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Challenges gig workers face

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THE Education Minister recently highlighted a concerning trend: the ratio of SPM school-leavers choosing not to pursue further studies has risen significantly from 35.16% in 2020 to 48.74% in 2021.

This observation coincides with estimates from Persatuan Penghantar P-Hailing Malaysia vice-president Abdul Hakim Abdul Rani suggesting that around 20% of the 2022 SPM school-leavers will be joining the phailing service and aligns with a survey conducted by UCSI University in March.

One of the direct and significant factors driving this shift is the relatively higher income potential associated with gig work.

According to statistics published by the Department of Statistics Malaysia (DOSM) in February, 97% of phailing participants belong to the younger generation, aged between 15 and 30 years old.

While only 70% of them consider gig work as their primary source of income, an impressive 75% of them earn above the current minimum wage of RM1,500. In comparison, the median income for individuals aged 15 to 24 years old in Malaysia was RM1,468 in 2021.

Therefore, joining the gig economy currently offers a relatively higher income than many other



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opportunities within the Malaysian economy, particularly for individuals within this age group.

Additionally, the relatively low barriers to entry make it an attractive option for many.

However, it is crucial to recognise that the growing popularity of the gig economy brings forth long-term challenges that necessitate attention to ensure the well-being and sustainable employment prospects of workers.

Firstly, the sustainability of this trend raises concerns. To expand their market share, many platforms offer incentives to buyers, sellers, and workers, resulting in continuous losses. For example,

one well-known company reported a loss of US\$250mil (RM1.16bil) in the first quarter of 2023.

Will these incentives, especially for workers, diminish in the future as platforms strive to maintain profitability despite their expanding market share?

Secondly, as the number of workers in the gig economy grows, particularly among the younger generation who are unlikely to retire in the near future, increased competition among workers could potentially reduce their incomes.

Thirdly, as gig workers age, they may face challenges in improving their income levels. While they may possess valuable experience and skills, physical strength often

diminishes with age. Will there be opportunities for these workers to transition into roles that leverage their expertise and compensate for their reduced physical capabilities?

Moreover, as gig workers are often considered contractors or partners rather than employees, they generally lack access to social protection nets, such as retirement planning. Only 77% of respondents in a survey conducted by DOSM reported participating in the EPF (Employees Provident Fund) scheme.

Without employer contributions and without a strong commitment to self-discipline and sound financial planning, retirement funding becomes a significant challenge for many gig workers, considering the impact of compound interest over time.

By proactively addressing these long-term challenges, policymakers, industry stakeholders, and gig economy platforms can work towards creating an environment that ensures the overall well-being and sustainable livelihoods of gig workers, paving the way for a more equitable and resilient workforce.

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