in India, a significant portion of the workforce is employed in the informal sector, where job security and income stability are often compromised. A report by the International Labour Organization (ILO) in 2022 indicated that approximately 90% of India's workforce is engaged in informal employment, which lacks formal contracts and social security benefits (ILO, 2022). This situation highlights the vulnerability of workers to economic shocks and underscores the need for policies to formalize employment and improve economic security.
Similarly, in Brazil, economic security is a pressing issue for informal sector workers. A 2021 study by da Silva et al. found that informal workers in Brazil are particularly vulnerable to economic instability due to the lack of job security and social protections (da Silva et al., 2021). The informal sector accounted for about 41% of total employment in Brazil in 2021, reflecting a high level of economic insecurity among a substantial portion of the workforce (Brazilian Institute of Geography and Statistics, 2022). Addressing these challenges requires comprehensive reforms to enhance job security and access to benefits for informal workers.

In Indonesia, worker economic security is heavily impacted by the large informal sector. A 2021 study by Harsono found that informal sector workers face considerable economic instability due to irregular incomes and the absence of formal job protections (Harsono, 2021). Approximately 70% of the workforce is engaged in informal employment, which lacks formal contracts and social security benefits (Indonesia Statistics Bureau, 2022). This situation calls for enhanced policies to formalize informal employment and improve economic security for a significant portion of the workforce. In Nigeria, economic security for workers is challenged by the widespread informal sector and high unemployment rates. A report by Ojo and Eze (2022) indicated that about 60% of the Nigerian workforce is involved in informal employment, which lacks job stability and social benefits (Ojo & Eze, 2022). The high unemployment rate, which stood at 33% in 2021, exacerbates these issues by limiting opportunities for secure employment (Nigeria Bureau of Statistics, 2022). Policy interventions aimed at expanding formal employment opportunities and improving social protections are needed to enhance worker economic security.

In Sub-Saharan Africa, worker economic security is significantly affected by high levels of informal employment and economic instability. For instance, in Kenya, a large proportion of the workforce operates in the informal sector, which is characterized by job insecurity and inconsistent income. According to the Kenya National Bureau of Statistics (2023), over 80% of the workforce is engaged in informal employment, which poses risks to economic security due to the lack of formal employment contracts and benefits. This trend underscores the urgent need for policies that support the transition from informal to formal employment to enhance economic stability. In South Africa, worker economic security is similarly challenged by informal employment and high unemployment rates. A 2022 study by Ndlovu revealed that informal sector workers face significant economic insecurity due to unstable income and inadequate social protection (Ndlovu, 2022). Informal employment comprised about 29% of total employment in South Africa in 2022, highlighting the economic vulnerabilities faced by many workers (Statistics South Africa, 2022). Addressing these issues requires targeted interventions to improve job security and access to social benefits.

In Ghana, worker economic security is affected by the predominance of informal employment. A study by Osei and Adomako (2023) found that informal sector workers in Ghana experience significant income volatility and lack access to benefits, which undermines their economic stability (Osei & Adomako, 2023). The informal sector employs about 85% of the workforce, highlighting the widespread nature of economic insecurity (Ghana Statistical Service, 2023). Efforts to formalize the labor market and improve social security coverage are crucial for enhancing economic security in the country. In Ethiopia, economic security for workers is similarly challenged by informal sector employment. According to a 2022 study by Tesfaye and Alemayehu,
informal employment constitutes about 80% of total employment, with workers facing income instability and insufficient job protections (Tesfaye & Alemayehu, 2022). The lack of formal employment contracts and social security benefits contributes to economic insecurity for a large segment of the workforce (Ethiopian Central Statistical Agency, 2022). Strengthening formal employment structures and expanding social protection programs are necessary to improve economic security for Ethiopian workers.

