



# Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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Letter to the Editor

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## **CAP welcomes prioritization of social protection and career advancement for Malaysia's gig workers, raises concerns about implementation challenges**

The Consumers' Association of Penang (CAP) lauds the announcement that the Gig Workers Commission (GWC) will prioritize social protection, contract disputes, and career advancement for the 1.16 million gig workers in Malaysia. Although it was earlier announced that the GWC Bill would be tabled in Parliament in July, it has been pushed back to October.

Establishing an independent Commission is the right way to go, however, we are concerned about the challenges the Commission will face due to the unique nature of the gig economy and the existing regulatory environment. One major stumbling block is the proper classification of their employment status as either employees (employment of service) or independent contractors (employment for service). This distinction affects the types of benefits and protections they are entitled to receive, as most gig workers are considered independent contractors.

As independent contractors, gig workers do not work under the direction of their employer, are not required to work at specific times and places, are not provided with necessary tools or equipment for the job by the employer, do not receive regular salary or wages, and are not prohibited from working for other employers. The existing labour laws are primarily designed for traditional employment relationships and may need significant amendments to accommodate the gig economy.

If a benefits system for gig workers is implemented, mechanisms must be established to monitor compliance, handle disputes, and ensure that benefits are correctly administered. This requires significant administrative resources and infrastructure. Ensuring that all gig economy companies comply with new regulations can be challenging, particularly for smaller or informal platforms.

The Commission must also increase the awareness of gig workers about their rights and how to access benefits such as the Employees Provident Fund (EPF) and Social Security Organisation (Socso). The EPF helps safeguard their financial future by providing retirement savings, while Socso offers protection against medical expenses due to accidents or injuries sustained while working. As recently as July 2024, it was reported that only about 250,000 (21.6 percent) out of the 1.16 million gig workers in the country contribute to Socso.

We urge the government to offer skills training opportunities to gig workers to broaden their chances of seeking permanent employment if they choose to, although a percentage of them are already gainfully employed and only rely on gig work for additional income. We also call upon the government to:

- > Conduct consultations to explore how to clarify employment status and ensure that gig workers receive appropriate benefits and protections. The existing labour law may have to be amended to accommodate the needs of gig workers.

- > Consider workers' entitlement to overtime pay for hours worked beyond the standard 40-hour workweek.
- > Provide access to Socso for those working more than 15 hours per week.
- > Offer protection against discrimination and sexual harassment for drivers.
- > Protect gig workers from non-payment by requiring written contracts and timely payment.
- > Provide gig workers with legal recourse if they are not paid for their work.

The importance of the gig economy cannot be overlooked. As World Bank data shows, in 2018, freelancers constituted as much as 25.3 percent of the total Malaysian labour force, and the gig economy was responsible for as much as 26 percent of total economic growth.

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