



# HRDF HUMAN CAPITAL REPORT

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# GIG ECONOMY AND TRAINING



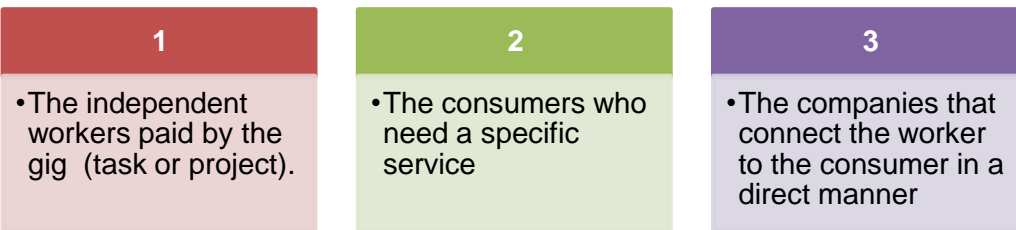
“...is simply a big group of part-timers and freelancers working on contractual or ad-hoc basis...”

“...more opportunities linked to internet and digital economy...”

One of the main differences between a gig and standard employment arrangement is that a gig is a temporary work engagement and the worker is paid only for that specific job.

Labour markets are in the midst of transition where standard employment is gradually going into transition where **gig economy that is mediated by online platform** is increasingly taking a more prominent position.

The gig economy is made up of three main components:



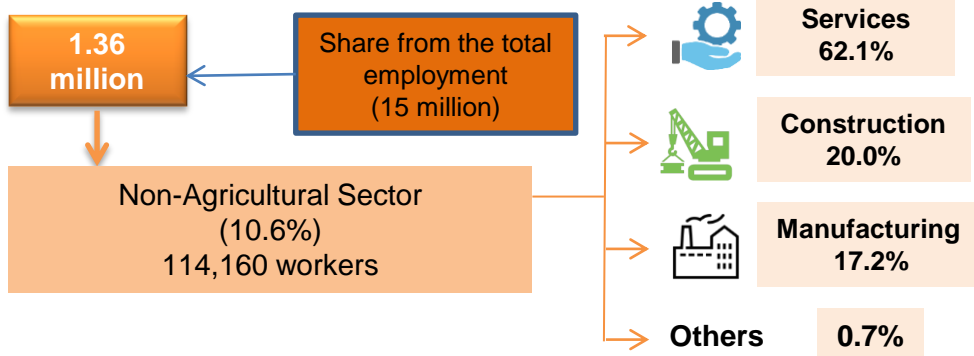
## Definition of Informal Sector in Malaysia:

- Not registered with Companies Commission of Malaysia (All or at least one product of services is for sale or barter transaction);
- Employs 10 workers or less and workers are not covered by social security; and
- Involves in non agricultural activities.

Non-standard/ informal sector employment is part and **parcel of gig economy** which has been **growing rapidly in Malaysia**. Employee’s Provident Fund (EPF) estimated that the gig economy **grew by about 31% over 2017**, faster than the formal employment sector and predicted that the gig economy will grow exponentially in the future.

## SHARE OF INFORMAL SECTOR EMPLOYMENT IN THE LABOUR MARKET, MALAYSIA, 2017

9% of workers are in informal sector



Source: Informal Sector Work Force Survey Report, Malaysia, DOSM 2017

# GIG ECONOMY AND TRAINING



## EXAMPLE OF SKILLS AND EXPERT SERVICES IN GIG ECONOMY



Software development and technology



Creative and multimedia work



Writing and translation



Data entry and analyses

## BENEFITS OF BEING A FREELANCER/ GIGS



Earning extra income



Flexible working schedules



Access to market via internet and its digital platform



Lower cost of doing business

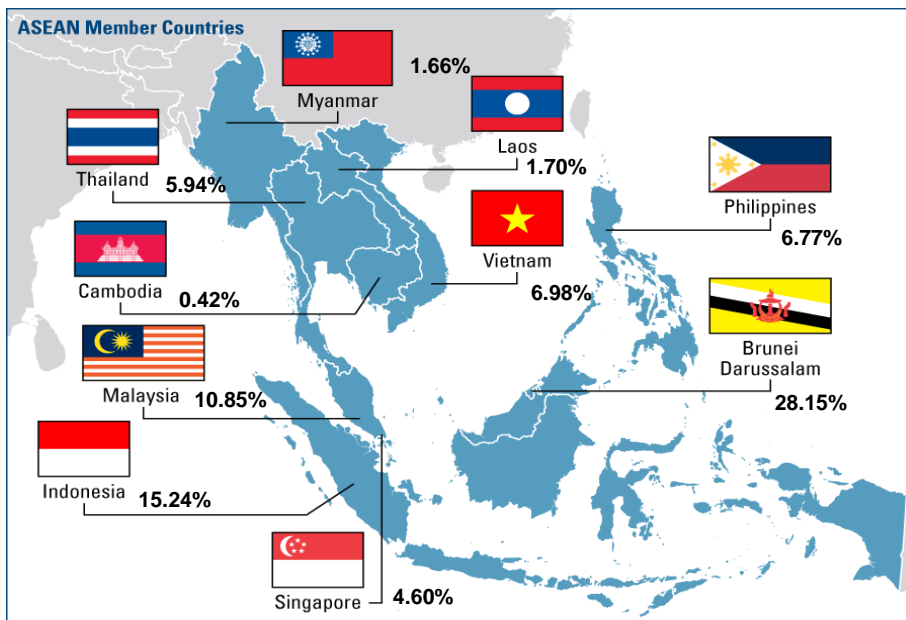
Source: Khazanah Research Institute, 2018

Instead of hiring a standard employee or contracting with a conventional outsourcing firm, companies are **using online labour platforms** to find, hire, supervise, and **pay workers on a project piece-rate, or hourly basis.**

In general, **women, young people and migrants** are more likely to work in **non-standard arrangements.**

Source: International Labour Organisation (ILO)

## YOUTH UNEMPLOYMENT RATE AGES 15-24, 2017



Among the ASEAN countries with an incidence of youth unemployment in double-digits (10.85%), despite a low overall unemployment rate (3.42%).

...the gig economy offers avenues for employment as well as productivity and innovation...

# GIG ECONOMY AND TRAINING

## MAJOR LIMITATIONS OF NON-STANDARD FORM OF EMPLOYMENT/GIG ECONOMY



Uncertainty of securing the next work assignment



Irregularity of income



Lack of training



Lack of health insurance



Retirement saving

Source: The School-to-Work Transition of Young Malaysians, KRI, 2018

Nevertheless, being part of the gig economy has its vices too. Workers in non-standard employment are less likely to receive on-the-job training, which can have negative repercussions on career development, especially for young workers. (Source: Non-Standard Employment Around The World Report, ILO)

82% of self employed and half in **non standard employment** are not participating in any social protection .

## MOVING FORWARD

- While HRDF has limitations as its levy is mainly meant for registered employers to train their employees, other ministries and agencies may play a more important role in supporting the gig economy.
- To support the gig economy more directly, involvement from Ministry of Entrepreneur Development is pivotal to provide proper training and facilitation for entrepreneurs based on industry needs.
- For HRDF, training programmes that are related to digital technology should be focused on as these skills are more transferable among industries and occupations, leading to lower risk for unemployment.
- In addition, HRDF registered employers may promote entrepreneurship among its employees such as intrapreneurship in order to promote innovation within an organisation.



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