Policies Improving the Well-Being of Gig Workers in Malaysia

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Abstract: Very scarce research has assessed the extent of adverse effects on the well-being of gig workers, particularly in Malaysia. So, the study aims to examine the policies favoring the well-being of gig workers using qualitative methodology of secondary materials examination and semi-structured interviews with policymakers. One of the key findings is that the Malaysian government is very supportive in welcoming the new era of flexibility and freedom of work, such as gig workers. This is particularly relevant to the gig economy, which is characterized by a high degree of uncertainty and variability. The emergent issues significantly call for government and policymakers to design the right policies to enhance gig workers’ welfare.

Keywords: Policy, gig worker, gig economy, working environment, sustainable well-being.

1. Introduction

In Malaysia, the popularity of the gig economy began during the COVID-19 pandemic. The most common use of digital platforms for gig work in Malaysia includes Uber, Airbnb, Grab and food delivery services such as FoodPanda. According to the Malaysian Digital Economy Corporation (MDEC, 2024) the gig economy in Malaysia is valued at RM 1.61 billion, with local platforms projected to increase from RM 371.4 million in 2021 to RM 650 million by 2025. Currently, there are over 1.12 million individuals engaged in the gig economy, with a yearly growth rate of 23%. Gig workers can earn extra money from their part-time and freelancing jobs; however, they face serious long-term sustainability issues. They can easily earn an instant income that can only last on a short-term basis. Their career growth, income stability and job security are subject to sustainability issues which can affect their long-term well-being. Given that there is no specific protection for gig workers in Malaysia, how can their well-being be guaranteed and not jeopardized if something were to happen in the future? These are just some concerning examples that can lead to sustainability issues. They must be addressed for the benefit and well-being of gig workers in the long run.

Therefore, this paper aims to examine the policies favoring the well-being of gig workers in Malaysia. The gaps policies found in this study are employed to propose better-formulated policies for improving the well-being of gig workers. It was found that very scarce research had assessed the extent how policies improvising the well-being of gig workers, particularly in Malaysia. Therefore, this paper is unique since it significantly aids government and policymakers in designing the right policies for enhancing the general welfare of gig workers.

The remainder of this article is organized as follows: a definition of the gig worker is provided. Subsequently, the methodology employed and findings are discussed in the next section accordingly. Finally, the conclusion of this work is presented.

2. Literature Review

Overview of Gig Workers

The word “gig” is regarded as a tiny, individual task or microtask that is the purpose for which an employee is hired (Aguinis and Lawal, 2013). Duggan et al. (2020) highlighted four elements for classifying gig work, i.e., lack of commitment to long-term relationships, flexible working hours, project-based work and piece-rate payments. In the gig economy, the activity involves temporary, project-based and outcome-based work (Harun et al., 2020). The gig economy is an emerging labor ecosystem that has replaced the traditional full-time work
style tied to office hours with flexible working hours (Caza, 2020). It is fuelled by technical advancements that showcase a person’s capacity to satisfy client demands through computers, cell phones, numerous applications and online payments (Sinicki, 2019). According to Schmidt et al. (2023), the gig economy is a type of workplace that includes elements of freelance work, independent contracting, temporary employment and contingent labor. It is widely used with applications that offer on-demand in-person consumer services, including food delivery, errands, home repairs or car-hailing (Kuhn & Galloway, 2019). Several definitions suggest that a gig is a work that must be accessible through a digital platform. Harun et al. (2020) defined gig workers as individuals who either work through digital applications or as independent workers, freelancers or part-time employees with flexible work schedules and workspace. Gig workers are also classified according to the occupation category. They can be freelancers (tutors, tuition teachers, photographers, videographers, and tourist guides), have a technology-based occupation (such as web designers and software developers), drivers (Grab, MyCar, etc.) or riders (Grabfood, Foodpanda, etc).

