The Growth of Platform Work as Precarious Work that Threatens Indonesia’s Target to Meet Decent Work as Formulated in Goal 8 of SDGs

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Abstract. This article discusses the implications of the emergence of platform work as a form of precarious work that threatens Indonesia's target to meet Goal 8 of SDGs. Despite the work platform providing employment opportunities to many workers, most work in the non-standard employment (NSE) category. This means that they work precariously due to insufficient work protection, which may lead to severe consequences to decent work and productive work as critical elements of Goal 8 of SDGs. This research aims to assess the implementation gap Indonesia faces in realizing the roadmap of Goal 8 of SDGs. Using the qualitative descriptive research method, the authors analyzed and explained the challenges through comparative data study from 2016 to the year 2020, with emphasis on four main area indicators of Goal 8 of SDGs. We concluded that promoting precarious work in Indonesia might hinder the implementation of the 8th goal of SDGs on decent work. We offer some policy alternatives to mitigate the challenges by underlining the importance of new regulations to extend job protection to all workers regardless of the employment relationship.

1. Introduction

In the last decade, the number of digital platform workers in Indonesia has continued to grow due to economic opportunities, increased demand for flexibility, and the advancement in technological innovation. The days of the standard employment relationship are fading away, replaced by new business and employment models with new forms of work arrangements which are disrupting traditional work models. The European Commission defined digital labor platforms as digital networks that coordinate labor service transactions in an algorithmic way. [1]. According to the estimation of the Chairman of the National Presidium of the Indonesian Two-Wheel Action Association (Garsa), Mr Igun Wicaksono, in 2019, there are 2.5 million drivers who work for transportation platforms (Gojek and Grab). [2] The current figure is definitively bigger than that since several new transport platforms has emerged in the last two years. According to McKinsey's analysis [3], if Indonesia continues to embrace the digitalization business, it is estimated to create 26 million online commerce jobs by 2022, especially in the micro, small and medium sector businesses.
With digital platforms, workers have the opportunity to earn income more flexibly because they can provide jobs to someone who has movement barriers, remote workers, or someone with care responsibility. (ILO, 2021) [4], as well as providing new opportunities for work-life balance. From the employers’ side, the management algorithm is beneficial because it can monitor and measure workers’ performance more efficiently. Investment costs are smaller since assets and operation costs can be transferred to workers. Lastly, and most importantly, business platforms create two types of labor market (dual labor market); a small number of core workers —working directly with the application owners— have employment contracts; and the other workers as majority, work with the status of work partners or independent contractors-without a contracts. ILO 2021 [5]

Over time, the growth of work platforms presented several problems for workers, mainly due to the lack of clarity on workers’ rights in labor regulations. This situation has triggered the growth of the non-standard employment (NSE) group of workers, which following the ILO formulation is characterized by four types, namely: temporary employment; part-time work; temporary agency work and other forms of employment involving multiple parties; and disguised employment relationships [6]. According to the findings, workers involved in NSE’s were found to receive lower income, enjoy less coverage from social security, and work in poor conditions.[7]. Thus, the presence of platform workers worsens the situation of vulnerable workers, whose number was already high in Indonesia due to the conception of the labor market flexibility system. A labor market system was born from an agreement between the Indonesian government and the International Monetary Fund (IMF) in 1997 when the economic crisis hit Indonesia and the Asian region. Indrasari findings concluded that the flexibility of the labor system in Indonesia was a state-sponsored policy [8]. This was further supported by Kwanho Shin. 2013 [9], who found that the conditions of IMF loans in many countries throughout Asia has triggered the emergence of labor flexibility system and the adoption of alternative employment practices. This is similar to Benassi, C., & Tekeste, M. 2018; [10] who acknowledged that national policy plays an important role in causing the emergence of precarious work due to its ability to determine individual's access to welfare and social protection. Other scholars such as; Alberti, G, Bessa, I, Hardy, K. 2018, [11] identified both the state and management as key players and patterns of precarization.