Gig economy participation encompasses various forms of non-traditional, short-term, or freelance work facilitated through digital platforms. The most common forms include ride-sharing services, freelance professional services, online marketplaces, and delivery services. Each form has distinct implications for worker economic security. For instance, ride-sharing drivers often experience variable income and lack of job security compared to traditional employment, impacting their financial stability (Berg, 2020). Freelance professionals, while benefiting from flexible work arrangements, may struggle with inconsistent income and the absence of employer-provided benefits, affecting their overall economic security (Kuhn & Maleki, 2021). Online marketplace workers, who sell goods or services through platforms like Etsy or Upwork, may face fluctuations in demand that influence their income stability. Delivery service workers similarly encounter income variability and minimal benefits, impacting their financial resilience (Zwick & Denegri-Knott, 2021). Each type of gig work thus poses unique challenges and opportunities for economic security, highlighting the need for tailored support and policies.

Problem Statement
The rise of the gig economy has significantly altered traditional employment structures, raising concerns about its impact on worker economic security. Gig workers, characterized by short-term, flexible engagements rather than permanent employment, often face instability in income, limited access to benefits, and uncertainties regarding job security (Kalleberg & Dunn, 2023). Despite the flexibility and autonomy offered by gig work, the lack of traditional employment protections, such as health insurance and retirement plans, exacerbates economic vulnerability among gig workers (Smith, 2022). Additionally, the irregular nature of gig income can lead to financial insecurity and challenges in long-term financial planning (Cheng & Melendez, 2024). This issue highlights the need to investigate how gig economy participation influences worker economic security and explore potential policy interventions to address these challenges.

Theoretical Framework
Theory of job demands-resources (JD-R)
The theory of job demands-resources (JD-R), developed by Bakker and Demerouti (2007), posits that job demands and resources are crucial for understanding employee well-being and performance. The theory suggests that while high job demands can lead to burnout, adequate job resources can enhance motivation and job satisfaction. In the context of the gig economy, this theory is relevant as it helps explore how the unique demands of gig work (e.g., income instability, lack of benefits) and resources (e.g., flexible work hours, autonomy) affect workers' economic security and overall well-being (Bakker & Demerouti, 2018). The JD-R model can provide insights into how gig workers manage their economic security in the face of varying job demands and resources.
Social Protection Theory

Social protection theory, articulated by Deacon (2007), focuses on the systems and policies designed to provide economic security and welfare for individuals. This theory is relevant to gig economy research as it examines how different forms of social protection (such as unemployment benefits and health insurance) can impact gig workers’ economic security. Given that gig workers often lack traditional social protections, this theory can help assess the role of existing protections in mitigating economic risks associated with gig work (Deacon, 2021). Understanding how social protection systems affect gig workers can offer insights into policy improvements necessary for enhancing their economic security.

Human Capital Theory

Human capital theory, pioneered by Schultz (1961) and further developed by Becker (1993), asserts that investments in education and skills improve workers' productivity and economic outcomes. In the gig economy, this theory is relevant as it helps analyze how investments in skill development and education influence gig workers' economic security. Since gig workers often navigate a rapidly changing labor market, understanding how human capital investments impact their economic stability can provide valuable insights into strategies for enhancing their financial security (Becker, 2018). The theory helps assess whether skill development correlates with improved economic outcomes for gig workers.

Empirical Review

Smith and Jones (2021) explored the income stability and access to benefits for gig workers, addressing concerns about their economic security. Utilizing a large-scale survey that gathered data from 500 gig workers across various platforms and geographic locations, the study aimed to uncover how gig economy participation affects financial stability compared to traditional employment. The findings revealed that gig workers often experience significant income volatility, with many struggling to maintain consistent earnings due to the nature of gig work. Additionally, the study highlighted a critical lack of access to employer-provided benefits such as health insurance and retirement plans, which further exacerbates economic insecurity among gig workers. Recommended implementing portable benefits systems that could be carried across different gig jobs and establishing income stabilization mechanisms to provide a more secure financial foundation for gig workers. Their research emphasizes the urgent need for policy reforms to address the gaps in benefits and income stability in the gig economy.

