

# The future of gig work in Malaysia

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*The Gig Workers' Act marks a significant shift in Malaysia's approach to platform labour, bringing millions of workers back within the scope of regulation. But closing immediate protection gaps is only the first step. This essay assesses the Act's strengths and limits, draws lessons from international experience, and explores what deeper reform is needed to ensure decent work in a platform-mediated economy.*

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## 1. What's old is new again

Across most of modern history, to work was to endure domination. From the lumbering factory mills of industrial Europe to the sweltering fields of colonial Southeast Asia, men, women, and children laboured – and frequently perished – under conditions unchecked by legal protection nor moral restraint. Historical records trace the brutality of the colonial *kangani* system on rubber estates in British colonial Malaya, where workers were subjected to indentured servitude and bound by debt, punishment, and enforced dependency.<sup>1</sup>

Indeed, many of the features of working life we now deem wholly unremarkable – abolishment of child labour, guaranteed rest days, and basic workplace safety – were only won through decades of hard-fought struggle. In colonial Malaya and well into the post-war period, demands for labour rights were met with violent repression: imprisonment, exile, and, at times, death.<sup>2</sup> Yet, despite this, brick by brick, a fragile architecture of modern labour protection took shape. The Employment Act 1955 and later, the Industrial Relations Act 1967 established rudimentary rights around pay, leave, safety, and dispute resolution. And by the late 20th century, perhaps three-quarters of Malaysian workers were least nominally covered by labour statutes that shielded them from the worst forms of exploitation.

It is tempting, then, to believe that the era of unregulated toil is over – that the labourers of colonial work-fields are but memories of empires past. But over the last decade it has become clear that as digital platforms increasingly control access to work itself, new forms of unregulated labour threaten to revive old relationships of dominance, dependence, and precarity. Modern analogues of the *kangani* manifest in opaque algorithms of control and surveillance, in the isolation of workers from each another, and in the suppression of collective action.<sup>3</sup> The future of work is sure beginning to look a lot like the past.

## 2. The new rise of unregulated labour

Over the past eight years, the number of Malaysians engaged in gig work have surged 24-fold. Our estimates suggest that currently, some 1.2 million Malaysian workers participate in gig work in some

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capacity.<sup>4</sup> Using broader proxies of gig work, this figure could reach a whopping 3.1 million, or close to one in every six workers. However, until the gazetting of the Gig Workers Act in December 2025, none of the nine core labour statutes applied to this rapidly growing segment of the workforce.<sup>5</sup> Put loosely, millions of workers operated in a regulatory vacuum. This reality is most acutely felt by e-hailing and p-hailing riders and drivers — ostensibly the main targets of the Act — where digital platforms were able to sidestep hard-won labour protections and obligations, even as they retained effective control over prices, access to work, and the terms of engagement.

Against this backdrop, the Gig Workers Act arrives as a long over-due correction. For one, it introduces legal clarity where there was none. Perhaps its central feature includes defining a “gig worker” as someone who performs services for earnings under a service agreement either for a platform or for another contracting entity in specific industries. Additionally, it also standardises service agreements, sets out baseline rights, and establishes formal dispute resolution mechanisms. It also promises greater transparency and predictability in a sector long characterised by opaque and unilateral rule-setting.<sup>6</sup>

At its core, the Act seeks to close some of the most acute decent work deficits (in ILO nomenclature) in the gig economy. Where before there were no standardised processes leading to large information asymmetries, it now mandates clearer terms, due process, and timely payment. Where social protection was voluntary (and thus undersubscribed) and safety risks were routinely offloaded onto workers and consumers, the Act links platform income to social security contributions and extends occupational safety and health obligations to platform-mediated work.

For its part, the Act also seeks to correct deeper failures in how the platform labour market functions. In the absence of clear rules, platforms have accumulated bargaining power over workers, setting terms unilaterally and offloading risks to them.<sup>7</sup> Platform workers, fragmented and facing large information asymmetries, have little ability to push back, while competition between platforms has often centred on cutting labour costs rather than improving productivity or service quality.<sup>8</sup> To this end, the Act aims to correct these market imperfections, at least in part. Minimum contract standards, clearer terms and due process temper monopsony power and reduce information asymmetries. The Act’s social security provisions and occupational safety rules help internalise some risks that were previously externalised onto workers.

### **3. Malaysia’s Gig Workers Act and its gaps**

Nonetheless, for the Act’s corrective intent, important gaps in decent work remain. Nowhere is this clearer than in collective bargaining and representation. The Act commendably affirms freedom of association for gig workers and establishes a Consultative Council – comprising representatives of workers, platforms, and policymakers – to facilitate tripartite social dialogue between stakeholders.<sup>9</sup> However, it stops short of enabling true collective bargaining. Gig worker associations are not recognised as trade unions, nor does the Act create pathways towards their recognition or their ability to conclude collective agreements. Under the current framework, collective bargaining remains an exclusive right of “employees” as defined by the Trade Unions Act 1959.

