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Platform Economy and Precarious Labor in Small Cities: A Study of Gig Workers in Blitar, Indonesia

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Abstract. The rapid growth of the digital platform economy has significantly transformed labor structures in both urban and rural areas, including small cities such as Blitar. This study explores the lived experiences of gig workers within the platform economy and examines how digital labor reshapes work relations, income stability, and social interactions. Using a qualitative approach based on in-depth interviews with five gig workers, this study applies the theoretical frameworks of embeddedness and platform capitalism to analyze the interaction between local socio-economic conditions and global digital platforms. This study highlights implications for local labor market efficiency and income distribution in small cities. The findings show a clear contradiction between the promise of flexibility and the reality of precarious labor. Although gig work is perceived as an accessible and flexible employment opportunity, workers experience long working hours, unstable income, and strong dependence on platform algorithms. The study also finds that algorithmic systems play a central role in controlling access to work and income distribution, creating an unequal power relationship between platforms and workers. Despite these challenges, gig workers actively develop survival strategies through extended working hours, multi-platform engagement, and informal social networks. This study concludes that while the platform economy provides new economic opportunities in small cities, it simultaneously produces new forms of labor insecurity. These findings highlight the need for more inclusive policies and stronger labor protections in the digital economy.

Keywords: Gig Economy; Platform Capitalism; Labor Precarity; Embeddedness; Digital Labor

I. Introduction

The rapid development of the digital economy in the last decade has significantly transformed labor market structures across the globe, including in developing countries such as Indonesia. The emergence of the platform economy has given rise to new forms of employment commonly referred to as the gig economy, in which individuals perform flexible, task-based work mediated through digital platforms. These include ride-hailing, food delivery, and other app-based services. This transformation is no longer limited to major urban centers but has also expanded into small cities such as Blitar, which were previously considered peripheral in digital economic development.

From the perspective of economic sociology, this transformation can be understood through the concept of embeddedness, which emphasizes that economic actions are deeply embedded within social relations rather than operating independently of them. In the context of the gig economy, however, traditional labor relations between employers and workers are increasingly replaced by platform-based systems governed by algorithms. As a result, economic interactions become more impersonal, standardized, and mediated by digital infrastructure.

Ideally, the platform economy is expected to enhance labor market efficiency by providing flexible employment opportunities, especially in regions with limited access to formal jobs. It is often argued that gig work reduces barriers to entry and enables income generation for individuals excluded from the formal labor market. Previous studies have shown that the gig economy contributes to employment diversification and supports labor absorption in the digital era (Primasrani et al., 2025). In this sense, platform-based work is frequently associated with opportunity, flexibility, and innovation.

However, empirical realities often reveal a different condition. Instead of producing stable and inclusive employment, gig work frequently generates precarious labor conditions characterized by income instability, lack of social protection, and weak institutional recognition. This occurs because gig workers are typically classified as independent partners rather than formal employees, which excludes them from standard labor rights and welfare systems (Stevania & Hoesin, 2024). Consequently, a structural imbalance emerges between platform companies and workers, particularly in terms of bargaining power and access to economic security.

Furthermore, this phenomenon can be further explained through the framework of platform capitalism, in which digital platforms operate not merely as intermediaries but as central actors that control market access, data flows, and labor allocation. Algorithmic systems determine job distribution, visibility, and income opportunities, creating a form of algorithmic governance that is often opaque to workers. This condition has been shown to restructure socio-economic relations and produce new forms of inequality within the digital economy (Hisyam et al., 2024).

In the Indonesian context, several empirical studies highlight the precarious nature of gig work. Research on ride-hailing drivers indicates that gig workers experience high work intensity, income uncertainty, and strong dependence on platform systems (Pradana, 2024). Other studies also emphasize the vulnerability of gig workers in terms of welfare insecurity due to fluctuating earnings and the absence of adequate social protection mechanisms (Natalia & Putranto, 2023). These findings suggest that while the gig economy expands employment opportunities, it simultaneously produces new forms of labor precarity.

In small cities such as Blitar, these dynamics become more pronounced due to limited alternative employment opportunities and weaker institutional support compared to larger urban areas. Ideally, digital economic transformation should contribute to inclusive growth, equitable labor conditions, and improved welfare distribution. However, in practice, gig workers in small cities often face structural constraints that limit their economic mobility and increase dependency on platform-based income.

