

When the pandemic struck Indonesia, urban gig workers were hit the hardest



“We know what can end poverty. But how come poverty never diminishes?” was the reply I received from Harry, who works as a gig worker in a city in Scotland when we were discussing poverty. The reason I specify his identity is because it is significant to what I am about to elaborate.

Indonesia’s rural poverty has always been higher than in the cities. In September 2019, urban and rural poverty hit 9.86 million and 14.93 million people, respectively. But when the pandemic struck, more households were plunged into poverty. As of March 2020, the urban and rural poor were already 11.16 million and 15.26 million, respectively.

The spike in rural poverty was not as high as in urban areas. Does this mean that urban communities are more prone to external shocks? Maybe. But we should dig deeper, deeper, and deeper. Based on the Statistics Indonesia (BPS) database, there is not much disparity in bi-annual poverty trends between urban and rural areas. Even though poverty is much higher in Indonesian villages than in cities, the pace is quite similar. So, what makes March 2020 different? Both areas were hit by the same pandemic, but why was the spike in urban poverty four times larger than in rural areas?

There might be a lot of plausible reasons behind this, but perhaps we should examine what has been sitting in front of our eyes: the unequal geography of the gig economy in Indonesia, which, in the case of COVID-19, protects rural areas from more poverty cases.

The gig economy is mainly concentrated in urban areas, where people are no longer in the process of catching up — they are already there. Gig workers represent 5% of Indonesia’s workforce. The majority of them work in urban areas. They were among the main recipients of the negative effects of COVID-19.

On the other hand, Indonesia still has much homework to do for its villages. It needs to improve infrastructure, education, access to health services — all of which can pave the way to ending poverty. The slow progress in meeting these needs leads to an automatic rejection — or slow absorption — of innovations in employment and economic activities. The low concentration of the gig economy in rural areas corresponds to a smaller presence of COVID-19 infections in rural households, whose incomes are slightly above the poverty line.

So, what does that tell us about the nature of the gig economy and poverty in Indonesia? The answers are threefold.

First, gig economy work in Indonesia is extremely fragile — it exposes workers to the risks of living in poverty after giving them a taste of heaven for a split-second. Gig workers can be independent contractors or contract workers at big firms, other forms of temporary workers, or online platform workers. The new poor in urban Indonesia mainly come from online platforms.

Digital labour platforms, such as ride-hailing services, were supposed to bring more job opportunities to low-income families. And that was at least what we thought had happened. Nevertheless, by seeing the concentration of digital innovation, it looks as if profit always outweighs any social motive.

Second, the disproportionate levels of the gig economy between rural and urban Indonesia makes the low innovation in rural Indonesia more evident. In the case of COVID-19, the lack of innovation acted as a buffer against poverty, but it might also be the reason behind rural Indonesia's slow progress in reducing poverty. Innovation has a blank face. Whether it turns out to be good or bad depends on how we make use of it. Before intensifying innovation in rural areas, the government ought to design social protection policies for all kinds of gig labourers.

Third, it is time to put an end to the stigmatisation of rural communities implying that they are backward, with low ability to succeed, and that "rural" means poor. Regardless of country or province, "rural" is associated with third world nations. Looking at the unequal geography of the gig economy, prejudice is another reason why innovative projects rarely target rural areas.

This is our life now. The life we had prior to digital innovation has become history. We can study it, but we no longer live in that period. Whether we want it or not, temporary and remote working are becoming the new normal. That will eventually reach all Indonesian villages. But even if we already know what is going to happen, there is no harm in coming up with a plan. Because odds are, digital innovation in rural areas will intensify inequality of income and deepen poverty.

Local governments in rural areas must promote innovation, but they should also prepare the buffers that will protect gig workers from economic turbulence and smoothen the transition to the gig economy.

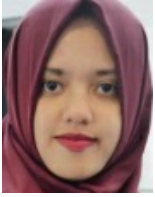
To begin with, local governments must build a foundation for employment innovation. This includes creating a mechanism to bring equality between gig and non-gig workers, such as establishing shared social protection responsibility between rural governments and employers in the case of workers coming from poor or low-income families.

Harry's comment that poverty never decreases, although not entirely accurate, bears some truth. We know that education is key to poverty eradication, and access to finance can expand people's mobility and improve their livelihood. Yet the reason why poverty rates remain high is that policymakers fail to adapt poverty alleviation policies to contemporary forms of livelihood. Accurate poverty-targeting strategies are not merely about serving those who live below the poverty line; they are about understanding poverty. And the gig economy is one of the many faces of poverty.



Notes:

- This blog post is an edited version of an article that appeared first in [The Jakarta Post](#), and is reproduced here with permission from the author and the newspaper.
- The post expresses the views of its author(s), not the position of LSE Business Review or the London School of Economics.
- Featured [image](#) by [Fikri Rasyid](#) on [Unsplash](#)
- When you leave a comment, you're agreeing to our [Comment Policy](#)



Namira Samir is a PhD candidate in human geography and urban studies at LSE.