Digital platforms have greatly benefited the gig economy by providing various advantages for workers, businesses and customers (Gramano, 2019). Duggan et al. (2020) classified gig work into two categories: appwork and crowdwork platforms. These platforms allow workers to connect with customers and sell their services by performing tasks. In Appwork, clients pay for services in their area and the application mediates the task between the customer and the gig worker. Examples of this gig work include food delivery, parcel delivery and transport services, such as p-hailing and e-hailing. Crowdwork, on the other hand, is a digital platform that enables work to be distributed to people in multiple geographical areas. Digital platforms, such as Amazon Mechanical Turk and Fiverr, help people find work to complete remotely (De Stefano, 2018). Those searching for easy and extra income will enjoy crowd work since it entails conducting activities that only require a minimum amount of ability. With appwork, a consumer requests a service, such as food or grocery delivery, and the platform’s algorithm then pairs them with a suitable worker who can fulfill their needs (Schmidt et al., 2023).

Work transacted via platforms, which provide local services and require workers to be physically present, is one type of gig in the gig economy. Another type is jobs transacted through platforms but delivered remotely (Huws et al., 2017). Wood et al. (2019) stated there are two distinct types of gig labor: work that is performed in the immediate vicinity (local gig) and work that is performed remotely (remote gig). The term “local gig work” encompasses a wide variety of occupations, such as food delivery, couriering, transport and physical labor. On the other hand, remote gig work entails the remote provision of a wide variety of digital services which can range anywhere from data entry to software programming. These services are through online platforms such as Amazon Mechanical Turk (MTurk), Fiverr, Freelancer.com and Upwork.

3. Methodology

Merriam and Tisdell (2016) reconfirmed that using the qualitative design is a practical method for ensuring a better understanding of certain occurrences from the aspect of relevant parties who are personally experiencing such events. Its architecture has made it possible to organize and direct the data collection and analysis processes. The processes involved establishing a research topic, creating a conceptual framework for the study, gathering and analyzing data, interpreting data and utilizing the systemic diagnostic framework to help explain the results. We used the interpretative approach to perform this investigation, interpreting the data in light of diagnosing the current environment of gig workers’ well-being based on secondary materials available online such as websites, journals, newspapers and chapters in books semi-structured interviews with policymakers up to saturated response following the research procedure recommended by the Merriam and Tisdell (2016) and Creswell (2007).

4. Findings and Discussion

This study aims to analyze the current phenomenon of the sustainable well-being of gig workers through the policies formulated in Malaysia. The analysis is represented in Table 1. Corresponding to the respondents’ feedback, the gig economy’s policymakers include the Economic Planning Unit (EPU) and the Ministry of Finance (MOF). Both entities are responsible for the preparation of development plans or initiatives for the gig
Several initiatives have been introduced since the growth of the gig economy, which is recognized by the government.

**Initiatives Taken by the Malaysian Government to Support Gig Workers**

In recent years, the Malaysian government has taken some steps to support gig workers. MDEC helped new domestic platforms obtain demand (work) and supply (workers) by connecting each platform to a list of registered workers and promoting the platforms on this list (Olsen, 2019). Malaysia Digital Economy Development (MDEC) was granted RM 25 million to create the Global Online Workforce (GLOW) program. GLOW promises to equip Malaysians with instructions on how to earn money through online platform tasks. In addition, Malaysia encourages the gig economy by introducing e-rezeki, a digital platform that can stimulate gig economy participants. People will receive digital employment based on their talents in e-rezeki. It can also indirectly help those who have lost their jobs to continue living (Rahim et al., 2021).

The government then introduced i-Saraan through the Workers Provident Fund (EPF). The government allocated RM 50 million to this program, which assisted registered gig workers. Notwithstanding the fact that i-saraan is a voluntary contribution, gig workers who enrolled in the program can enjoy the same benefits as full-time KSWP members. It also sought to encourage gig workers to save and accumulate funds. The government further introduced the SOCSO Generator Programme in addition to i-Saraan. This program provides gig workers with assistance through the National Economic Redevelopment Plan (PENJANA). The program's objective is to safeguard the social security of self-employed and gig economy participants. Under Plan 2, the government contributed RM 232.80 to the Self-Employed Social Security System (SKSPS), and the coverage duration is one year. SKSPS SOCISO also provides benefits such as medical benefits, permanent disability benefits and corpse management benefits, among others (Rahim et al., 2021).