Therefore, this study aims to analyze how the platform economy shapes labor relations in Blitar and how gig workers navigate uncertainty within this system. By integrating the perspectives of embeddedness and platform capitalism, this research seeks to understand the interaction between technology, economic structures, and social relations in the context of digital labor transformation in a small-city setting.

II. Literature Review

Economic sociology provides a foundational framework for understanding how economic actions are embedded within social structures rather than operating purely through market logic. The concept of embeddedness introduced by Granovetter explains that economic behavior is continuously shaped by social relations, networks, and institutional contexts (Granovetter, 1985). In labor market studies, this perspective highlights that employment decisions are not solely determined by rational economic calculations, but also influenced by social constraints, access to networks, and structural opportunities. Within the context of digital transformation, this theoretical lens becomes increasingly relevant to explain how traditional labor relations are reshaped by technological systems.

Complementing this perspective, the theory of platform capitalism argues that digital platforms have evolved into dominant economic actors that control market access, labor allocation, and data-driven value extraction (Srnicsek, 2017). In this system, platforms do not merely facilitate transactions but actively structure economic interactions through algorithmic governance. Workers are positioned within a system where visibility, income, and job opportunities are determined by opaque computational mechanisms. This creates a new form of labor control that differs fundamentally from traditional employment relationships, as authority is embedded within digital infrastructure rather than direct managerial supervision.

Empirical studies on gig economy development indicate that platform-based work has expanded rapidly in developing countries as an alternative source of employment. Research shows that gig work contributes to labor market flexibility and provides income opportunities for individuals excluded from formal employment systems (Primasrani et al., 2025). However, this flexibility is often accompanied by structural vulnerability. Studies conducted in Indonesia reveal that gig workers experience unstable income, lack of social protection, and limited legal recognition due to their classification as independent contractors rather than formal employees (Stevania & Hoesin, 2024). This condition reflects a growing imbalance between platform companies and workers in terms of bargaining power and welfare distribution.

Further empirical evidence highlights that gig workers in ride-hailing and delivery services face high levels of work intensity and income uncertainty, which directly affect their economic stability and well-being (Pradana, 2024). Other studies also emphasize that the absence of institutional protection increases the vulnerability of gig workers, particularly in contexts where social security systems are not fully integrated into platform-based labor structures (Natalia & Putranto, 2023). In addition, platformization has been shown to restructure socio-economic relations by concentrating decision-making power within digital systems, thereby reinforcing inequality in the distribution of economic opportunities (Hisyam et al., 2024).

Although the existing literature provides important insights into gig economy dynamics, most studies are concentrated in urban metropolitan areas. Limited attention has been given to small-city contexts, where labor market structures and economic alternatives differ significantly from large cities. This gap is important because small cities may experience a more intense form of dependency on platform-based work due to limited formal employment opportunities and weaker institutional support systems. Therefore, examining gig work in such contexts is essential to understand how platform capitalism operates in diverse socio-economic environments.

III. Research Method

This study employs a qualitative research approach to explore the experiences of gig workers within the platform economy in Blitar. A qualitative method is considered appropriate because this research aims to understand social realities, meanings, and lived experiences from the perspective of the participants. According to John W. Creswell (2014), qualitative research is suitable for exploring complex social phenomena where variables cannot be easily measured and where the researcher seeks to interpret participants' perspectives in their natural setting.

This study uses a case study approach, focusing specifically on gig workers in Blitar as a unit of analysis. The case study allows the researcher to examine contemporary phenomena within real-life contexts, especially when the boundaries between the phenomenon and context are not clearly evident.

The informants in this study consist of five gig workers who are actively engaged in platform-based work such as ride-hailing and delivery services. The selection of informants is conducted using purposive sampling, which means participants are chosen based on specific criteria relevant to the research objectives.

The criteria for selecting informants include:

1. Individuals who have worked as gig workers for at least one year
2. Actively working on digital platforms (e.g., ride-hailing or delivery services)
3. Relying on gig work as a primary or significant source of income
4. Willing to share their experiences and participate in in-depth interviews

The decision to select five informants is based on the qualitative research principle of depth rather than quantity. In qualitative studies, a smaller number of informants allows for deeper exploration of individual experiences and meanings. Furthermore, five participants are considered sufficient to reach data saturation, where no new significant information emerges from additional data collection.

The informants are expected to represent diverse backgrounds in terms of age, work experience, and economic conditions. This variation is important to capture different perspectives and provide a more comprehensive understanding of the gig economy in a small city context.

Data in this study are collected through in-depth interviews as the primary method. This technique allows the researcher to explore participants' personal experiences, perceptions, and interpretations regarding their work in the platform economy.

