

Systematic Literature Review on Gig Economy Regulation and Worker Welfare

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Abstract

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The gig economy has become a defining feature of modern labor markets, offering flexibility and new income opportunities through platform-based work. However, this shift has also generated significant regulatory and welfare concerns for gig workers. This study conducts a Systematic Literature Review (SLR) of several peer reviewed articles published between last five years to examine the state of research on gig economy regulation and its implications for worker welfare. The findings reveal three dominant themes: the persistent legal ambiguity in worker classification, the rise of algorithmic management and its impact on autonomy and job security, and the divergent regulatory responses across countries. Although some jurisdictions have implemented reclassification or hybrid policy models, the overall global response remains fragmented. Moreover, there is limited evidence that existing regulations have resulted in lasting improvements in worker welfare. This review highlights the urgent need for adaptive, inclusive, and enforceable policy frameworks that respond to the evolving nature of digital labor and actively involve workers in shaping the future of work.

1. Introduction

The rapid growth of the gig economy has fundamentally reshaped the nature of work, creating both new opportunities and significant challenges for labor markets worldwide. Characterized by flexible, short-term, and freelance work arrangements facilitated through digital platforms, the gig economy has expanded across various sectors, including transportation, delivery services, online freelancing, and domestic work (Lin, 2022). While the gig economy has been praised for offering flexibility and autonomy, it has also raised critical concerns about the precariousness of gig work and the lack of adequate legal protections for gig workers (Shibata, 2020).

One of the major regulatory challenges is the classification of gig workers, who often fall into a legal grey area between employee and independent contractor status. This ambiguity has significant implications for access to labor rights, social protections, and collective bargaining (Rosin, 2021). In response, several countries have introduced or proposed new legislative frameworks aimed at improving worker welfare and ensuring fair labor standards in platform-based work. However, the effectiveness and scope of these regulations remain widely debated in the academic literature.

A growing body of research has explored the impact of regulatory interventions on gig workers' welfare, including issues such as income security, occupational health and safety, access to benefits, and social dialogue (Rainnie & Dean, 2020). Despite this, there remains a need for a comprehensive synthesis of existing studies to identify consistent patterns, theoretical gaps, and emerging policy solutions. Thus, this study conducts a Systematic Literature Review (SLR) to evaluate

the current state of research on gig economy regulation and its implications for worker welfare, drawing insights from empirical studies and policy analyses published in peer-reviewed literature.

2. Literatur Review

The rise of the gig economy has led to an increasing body of academic research that critically examines the regulatory challenges and implications for worker welfare. Scholars have highlighted that the traditional frameworks of labor law are often ill-suited to protect platform-based workers, who operate outside standard employment relationships (Doherty & Franca, 2020). This regulatory mismatch contributes to legal ambiguity, where gig workers often lack access to minimum wage protections, unemployment benefits, and occupational safety guarantees (Koutsimpogiorgos et al., 2020).

Another key theme in the literature concerns algorithmic management, which governs many gig platforms. While platforms offer flexibility, scholars argue that algorithmic control reduces autonomy and increases worker stress due to performance monitoring and opaque decision-making systems (Wiener et al., 2023). These conditions often leave workers vulnerable to exploitation, with limited avenues for redress or negotiation, especially in jurisdictions lacking adequate regulation (Yin, 2024).

Cross-national studies also reveal substantial variation in how governments regulate the gig economy. For example, some European countries have moved toward reclassifying gig workers as employees to ensure labor protections, while

others continue to treat them as independent contractors (Fabo et al., 2021). Furthermore, evidence from developing economies indicates that platform work often reinforces existing labor market inequalities and fails to offer a reliable path to social mobility (Rani & Furrer, 2021). The existing literature points to a growing consensus that effective regulation is essential for improving the working conditions of gig workers. However, regulatory approaches must also consider the diversity of platforms, the transnational nature of digital labor, and the varying socio-economic contexts in which gig work takes place.

3. Methods

This study employs a Systematic Literature Review (SLR) methodology to synthesize existing scholarly research on the regulation of the gig economy and its implications for worker welfare. The SLR approach was chosen due to its structured, transparent, and replicable procedures, which are suitable for summarizing a broad and evolving body of literature (Clark et al., 2024). Following the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines, the review process involved four key stages: identification, screening, eligibility, and inclusion.

Relevant academic articles were retrieved from peer-reviewed databases such as Google Scholar, Scopus, Web of Science, and ScienceDirect, using a combination of keywords including “gig economy,” “platform work,” “regulation,” “worker protection,” and “labor law.” The inclusion criteria consisted of journal articles published between the last five years, written in English, and directly addressing

issues of regulation or worker welfare in the gig economy. Studies focusing solely on technological innovation or consumer-side perspectives were excluded.

After removing duplicates and non-relevant sources, the final dataset consisted of several articles. The selected literature was then thematically analyzed to identify recurring issues, theoretical frameworks, country-specific regulatory responses, and evidence of policy impact on worker welfare. This qualitative synthesis provides a comprehensive overview of the current state of knowledge and highlights areas that require further empirical exploration.