The Economic Planning Unit in their Malaysia Digital Economy Blueprint had presented two vital initiatives to gig workers. The "GigUp" program was designed to provide gig workers with a wide range of skills. The aim of this initiative is to guarantee that gig workers with varying educational backgrounds benefit from the necessary skills to improve their employability and mitigate job insecurity. This initiative promotes entities that hire gig workers, such as technology companies, start-ups, and larger corporations, to allocate resources for educating gig workers. The training is subsidized on established online platforms through HRDF, such as Coursera, Udemy, edX, and Codeacademy. The government implemented extended social protection for gig workers to enhance existing benefits provided by PENJANA, safeguarding full-time gig workers or those meeting a minimal hourly threshold across different platforms. A feasibility study was conducted to create suitable social protection programs and outline the implementation strategy for gig workers. Employers are given indirect incentives for their gig workers when they contribute to SOCSO and EPF as stated in the Malaysia Digital Economy Blueprint.

**Table 1: Roles of ministries and government agencies**

<table>
<thead>
<tr>
<th>Government Agencies</th>
<th>Citation</th>
<th>Roles</th>
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<tbody>
<tr>
<td>Ministry of Finance (MOF)</td>
<td>(Employee Provident Fund, 2020)</td>
<td>Accountable for overseeing the fiscal management of budget allocated to the ministries and agencies including for the gig economy sector.</td>
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<tr>
<td></td>
<td>(Economic Planning Unit, 2021)</td>
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<td></td>
<td>Ministry of Economy (2023)</td>
<td></td>
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<tr>
<td></td>
<td>(Employee Provident Fund, 2020)</td>
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<tr>
<td>Employee Provident Fund (EPF)</td>
<td>(Economic Planning Unit, 2021)</td>
<td>Creates a voluntary contribution scheme with incentives known as i-Saraan for self-employed workers.</td>
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<td></td>
<td>(Aziz, 2023)</td>
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<td></td>
<td>(NST Business, 2023)</td>
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<tr>
<td>Social Security (SOCISO)</td>
<td>(Jemon et al., 2021)</td>
<td>Increasing the tax relief for their contributions up to RM4,000.</td>
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<td></td>
<td>(Economic Planning Unit, 2021)</td>
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<td></td>
<td>(The Star, 2022)</td>
<td>Expanding the coverage of social protection to include new categories of informal</td>
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<tr>
<td>Organization</td>
<td>References</td>
<td>Actions</td>
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<tr>
<td>Information Management and Business Review (ISSN 2220-3796) Vol. 16, No. 1, pp. 182-189, March 2024</td>
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<td></td>
<td>• (Berita Harian, 2022) • (Harian Metro, 2022)</td>
<td>workers under scheme Self-employed Social Security Scheme (SKSPS).</td>
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<td></td>
<td>• (Ministry of Transportation, 2022) • (TERAJU, 2022) • (Rahman et al., 2021)</td>
<td>Through this scheme, the government will provide 80% coverage for these gig workers and the other 20% will be covered by the gig workers.</td>
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<tr>
<td>Department of Occupational Safety &amp; Health (DOSH)</td>
<td>• (Ministry of Transportation, 2022) • (TERAJU, 2022) • (Rahman et al., 2021)</td>
<td>Strengthen awareness and sensitivity of Occupational Health and Safety practices in e-hailing services.</td>
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<tr>
<td></td>
<td>• (Human Resources Development Fund, 2019) • (Economic Planning Unit, 2021) • (Ching et al., 2022)</td>
<td>Promotes prevention and health measures through the ”Vision Zero” campaign, which is the development of modules or additional promotion guides for work safety and health for drivers and e-hailing operators as well as gig economy players.</td>
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<td></td>
<td>• (Human Resources Development Fund, 2019) • (Economic Planning Unit, 2021) • (Ching et al., 2022)</td>
<td>Provides training programs that are related to digital technology.</td>
</tr>
<tr>
<td>Human Resources Development Fund (HRDF)</td>
<td>• (Human Resources Development Fund, 2019) • (Economic Planning Unit, 2021) • (Ching et al., 2022)</td>
<td>Enforce labor laws and international agreements related to labor laws.</td>
</tr>
<tr>
<td>Jabatan Tenaga Kerja (JTK)</td>
<td>• (TERAJU, 2022) • (Rahman et al., 2021) • (Ministry of Transportation, 2021)</td>
<td>Draft and review amendments to labor laws, regulations and orders enforced from time to time.</td>
</tr>
<tr>
<td>Jabatan Pengangkutan Jalan Raya (JKJR)</td>
<td>• (TERAJU, 2022) • (Rahman et al., 2021) • (Ministry of Transportation, 2021)</td>
<td>Carrying out research on road safety</td>
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<tr>
<td>Jabatan Pengangkutan Jalan (JPJ)</td>
<td>• (TERAJU, 2022) • (Rahman et al., 2021) • (Ministry of Transportation, 2021)</td>
<td>Increase public knowledge and awareness of road safety, especially among p-hailing gig workers.</td>
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<tr>
<td>Jabatan Pengajian Tinggi (JPT)</td>
<td>• (Agensi Pengangkutan Awam Darat, 2021) • (Kassim et al., 2020) • (Ghazali &amp; Muhammad, 2021)</td>
<td>Plan, conduct training and evaluate road safety programs for p-hailing gig workers.</td>
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<td></td>
<td>• (Agensi Pengangkutan Awam Darat, 2021)</td>
<td>Plan, coordinate and monitor the activities implemented to improve the effectiveness of law enforcement.</td>
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<td></td>
<td>• (Kassim et al., 2020) • (Ghazali &amp; Muhammad, 2021)</td>
<td>Manage activities related to blacklisting, suspension or cancellation of p-hailing’s driver’s license.</td>
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<td></td>
<td>• (Agensi Pengangkutan Awam Darat, 2021)</td>
<td>Plan, implement, monitor and evaluate new enforcement programs or policies.</td>
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<tr>
<td></td>
<td>• (Kassim et al., 2020) • (Ghazali &amp; Muhammad, 2021)</td>
<td>Monitor and regulate operator performance standards through licensing of buses, goods vehicles, taxis and intermediary businesses (e-hailing).</td>
</tr>
<tr>
<td>Agensi Pengangkutan Awam Darat (APAD)</td>
<td>• (Kassim et al., 2020) • (Ghazali &amp; Muhammad, 2021)</td>
<td>Hold regular engagement sessions with ministries, government agencies, statutory bodies, operators, associations and industry players.</td>
</tr>
<tr>
<td></td>
<td>• (Agensi Pengangkutan Awam Darat, 2021)</td>
<td>Analyse and coordinate all activities of collecting, updating, storing and reporting bus data, goods vehicles, taxis and intermediary businesses (e-hailing).</td>
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<tr>
<td></td>
<td></td>
<td>Conduct research related to the gig economy.</td>
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<tr>
<td></td>
<td></td>
<td>Educate students about entrepreneurship in the gig economy.</td>
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</tbody>
</table>
Malaysian Digital Economy Corporation (MDEC)