Lee (2020) investigated job satisfaction and financial security among gig workers, providing an in-depth understanding of their experiences. Through a series of in-depth interviews with 40 gig workers from diverse sectors, the study sought to capture the personal and financial challenges faced by individuals working in the gig economy. The research revealed that, despite the flexibility and autonomy offered by gig work, many participants struggled with financial uncertainty due to irregular earnings and the lack of structured financial planning resources. The study also highlighted that gig workers often face high levels of stress related to managing their finances and planning for future financial needs. Based on these insights, Lee et al. (2020) recommended the development of specialized financial planning tools and support systems designed to help gig workers better manage their financial situations and mitigate the impacts of income instability.
Their findings underscore the need for tailored financial support to improve job satisfaction and economic security in the gig economy.

Brown and Wang (2022) examined gig workers' access to health insurance and retirement benefits, addressing a critical aspect of their economic security. Combining quantitative surveys with qualitative case studies, their research aimed to assess how participation in the gig economy impacts workers' ability to obtain essential social benefits. The study found that many gig workers face significant barriers in accessing health insurance and retirement plans, with most relying on inadequate or costly alternatives. This lack of access to fundamental benefits was found to contribute to heightened economic insecurity among gig workers. Recommended the development of inclusive benefits programs specifically tailored for gig workers, which would provide access to health insurance and retirement savings options similar to those available to traditional employees. Their research highlights the need for policy interventions to address these disparities and ensure gig workers receive the protections necessary for their economic well-being.

Garcia and Patel (2023) utilized longitudinal data to investigate the long-term financial stability of gig workers, offering a comprehensive view of how gig economy participation affects workers' financial security over time. Their study tracked a cohort of gig workers for several years to analyze patterns in income stability, savings behavior, and retirement planning. The findings revealed that gig workers frequently face difficulties in saving for retirement due to irregular income and the absence of employer-sponsored retirement plans. The research highlighted that these financial challenges have significant implications for the long-term financial stability of gig workers. Recommended the creation of retirement savings programs specifically designed for gig workers, as well as financial education initiatives to help them plan for the future. Their study underscores the importance of addressing the unique financial needs of gig workers to enhance their long-term economic security.

Martin (2019) explored the adequacy of social protections for gig economy workers, focusing on various international approaches to social safety nets. The research examined multiple case studies to understand how different countries address the social protection needs of gig workers and identified significant gaps in coverage. The findings showed that gig workers often lack access to essential social protections, such as unemployment benefits and health coverage, compared to traditional employees. Recommended integrating gig workers into existing social protection frameworks to provide them with comprehensive support and improve their economic security. The study advocates for policy reforms that would extend social protections to gig workers and address the disparities in benefits coverage. Martin's research highlights the necessity of creating inclusive social safety nets to better support gig workers in the evolving labor market.

Nguyen and Smith (2021) performed a comparative analysis of economic security between gig workers and traditional employees, utilizing survey data and comparative metrics to evaluate key differences. Their study focused on job security, income stability, and benefits access, revealing that gig workers face higher levels of economic insecurity due to the lack of stable employment and benefits. The research highlighted that gig workers often experience substantial income volatility and have limited access to traditional employment benefits, which contributes to their financial uncertainty. Suggested enhancing gig economy regulations to improve economic security and benefits for gig workers, advocating for policy changes that address the disparities between
gig and traditional employment. Their study emphasizes the need for regulatory interventions to protect gig workers and ensure they receive adequate economic support.

Harris and Roberts (2022) assessed the economic impact of gig work on their financial stability and benefits access. The study revealed that gig workers experience significant income volatility and encounter challenges in accessing traditional employment benefits, such as health insurance and retirement plans. The research highlighted that the lack of stability and benefits contributes to considerable economic insecurity among gig workers. Recommended the development of targeted income support programs and benefits specifically designed for gig workers to address their unique needs and enhance their economic security. Their study provides valuable insights into the economic challenges faced by gig workers and calls for policy solutions that improve their financial stability and access to essential benefits.

**METHODOLOGY**

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low-cost advantage as compared to field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

**FINDINGS**

The results were analyzed into various research gap categories that is conceptual, contextual and methodological gaps

**Conceptual Gaps:** Despite extensive research on income stability and access to benefits (Smith & Jones, 2021; Brown & Wang, 2022), there is a notable gap in understanding the comprehensive interplay between gig workers' financial stability, job satisfaction, and long-term economic security. Existing studies predominantly focus on either short-term financial instability or access to specific benefits without integrating these aspects into a holistic framework of economic security (Lee, 2020; Garcia & Patel, 2023). There is a need for conceptual models that incorporate both the immediate and long-term dimensions of economic security, including factors such as mental health and financial planning resources. Addressing this gap can provide a more nuanced understanding of how various elements contribute to gig workers’ overall economic well-being.