Similarly, the Act also improves social protection coverage for gig workers, but only partially. Platforms are indeed required to ensure workers’ registration under SOCSO’s existing Self-Employment Social Security Scheme (*Lindung Kendiri*), which provides injury insurance. Yet, these social security contributions remain fully borne by the workers themselves, deducted directly from their earnings. There is no corresponding obligation for platforms to co-contribute to this injury scheme, to say nothing of their contributions to workers’ retirement savings, unemployment protections, nor any or mechanisms to ensure continuity of coverage for workers who multi-home across platforms. As such, even with the Act, the current model still sees life-cycle risks solely as an individual responsibility rather than as a shared cost of value co-creation. In this way, even while the Act attempts to close a critical protection gap, it simultaneously risks opening up new ones.

Moreover, important gaps remain in areas central to the quality of platform work itself in a host of other areas. On algorithmic management, the Act requires human review of certain automated decisions, but

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stops short of establishing a comprehensive accountability, transparency, and data protection regime governing algorithmic control. It also does not regulate working time, rest, and the right-to-disconnect. And on labour enforcement, while new duties are placed on platforms, the Act does not yet manage to articulate an inspection and enforcement model suited to the realities of digital, dispersed, cross-platform work.

To be sure, none of these gaps diminishes the significance of Malaysia's landmark Gig Workers Act. If anything, it gives us a clearer vantage point from which to think about what must come next. And what must come next? Well, for starters, future reforms should aim to close the remaining decent work gaps within the existing framework, building off the foundation of the Gig Workers Act.

#### 4. Future areas for reform

One easy place to begin is by looking abroad. Across the world, many governments have already begun modernising their labour and social protection regimes to reflect the new realities of platform work. Malaysia need not reinvent the wheel here – future amendments to Malaysia's Gig Workers Act can draw directly from these experiences.

For instance, on collective bargaining, several countries have already moved beyond just social dialogue towards legally enabling collective representation for gig workers. In Singapore, the Platform Workers Act 2024, together with amendments to a couple other labour statutes, empower platform work associations to represent their members in collective negotiations with platform operators.<sup>10</sup>

In Australia, the Fair Work Act 2009 as amended in 2024 allows for the conclusion of collective agreements between digital labour platform operators and "employee-like" independent contractors. Uruguay has gone further still. Law of 20396 explicitly confers the right to freedom of association and collective bargaining to self-employed workers engaged through digital platforms, specifically for the delivery of goods (p-hailing) and urban passenger transport services (e-hailing).<sup>11</sup>

Malaysia could easily take a similar step within its current labour frameworks. One route would be to amend the Trade Unions Act and Industrial Relations Act to permit union membership and recognition for gig workers, and to specify bargaining subjects such as earnings frameworks, due-process protocols, data transparency for audits, and safety standards. A more parsimonious alternative could be to rely on ministerial discretion to directly designate bargaining arrangements under existing statutes.

Correspondingly, with regard to social protection, examples in several countries have started to recognise that platform work needs to be seen as a shared-risk activity, separate from notions of pure self-employment. And with shared risks, come shared contributions.

South Korea shows us the way. As of 2023, it has moved towards requiring shared contributions for key platform segments, paired with mandatory data-sharing via Application Programming Interfaces (APIs) so that its social security institution can calculate contributions across multiple platforms (in cases of multi-homing) and prevent under-reporting or double charging.<sup>12</sup> Likewise, India and Italy have both recently amended to allow statutory basis for social security scheme for platform workers. In India specifically, recent amendments to the Social Security Code 2020 calls for social security financed through a combination of worker and platform contribution (1-2% of their annual turnover), alongside government funding.<sup>13</sup>

For Malaysia, future reform can move along two pillars: co-contribution and multi-platform integration. Policymakers could first convene tripartite consultations towards modest levy on gross trip or task value earmarked to match workers' contributions under existing schemes such as *Lindung Kendiri* (SKSPS). Initially, these contributions could top up injury coverage, before gradually being extended towards longer-term security. Initially, these co-shared funds could top up injury coverage, before being progressively extended towards longer-term security. This could include income protection, as well as facilitated access to retirement savings. Default micro top-ups could support auto-enrolment into retirement schemes such as EPF i-Saraan and i-Saraan Plus. The second pillar is systems. Platforms could

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be required, in phases, to integrate their systems via API so that deductions are coordinated when workers multi-home – as is the case in South Korea.