- (Rahim et al., 2021)
- (Olsen, 2019)

- Develop and implement various digital initiatives and programs related to:
  - Digital Skills (mydigitalmaker, Premier Digital Tech Institutions, e-Usahawan, GLOW)
  - Digital Business (Malaysia Digital Hubs, GAIN, DFTZ)
  - Digital Investments (MSC, Global Business Services, Global Testbed Initiative)

Several challenges facing Malaysian gig workers have been identified, including external issues experienced by gig workers. The first issue faced by the gig industry is the lack of job security and benefits for gig workers (Abd Samad et al., 2023). Gig workers typically do not receive the same benefits as full-time employees, such as health insurance, retirement plans or paid time off. The lack of benefits can make it difficult for gig workers to maintain financial stability, which may further affect their overall well-being. Another potential weakness is the lack of regulatory oversight and accountability for gig platforms. Gig platforms operate as intermediaries between gig workers and customers, but they may not always have the best interests of their workers in mind. This can lead to issues such as low wages, unfair labor practices and lack of transparency in the gig work process. One suggestion to address these weaknesses is to implement regulations that provide more protection and benefits for gig workers. This could include measures such as setting minimum wage standards, requiring gig platforms to provide benefits to their workers and establishing dispute resolution mechanisms to handle grievances between workers and platforms. Additionally, increasing transparency in the gig work process can help ensure that gig workers are treated fairly and that their rights are protected.

