



DOSM data shows the informal economy has been projected to grow to 30% as of last year

PETALING JAYA: Seldom does a day go by now when the average person does not tap a few keys on his smartphone to get his lunch or hail a ride.

Such informal purchase of goods and services has fuelled the growth of a sector, known collectively as the gig economy, to unprecedented heights.

The Covid-19 pandemic has only given it a further boost.

As independent think-tank Emir Research pointed out, about 26% of the Malaysian labour force, equivalent to four million people, had already been full-time gig workers as of last year.

This is consistent with Department of Statistics Malaysia's (DOSM) estimates showing there already were about four million freelance workers in the country by 2020.

The gig economy, also widely defined as “platform economy”, “on-demand economy” or “sharing economy”, refers to the demand and supply of short-term or task-based work activities.

Universiti Malaya professor of Economics Datuk Dr Rajah Rasiah defined it as a part of the economy where freelancers use digital platforms to participate in the economy, including to link with formal businesses.

However, this is not a new phenomenon. “The gig economy was already recognised as a growing sector at the turn of the millennium,” Rajah told theSun.

The frequent lockdowns, necessitated by steps to curb the spread of Covid-19 since early last year, has only quickened its growth.

DOSM data shows that as of 2018, the gig economy already accounted for 18.5% of Malaysia's gross domestic product (GDP) and has been projected to grow to 30% as of last year.

“Given the increasing development of digitisation and digitalisation, the gig economy is expected to grow into a major contributor to GDP over the next five years,” Rajah said.

Economic synergy through digitalisation and the proliferation of Fourth Industrial Revolution technologies have combined to intensify the use of digital platforms in economic activities, he added.

Individuals, businesses and organisations are only seeking to benefit from such synergy.

The gig economy will be driven by the young, who are more digitally savvy, thanks to higher exposure to digital platforms and the smart schools policy introduced by the government in 1999, Rajah said.

In a recent post on Facebook, Prime Minister Datuk Seri Ismail Sabri Yaakob said more young people should be involved in the digital business and gig economy, pointing out its potential to generate good income.

Companies whose businesses are dependent largely on gig workers have come together to work with the government to boost job opportunities under the National Employment Council.

For instance Grab Malaysia, which focuses on food delivery and ride hailing, now has more than 10,000 gig workers under its wings.

Under the #TechUntukSemua initiative that was presented to the council in May, there are three key thrusts – equal access for persons with disabilities, simplified regulatory requirements to access flexible earning opportunities and empowerment of traditional businesses to participate in the digital economy.

“We believe these initiatives will create access to flexible, supplementary income opportunities and enable small traditional businesses to thrive and truly benefit from the digital economy,” Grab managing director Sean Goh told theSun.

In line with the push for greater digitalisation in the post Covid-19 world, Grab has introduced its Grab Digital Small-Biz (GDS) programme to help small businesses adapt to the new normal.

“This programme includes tools and initiatives that help offline businesses make the transition to online, and help those already on the Grab platform expand their visibility and adapt their operations to an increasingly digital world,” Goh explained.

He said small business owners and micro-entrepreneurs have also seen a 25% increase in their online revenue through Grab.

However, he acknowledged that the success of the gig economy is also dependent on the health of the wider economy. “A weakening wider economy may lead to a drop in income for the gig economy workers.”

<https://www.thesundaily.my/local/dosm-data-shows-the-informal-economy-has-been-projected-to-grow-to-30-as-of-last-year-HH8449018>