

## Strengthening the safety net



Gig workers tend to be financially vulnerable without Employees Provident Fund savings.

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By Murniati Abu Karim (/authors/murniati-abu-karim) - February 26, 2020 @ 5:12pm

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IN October last year, some Foodpanda riders went on strike in Negri Sembilan, Johor, Melaka and Sabah to protest the company's new pay scheme, which increases payments per delivery but removes the fixed hourly payment. Riders closed their apps and took to the streets to demand fair pay.

Being a part of the gig economy and independent workers, they do not enjoy the same legal protections as full-time employees.

Associate Professor Dr Mohamad Fazli Sabri, who is Universiti Putra Malaysia's (UPM) Faculty of Human Ecology deputy dean (Graduate Studies and Industry and Community Network), pointed out that the gig workers are hardly employees because they are not subjected to the Employment Act. Should any issue arise, they are not able to file complaints or report violations to the Department of Labour, he added.



Mohamad Fazli Sabri

According to Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan, there are a few employment relationship issues emerging from the gig economy, namely, Social Security Organisation (Socso) and EPF savings.

Gig workers also face challenges like lack of work continuity and problems securing financing or applying for a loan, he said.

“Currently there are no laws to regulate the gig economy and protect independent workers. But the government has set up a special tripartite committee, comprising three ministries, to resolve issues related to the gig economy, including the legal aspects.

“It is also mulling the proposal to have new laws that would allow such independent workers to contribute towards Socso and EPF.”



Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan

Shamsuddin highlighted that there is no employer-employee relationship in the gig economy. This can be improved by creating awareness and promoting best practices among the various stakeholders of the gig economy, he said.

“It is also important for the government not to micromanage the gig economy as it will stifle growth.

“For example, before the government made it mandatory for ride-hailing drivers to have a Public Service Vehicle (PSV) licence, there were about 500,000 such drivers. The number was reduced to less than 100,000 when the PSV ruling was implemented.”

EPF chief strategy officer Nurhisham Hussein said the organisation was working on more holistic solutions for issues that have cropped up with gig work in recent years.

One solution is the extension of social security coverage to as many Malaysians as possible, given the rise of independent workforce or contract workers with no employment benefits such as employer contributions to their EPF savings.

"As a start, we are working with the National Film Development Corporation Malaysia (Finas) to extend coverage for those in the creative and performing arts industry. The coverage will be widened to other industries gradually.

"Financial literacy also plays an important role for those in the gig workforce as income can be uncertain and irregular. Therefore, it is important for gig workers to understand basic money management and investment know-how.



Nurhisham Hussein

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"For this purpose, we collaborated with Universiti Malaya's Social Wellbeing Research Centre to come up with an expenditure guide for households and individuals in the Klang Valley known as 'Belanjawanku' in March last year. This initiative will be further extended to other cities in the near future.

"We are also involved in the Financial Education Network, which launched the National Strategy for Financial Literacy in July 2019 that aims to educate Malaysians on financial knowledge and financial management," he said.

While gig work has been growing in recent years, the ecosystem supporting workers is still a work in progress as the economy continues to grapple with the adoption of new technologies.

In the meantime, the government is trying to understand the needs of the people and how the social security organisations play a role in helping the workers to have a fulfilling and sustainable retirement, stressed Nurhisham.