The second issue is health and safety concerns. For instance, gig workers may not have access to proper rest breaks since they need to work long hours without adequate rest to meet and maintain ratings for high payment. They also do not have access to appropriate protective equipment or safety protocols. Gig workers may be at risk of physical harm or injury while conducting their tasks, such as drivers involved in road accidents or delivery workers handling hazardous materials (Bergström, 2018). Many gig workers, such as ride-hailing drivers or delivery drivers, spend a significant amount of time on the road. This puts them at increased risk of accidents, particularly if they are driving long hours or in unfamiliar areas. Studies have found that gig economy drivers have higher rates of motor vehicle accidents compared to traditional employees (Burgard, 2019).

The third issue is halal certificate issuance. It is impossible for gig workers to only choose halal-certified food delivery since the Muslim outlet that provides halal services may need to obtain certification from JAKIM or other relevant authorities to ensure compliance with halal standards and regulations. These regulations are generally complicated and time-consuming according to respondents. This may incur additional costs and administrative burdens for gig workers, which can impact their earning potential and ability to participate in the gig economy (Razak & Sulaiman, 2020; Yusof et al., 2019).

The future well-being of e-hailing gig workers is still at stake. A proactive approach must be taken to ensure that they are equipped with the skills and knowledge needed to succeed in the gig economy. The gig economy is still a relatively new and rapidly evolving industry, and many external factors can affect the demand for gig work and the overall financial stability of gig workers. However, with proper financial planning, skill development and a proactive approach to work, gig workers can achieve financial freedom and sustainability in the long run. This can be achieved by diversifying their income streams, investing in their skills and knowledge, keeping track of their finances and prioritizing self-care.

The above-mentioned issues all require careful consideration. Hence, the study outcomes revealed that although the gig economy in Malaysia is supported by government incentives, there is room for improvement. Such improvement is captured in the environment dimension. Hence, Figure 4 offers the sustainable well-being of the gig worker system.
5. Conclusion and Recommendations

The study aims to examine the policies favoring the well-being of gig workers. The conducted study applied the qualitative design since data was obtained through secondary materials and interviews with qualified officials involved in policymaking. The findings indicate there are several policies, initiatives, and incentives in favoring the well-being of gig workers in Malaysia. However, there are some recommendations in the future.

The first proposal is to develop a clear and consistent regulatory framework, one that governs the rights and responsibilities of gig workers, employers and other stakeholders. This can include guidelines for fair wages, working conditions and social protections, as well as mechanisms for monitoring and enforcing compliance. The second proposal is to create a legislative framework that identifies the status and rights of gig economy workers as well as a social safety net that ensures that gig workers have access to health insurance and retirement savings. A platform should also be created for gig workers to connect, share resources and support each other as they work in this new economy. This platform can provide workers with access to health insurance, legal expertise, job postings and educational events. By offering a package of services and helping gig workers with their issues, the platform can become an invaluable resource. The third proposal is to establish a centralized gig worker database to better understand the needs and challenges of gig workers. A centralized database can track gig worker demographics, employment patterns and earnings, which can be useful. This can enable policymakers to develop more targeted policies and interventions.

The fourth proposal is to provide training and support for gig workers. Many gig workers lack the skills and knowledge needed to effectively navigate the gig economy. To address this, policymakers can consider providing training and support programs that help gig workers develop new skills, expand their networks and access resources such as healthcare and financial services. The fifth proposal is facilitating access to halal certification to ensure that gig workers can effectively tap into the growing market for halal products and services. Policymakers can provide access to halal certification programs and resources. This may include providing information and support to gig workers seeking certification, as well as streamlining the certification process and reducing costs. The sixth proposal is fostering alliances between gig workers and traditional industries by promoting greater collaboration and innovation with the help of policymakers. This can involve creating incentives for industries to work with gig workers, as well as developing platforms and resources that enable gig workers to connect with potential partners and collaborators.

These proposals are intended to be a starting point for future policy formulation and can be further developed and refined through ongoing research and stakeholder engagement. Ultimately, the aim is to create a gig economy that is sustainable, equitable and responsive to the needs of all stakeholders.

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References