Some authors from Indonesia previously explained the challenges of Indonesia in accomplishing SDGs, but none particularly analyzed decent work issues as an important key for Goal 8 of SDGs. The current research of Wardoyo (2020) [12] found that the implementation of SDGs in all regions of Indonesia is generally low, and implementation for sub-indicators is still low as disguised unemployment, and informal workers are prevalent. Previous authors seem to prefer to focus more on poverty, environment, social conditions, and institutions.

For Indonesian workers, to be temporary employees is an involuntary choice, and workers generally avoid NSE, considering the poor working conditions and difficulty to revert as standard workers. The growth of platform workers who typically end up as precarious workers threatens Indonesia’s efforts in achieving decent work as set in Goal 8 of Sustainable Development Goals.

The research objective is to examine the impact of current platform work systems in realizing decent work targets, in accordance to the indicators of Goal 8 of SDGs, and try to propose ideas to fill the gap by extending labor protections to platform workers.

2. Method
The method used in this study is qualitative descriptive because this study wants to describe the phenomena that exist, which take place at this time and in the past. The research was started by collecting and analyzing the primary data of social security memberships provided by the social security body upon request by authors followed by collecting secondary data obtained from public official publication sources that are available for public views. Then all data were reviewed to expose the gaps, differences and matches, before drawing our conclusions. To strengthen the research, authors also use other related data on platform work taken from various sources such as; journals and newspapers.
3. Results and discussions

3.1. Precarious work and challenges to achieve Decent Work (SDGs 8)

The main issues in Goal 8 of the SDGs is about how to achieve decent work and economic growth. [13]. Listed in the Indonesian Action Plan document for Goal 8 of SDGs, [14] of the 12 targets, there are four targets that are related to decent work that might prove difficult to fulfill, namely:

- 8.3; Promoting decent work for micro, small and medium-sized enterprises
- 8.5; Full and productive employment with equal pay
- 8.6; Protecting youth employment, education and training
- 8.8; Protects labor rights and promotes safe working environments

Five years since the SDGs were set in 2015, the decent work target still faces enormous challenges with the continuous increase of precarious work—According to the data from Indonesia’s Statistical Bureau (BPS) and the report presented by the ILO Jakarta office, in 2016, Indonesia’s precarious workers numbered 57.6% and increased to 60.47% (BPS 2020). ILO classified vulnerable/precarious workers as: employers assisted by temporary and casual workers, own-account, and unpaid family. [15]. Likewise, with the situation of the average wage, the following facts were found; despite an increase in wages from IDR 2.55 million (2016) to IDR 2.76 million (2020). The increase was accompanied by a wage gap between women and men, comparing the average wage for male workers ofRp. 2.98 million, while that of women was Rp. 2.35 million (BPS 2020).

Concerning the target of full productive workers, there are also major challenges due to the growth of open unemployment from 5.61% or 7.03 million (2016) to 7.07% or 9.77 million (2020). Likewise, the number of underemployed workers also increased from 6.61% (2018) to 10.19% (2020). The challenges of continuing high levels of self-employment and informal sectors, coupled with the low coverage of social protection and modest redistribution tax system will be harder to tackle for the emerging countries like Indonesia as suggested by Jorma Rantanen, Franklin Muchiri, and Suvi Lehtinen. [16] The high gap in the ratio of inspectors to workers in Indonesia is indeed weakening labor protection. The ratio of inspectors to workers in 2016 was estimated at one inspector for 63,366 workers (1:63,366). While according to the ILO standard, in transition economies such as Indonesia, the ideal ratio should be 1: 20,000 workers. [17] The global situation of the COVID-19 pandemic has exacerbated efforts to achieve the target because of the assumption of economic growth, of which the government’s target to achieve the SDGs at seven per cent/year seems that it would be difficult to reach.

From the above data, it is clearly seen that Indonesia will be facing real challenges to meet decent work targets if it is unable to curb the growth of NSE, despite the ILO [18] stating that the effects of NSE on workers depends mainly on the duration of working time and whether jobs are voluntary.

NSE also has some benefits such as follows:
- for workers, it may provide opportunities to enter the labor market, gain work experience, and able to meet their needs to work as temporary workers for work-life balance reasons.
- for employers, hiring a worker for a temporary positions give them a chance to assess whether the workers match their expectation before placement decision as a regular employee.