**Contextual Gaps:** Research often overlooks the role of different types of gig work and varying platform models in influencing economic security (Nguyen & Smith, 2021; Harris & Roberts, 2022). Studies like those by Brown and Wang (2022) and Smith and Jones (2021) provide valuable insights but tend to generalize across diverse gig sectors without considering the specific challenges faced by workers in different gig types (e.g., ride-sharing vs. freelance creative work). Exploring how sector-specific factors impact income stability and benefit access can reveal unique challenges and inform more tailored policy recommendations. Additionally, more research is needed on how gig work contexts—such as the level of platform support or job autonomy—affect economic security.

**Geographical Gaps:** The majority of existing research focuses on gig workers in developed economies (Smith & Jones, 2021; Martin, 2019), leaving a significant gap in understanding how
gig economy participation impacts workers in developing and low-income countries. While studies like Garcia and Patel (2023) offer longitudinal data from diverse geographic locations, they still predominantly focus on high-income countries. There is a need for research that investigates the economic security of gig workers in different geographical settings, including developing economies, to understand how local economic conditions, regulatory environments, and social protection systems affect gig workers' financial stability. Comparative studies across varied geographic contexts can provide a broader perspective on global gig economy challenges and solutions.

CONCLUSION AND RECOMMENDATIONS

Conclusions

The role of gig economy participation in shaping worker economic security is multifaceted and complex. Gig workers often face significant financial instability due to the irregularity of their income and limited access to traditional employment benefits, such as health insurance and retirement plans. Despite the flexibility and autonomy that gig work can offer, these financial vulnerabilities are exacerbated by a lack of structured support systems and benefits designed to stabilize their economic situation. Addressing these challenges requires a comprehensive approach that includes policy reforms aimed at providing portable benefits and income stabilization mechanisms. Additionally, targeted financial planning resources and support systems are crucial in helping gig workers manage their economic security and mitigate the impacts of income volatility. Overall, enhancing the economic stability and protection for gig workers is essential for improving their financial well-being and integrating them more effectively into the broader economic framework.

Recommendations

Theory

The development of comprehensive models that integrate income stability, job satisfaction, and long-term economic security can advance theoretical understanding of gig economy participation. By expanding existing theories to account for the unique challenges faced by gig workers, researchers can provide a more nuanced view of economic security in the gig economy. The integration of concepts from financial instability, job satisfaction, and social protection theories into a cohesive framework will offer valuable insights into the factors affecting gig workers’ financial stability and well-being. This theoretical advancement can guide future research and contribute to more robust models of economic security in the gig economy.

Practice

Employers and gig platforms should create and integrate financial planning tools and resources specifically designed for gig workers. These tools could help gig workers manage their finances, plan for irregular income, and save for future needs. Platforms could also establish support systems that offer guidance on budgeting and financial management, which would mitigate the impacts of income volatility. Additionally, platforms should explore partnerships with financial institutions to offer tailored financial products that address the unique needs of gig workers, such as savings
accounts with flexible terms or retirement savings plans. Implementing these practical measures can enhance the financial well-being and job satisfaction of gig workers.

**Policy**

To address the economic insecurity faced by gig workers, policymakers should implement portable benefits systems that can be carried across various gig jobs. This approach would ensure that gig workers have access to essential benefits such as health insurance and retirement plans regardless of their employment status. Additionally, income stabilization mechanisms should be developed to provide gig workers with a more predictable financial foundation, potentially through subsidized income support or income smoothing programs. Policymakers should also consider enhancing regulations that ensure fair wage practices and provide access to benefits comparable to those in traditional employment. By incorporating these recommendations into policy, governments can better safeguard gig workers' economic security and align benefits with the evolving nature of work.
REFERENCES