The interviews are semi-structured, meaning that the researcher prepares guiding questions but remains open to new themes that may emerge during the conversation. This flexibility helps to capture unexpected insights related to job insecurity, income instability, and workers' coping strategies.

In addition to interviews, the researcher may use observation as a supporting method to understand the daily activities and working conditions of gig workers. Field notes are also used to record important contextual information during the research process.

The data are analyzed using thematic analysis. This process involves several steps:

1. Transcribing interview data
2. Reading and re-reading the data to gain familiarity
3. Coding important statements and patterns
4. Identifying themes related to labor conditions, algorithmic control, and survival strategies
5. Interpreting the findings based on the theoretical framework of embeddedness and platform capitalism

This analytical approach allows the researcher to systematically organize and interpret qualitative data while maintaining a strong connection to participants' original narratives.

This study is conducted over a period of approximately three months. The timeline is structured as follows:

1. Month 1: Preparation, literature review, and identification of informants
2. Month 2: Data collection through interviews and observation
3. Month 3: Data transcription, analysis, and writing of findings

The three-month duration is considered sufficient for a small-scale qualitative study, particularly given the focused scope and limited number of informants.

This study ensures that all participants provide informed consent before participating in the research. The researcher also guarantees confidentiality and anonymity by not disclosing personal identities in the research report. Participants are informed that their involvement is voluntary and that they may withdraw from the study at any time.

IV. Results and Discussion

1. Entry into Platform Work and Local Economic Conditions

The expansion of the platform economy in Blitar is closely related to the limited availability of stable formal employment in the local labor market. Based on interviews with five gig workers, all informants reported that their initial decision to join platform-based work was driven by economic necessity rather than career preference. Most of them previously worked in informal sectors such as daily labor, small trade, or temporary jobs with irregular income.

One informant explained that joining ride-hailing work was seen as a “quick solution” because it did not require formal qualifications or complex recruitment processes. Another informant highlighted that the ease of registration through mobile applications made the transition into gig work relatively seamless. These narratives indicate that platform-based work is perceived as an accessible entry point into the labor market, particularly for individuals with limited educational or economic capital.

However, descriptively, this accessibility also reflects structural inequality in local employment systems. Analytically, this condition aligns with the concept of embeddedness, where individual economic decisions are shaped by broader social and structural constraints. In this case, the lack of formal job opportunities in Blitar functions as a driving force behind the expansion of gig work.

2. Flexibility, Daily Routine, and Hidden Work Pressure

All informants consistently described flexibility as the main reason they initially joined platform work. They emphasized the ability to choose working hours, take breaks freely, and avoid direct supervision. At first glance, this flexibility appears to provide autonomy and independence.

However, detailed accounts from informants reveal a different lived reality. Most workers reported that their daily routines are highly structured around peak demand hours, such as morning, lunch, and evening periods. One informant stated that even though there is no formal obligation to work, economic needs force them to remain active almost all day.

In practice, working hours often extend beyond 10 hours per day, especially when income targets are not met. Several informants also mentioned the psychological pressure of “chasing orders,”

where periods of low demand create anxiety about daily earnings. This indicates that flexibility is not entirely voluntary but shaped by economic survival needs.

Analytically, this condition exposes a contradiction between the ideological narrative of gig work and its material reality. While platform companies promote freedom and flexibility, workers experience self-regulated exploitation, where they internalize the need to continuously work without direct coercion. This reinforces previous findings (Pradana, 2024; Natalia & Putranto, 2023) regarding the precarious nature of gig labor in Indonesia.

3. Algorithmic Control and the Experience of Uncertainty

A dominant theme emerging from the interviews is the invisibility of algorithmic control. Informants consistently expressed that they do not fully understand how the platform determines order allocation, pricing, or incentive distribution. This lack of transparency creates a sense of uncertainty in their daily work. For example, workers reported that in some days they receive many orders despite similar working conditions, while on other days they receive very few without clear explanation. This unpredictability forces them to continuously adapt their strategies, such as changing locations, extending working hours, or following perceived “hotspots” of demand.

One informant described the platform system as “like an invisible boss” that cannot be negotiated with. This perception highlights the shift from human-centered supervision to algorithmic governance.

From a theoretical perspective, this reflects the logic of platform capitalism, where algorithms act as central mechanisms of control over labor and market access. In this system, power is embedded in code and data, making it difficult for workers to challenge or even fully understand the rules governing their labor.