3.2. Precarious Work Lead To Decent Work Deficit

Why is precarious work a threat to Goal 8 of SDGs? Because as mentioned above, this type of work is commonly uncovered by and not under the supervision of labor laws, especially platform workers who are not considered as workers, according to the Manpower Act Number 13 of 2003 [19]. The law defined a worker as "everyone who works by receiving a salary, wages or other forms of compensation." The problem is that, in practice, the category does not include platform workers; they have the means of production (vehicles). They get wages or rewards not from the company but directly from consumers who use their services.

Furthermore, Article 1 of the Manpower Act Number 13 of 2003 defines an employment relationship as a relationship between an entrepreneur and a worker/laborer based on a work agreement, which has the following elements: work, wages, and orders.
When analyzed in a business platform, the following discrepancies were found: Work element; this element was not fulfilled because the worker does not carry out tasks for the application owner, but orders from customers which they could freely accept or reject. Wages element; this is not fulfilled because the drivers do not receive salary from the company (but payment from the customer). Instead, drivers have to share 10-30 per cent of their revenue with platform owners. The platform owner only provided the technological facilities that help drivers get passengers and provide digital payments with profit-sharing agreements.

Order element; the driver does his job not because of the employer's orders. This means that in daily practice, Go-Jek or Grab drivers do not receive task assignments from the company but from customers who place orders that are done personally. As a result of the definition interpretation above, platform employers categorize platform workers as non-wage recipients since they work outside of an employment relationship. As a result, employers are not required to comply with the provisions regarding minimum wages, working hours limits, social security, and others. These situations lead them to poor working conditions and preventing them from achieving decent work goal targets.

Prior to the implementation of the SDGs in 2015, the ILO had introduced The Framework on the Measurement of Decent Work, that contains ten elements which are linked to the four Decent Work Agenda; right at workplaces, creation of employment, social protection, and social dialogue.[20]

As the effect of an unclear definition of the working relationship between application owners and platform workers, business of this digital platform can operate with minimal regulations. There is a need for regulations to be made to prevent workers on this platform from falling into ‘un-protected jobs’ category. Research undertaken by the authors found five disadvantages of being included in it, such as:

- unable to earn adequate wage due to the absence of wages regulation, such as; minimum wages, collective bargaining and they are excluded from wages policies since the status of 'work partnership' is unknown to labor laws regulation.
- not entitled to any social security benefits, such as; BPJS Employment (the Employment Social Security) and BPJS Health (Health Social Security). From the data released by BPJS Employment as of May 2021,[21] only 162,429 platform drivers who registered as social security participants by paying for themselves 153,579 Gojek and 8850 Grab. drivers are generally only able to bear the costs of the two minimum protection programs, namely, Work Accident and Death Insurance. Meanwhile, they couldn’t pay for the other three social security programs (Health Insurance, Pension, and Old Age) because of financial reasons.
- excluded from labor regulations. Platform business practices take place without the presence of labor regulations. Even the Ministry of Manpower does not have the authority to oversee these business practices. Workers don't have work contracts.
- unable to form labor unions and to have collective bargaining.
- not being appropriately regulated by the government, resulting in lacking critical data on them, accordingly ineffective policymaking being implemented.

4. Conclusions

The need to reach the decent work target in Goal 8 of SDGs has become even more critical amid the widespread uncertainty in employment, the new form of employment, the financial turmoil, and the global pandemic leading to growing precarious positions, informal employment, and inadequate social protection.

By looking at the growing number of platform workers without proper protections, Indonesia needs to revisit its strategy and target, mainly related to income protection and work protection of precarious work, take into account the increased work risk that workers face in carrying out their work. Options to have new regulatory approaches, bipartite agreements (employers and employees cooperation), and other forms of labor protection measures need to be introduced to extend protection to platform workers. In line with Indonesia’s constitutional principles, that all workers are guaranteed to have a legal right to receive labor protection. That right should be able to be enjoyed even without the existence of a labor relationship, which is often non-existent in the case of self-employment and agricultural workers [22]
and also due to the emergence of new business models in digital platform work, and remote work—both national and international—where existence of labor relationship disappears.

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