4. Results and Discussion

The findings of this systematic literature review identify three dominant and interrelated themes in the regulation of the gig economy and their implications for worker welfare: (1) the legal classification of gig workers, (2) algorithmic governance and managerial control exercised by digital platforms, and (3) significant variation in regulatory responses across national and regional contexts. Together, these themes illustrate the persistent structural challenges faced by gig workers and highlight the limitations of current regulatory approaches in addressing their vulnerabilities.

First, the majority of studies emphasize that the ambiguous employment status of gig workers remains the most critical issue undermining their access to labor rights and social protections. Many platforms classify workers as independent contractors rather than employees, despite exercising substantial control over how work is performed. This misclassification is widely documented and has far-reaching consequences, as it systematically excludes gig workers from essential employment

benefits such as health insurance, paid leave, minimum wage guarantees, and unemployment support (Johnston, 2020). As a result, gig workers are often required to bear economic risks that would traditionally be absorbed by employers, including income instability and the costs associated with illness or work interruptions. This legal ambiguity creates a form of structural vulnerability that places workers in a precarious position, while governments and regulatory institutions struggle to adapt existing labor laws to the realities of platform-mediated work. The literature suggests that, despite growing recognition of this problem, many states have been slow or unwilling to implement comprehensive reforms that clearly redefine employment relationships in the gig economy.

Second, the review highlights the expanding role of algorithmic management and governance within gig platforms and its implications for working conditions. Digital labor platforms increasingly rely on algorithms to allocate tasks, evaluate performance, set prices, and enforce discipline through ratings systems or automated deactivation. Although platforms frequently promote flexibility and autonomy as defining features of gig work, numerous scholars argue that algorithmic control often reproduces, and in some cases intensifies, traditional forms of managerial oversight (Jarrahi et al., 2021). Workers are subject to continuous surveillance and opaque decision-making processes that they have little ability to contest or understand. Performance metrics, customer ratings, and automated sanctions can create constant pressure to comply with platform expectations, contributing to stress, emotional exhaustion, and job insecurity. These findings align with broader concerns in the literature about the lack of transparency and accountability in

algorithmic systems, particularly when such systems play a decisive role in shaping workers' livelihoods without clear avenues for appeal or negotiation.

Third, the literature demonstrates substantial variation in how different countries and regions have responded to the regulatory challenges posed by the gig economy. Regulatory approaches are strongly influenced by national labor traditions, political priorities, and institutional capacities. For example, countries such as Spain and Italy have introduced reclassification laws that recognize many gig workers as employees, thereby extending formal labor protections to platform-based work (Stewart & Williams, 2023). In contrast, other countries, particularly the United States, continue to rely on legal frameworks that were developed for earlier forms of work and do not adequately reflect the hybrid nature of gig labor. These outdated definitions often leave workers in a regulatory grey area, reinforcing precarity rather than alleviating it. In response to these challenges, some jurisdictions have explored intermediate employment categories or expanded collective bargaining rights for freelancers as potential compromise solutions (Stewart & Stanford, 2023). While these approaches aim to balance flexibility with protection, the literature remains divided on their effectiveness and long-term sustainability.

Despite the diversity of regulatory experiments identified in the review, there is limited empirical evidence to suggest that existing policies have resulted in sustained and meaningful improvements in worker welfare. Several scholars argue that many reforms remain fragmented, weakly enforced, or narrowly focused, failing to address the underlying power imbalances between platforms and workers. Consequently, there are growing calls for more innovative, inclusive, and enforceable

regulatory frameworks that move beyond binary distinctions between employees and independent contractors. Such frameworks should better reflect the hybrid and evolving nature of gig work and incorporate the perspectives and experiences of gig workers themselves into policy development and decision-making processes. The findings demonstrate that while awareness of gig workers' vulnerabilities has increased within academic and policy debates, a considerable gap remains between regulatory intentions and tangible outcomes. Closing this gap will require not only legal reform but also stronger enforcement mechanisms and a more adaptive approach to governance in the rapidly changing platform economy

5. Conclusion

This systematic literature review highlights the complex and evolving landscape of gig economy regulation and its implications for worker welfare. The analysis reveals that the persistent legal ambiguity surrounding the classification of gig workers remains a fundamental barrier to achieving fair labor standards. While some countries have taken steps toward reclassification and the extension of worker protections, the global regulatory response remains fragmented and often insufficient. Furthermore, the rise of algorithmic management has introduced new forms of control and surveillance that undermine the supposed flexibility of gig work, leading to increased precarity and emotional strain. The reviewed literature consistently calls for a rethinking of labor laws to reflect the realities of platform-based work and urges the adoption of hybrid regulatory frameworks that go beyond traditional employer-employee binaries. Ultimately, the findings underscore the

urgent need for more adaptive, inclusive, and enforceable policies that not only ensure minimum labor protections but also enhance worker voice and participation in shaping the future of gig work. Without substantial regulatory reforms, the gig economy will continue to offer convenience at the cost of worker welfare.

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