4. Social Relations Among Workers: From Community to Informal Networks

Despite the individualized nature of platform work, social interaction among gig workers remains significant. Informants described frequent interactions with fellow drivers, particularly in waiting areas, rest points, and informal gathering spots.

These interactions include sharing information about platform incentives, discussing strategies to maximize income, and warning each other about changes in platform policies. One informant emphasized that peer communication is essential for survival in the gig economy, especially during periods of low demand.

However, these social relations differ from traditional community-based labor structures. Instead of strong collective organization, relationships remain informal, fragmented, and non-institutionalized. There is no formal collective bargaining structure, and cooperation is largely based on individual trust and situational interaction.

Analytically, this demonstrates a transformation of embeddedness. Economic actions remain socially embedded, but the form of embeddedness has shifted from stable community ties to flexible, situational networks shaped by shared economic vulnerability.

5. Income Instability and Everyday Survival Strategies

Income instability is one of the most frequently mentioned challenges among informants. Earnings fluctuate daily depending on demand, distance, weather conditions, and platform algorithms. This unpredictability makes financial planning extremely difficult.

To cope with this uncertainty, workers develop various survival strategies. These include working on multiple platforms simultaneously, extending working hours during high-demand periods, and carefully managing daily income for essential needs such as food, fuel, and family expenses.

Some informants also rely on family support during low-income periods, indicating that gig work alone is not always sufficient to sustain household needs. This dependency highlights the fragility of platform-based income structures.

Analytically, these survival strategies illustrate how risk is individualized in the gig economy. Instead of being absorbed by institutions or employers, economic risk is transferred to workers, who must continuously adjust their behavior to maintain stability.

6. Emotional Labor and Psychological Impact

Beyond economic aspects, the study also finds significant emotional and psychological dimensions of gig work. Informants reported feelings of fatigue, stress, and uncertainty, particularly during periods of low demand or system instability.

Some workers described anxiety when they do not receive orders for extended periods, as this directly affects their daily income. Others expressed frustration toward platform policies that are perceived as inconsistent or unclear.

However, despite these challenges, most informants continue working due to economic necessity. This creates a situation where emotional distress is normalized as part of daily labor experience.

From a sociological perspective, this reflects the hidden emotional labor embedded in gig work, where workers must manage both economic survival and psychological resilience simultaneously.

7. Long-Term Structural Consequences and Sustainability

The findings suggest that while platform work provides short-term economic opportunities, its long-term sustainability remains questionable. In small cities like Blitar, increasing dependence on platform-based work may lead to structural labor vulnerability.

If this trend continues without adequate policy intervention, several consequences may emerge. First, workers may become increasingly dependent on unstable income sources. Second, traditional forms of local employment may continue to decline. Third, younger generations may normalize precarious work as a standard employment model.

From a broader perspective, this reflects a tension within platform capitalism, where technological efficiency and economic growth coexist with labor insecurity and inequality. Without institutional protection, the burden of economic risk continues to shift toward individuals.

8. Theoretical Synthesis

Overall, the empirical findings demonstrate that gig economy in Blitar is not merely a technological innovation but a deeply social and structural phenomenon. The concept of embeddedness explains how local socio-economic conditions drive participation in platform work, while platform capitalism explains how digital infrastructures reorganize labor relations through algorithmic control and asymmetric power distribution.

Thus, gig work in this context represents a dual reality: it is both an opportunity for income generation and a system that produces new forms of vulnerability.

V. Conclusion

This study examined how the platform economy affects gig workers in Blitar. Using a qualitative approach and the theories of embeddedness and platform capitalism, the study shows that digital work has changed how people earn income, work, and interact socially in everyday life.

The findings show a clear gap between the idea of flexibility and the reality of gig work. Although workers see platform jobs as flexible and easy to access, in practice they face long working hours, unstable income, and strong pressure to stay active in order to earn enough money. Flexibility often turns into economic pressure rather than freedom.

The study also finds that platform algorithms play a major role in controlling workers' income and job opportunities. Workers do not fully understand how the system works, but they depend heavily on it. This creates an imbalance of power between platforms and workers.

At the same time, gig workers are not passive. They try to survive by working longer hours, using multiple platforms, and relying on informal support from other workers and family members. However, these strategies only help them adapt to uncertainty, not solve it.

In conclusion, the platform economy in Blitar provides job opportunities but also creates new forms of insecurity. This shows that while digital work increases access to income, it also increases labor uncertainty. Therefore, better policies are needed to protect gig workers and ensure fair working conditions in the digital economy.

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