Beyond income security, decent work also requires limits on working time and meaningful rest. On this front, international practice has moved towards regulating working time and the right-to-disconnect. Portugal, via Law 45/2018, caps ride-sharing drivers from working for more than 10 hours a day across all platforms.<sup>14</sup> Similar approaches are emerging elsewhere, reflecting a cognizance of how algorithmic incentives can systematically encourage overwork, and that becomes an occupational safety and health issue. Future reforms in Malaysia can consider a universal cap on working hours across all platforms to prevent overwork and its associated occupational safety and health risks, like measures recently taken by Portugal and India.

Finally, algorithmic management and transparency represent, in many ways, the final frontier of decent work regulation in the platform economy, since it is here that the distinctive features of technology gather to acutely shape power relations at work. Accordingly, many jurisdictions around the world are moving towards more rigorous algorithmic controls and data safeguards for platform work. The European Union Directive (EU) 2024/2831 is one major shift in this regard. It requires digital labour platforms are required to inform workers when automated monitoring or decision-making systems are used in ways that affect recruitment, working conditions or earnings, and gives workers a right to human review of such decisions.<sup>15</sup>

Future reform in Malaysia can seek to develop an explicit algorithmic accountability and data rights framework alongside the Act. A practical first step would be to define what constitutes a “significant decision” requiring human review — such as task allocation, pay-setting, deactivation, or downranking — and to require platforms to produce clear, accessible documentation explaining how these systems operate. Over time, such measures would help rebalance informational asymmetries, enable meaningful oversight for labour regulators, and ensure that management delegated to automated systems do not escape the basic standards long applied to human supervisors in standard employment relationships.

## **5. Confronting the platform model**

Of course, even fully closing decent work gaps would not, on its own, be an unyielding pathway towards shared prosperity. The defining feature of platform labour lies deeper, in the structurally unequal power relations and extractive dynamics built into the platform model itself. As such, regulation, however necessary, remains reform within the confines of this system. It can help redistribute power at the margins and restrain the worst forms of exploitation, but it does not grapple with the underlying logic of platform capital itself. So long as policy only tinkers around the edges, we risk embedding a future in which technology mediates work primarily as a tool of extraction rather than as a means for social progress.

The starting point is to make visible the laws of motion of platform-mediated labour. Platforms match workers to gigs, yes, but they also enclose markets, extract rents, and actively structure economic relationships through their control over access to work, pricing, and information. This gives rise to relationships of domination, as well as to the myriad market imperfections that conventional labour regulation struggles to address: monopsony power, extreme information asymmetries, fragmented workers, and the systematic externalisation of risk.<sup>16</sup> The result is a system that is not always conducive to genuine flexibility or innovation, despite commonly-cited claims to the contrary.

In fact, the rhetoric of flexibility sits uneasily with how the on-demand gig economy functions in practice. Survey evidence traces these experiences of opaque price and gig assignment algorithms, information asymmetries, and unilateral deactivation constrain worker choice undermine true flexibility for gig workers.<sup>17</sup> Workers may nominally choose when to log on but are in practice governed by systems that make earnings unpredictable, discipline behaviour indirectly, and reduce future access to work.<sup>18</sup>

Likewise, notions that new regulations would stifle innovation are belied by how unregulated platform markets have already reoriented competition away from innovation through two main ways. The first is through a coordination failure on standards resulting in a “race to the bottom”, where firms compete by

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shifting costs to workers and users instead of innovating on service quality. The second is through accumulation of market power. Empirical evidence from the UK indicates that as market power increased through concentration and self-preferencing and self-referencing, platforms can, and have, increased platform take-rates and reduce worker earnings – consistent with rent extraction from weaker competitive pressures and dampened incentives to innovate.<sup>19</sup>

## 6. Imagining new realities for the future of work

Confronting the platform model clarifies how power operates in technology-mediated work, but it also makes it easier to see that these arrangements are neither natural nor inevitable. Avoiding a future where extraction defines how technology mediates work requires seeking alternative ways of being. A more hopeful vision of work is possible, if we are willing to imagine new realities.

One such future begins by reimagining who owns and governs the digital infrastructure of work. Today's dominant mega-platforms concentrate control over data, algorithms, and access in profit-focused entities, making extraction its central operating logic. But this need not always be the case. Across the world, worker-owned, cooperative, and not-for-profit platforms – though still modest in scale – show us that alternative ownership models are possible and viable, and that digital labour intermediation can function without subordinating workers to opaque systems of control.<sup>20</sup>

CoopCycle, for example, is a software designed to help create and run worker-owned courier delivery cooperatives, now operating eighty cooperatives in a dozen countries in Europe and the Americas.<sup>21</sup> In each country, a collective manage governance and share revenues, allowing member-workers to regain control over their means of production and personal data rather than surrendering them to a central platform owner. Similarly, Up & Go is a worker-owned cleaning platform where 95% of profits flow directly back to members. Workers collectively determine platform rules, pricing structures, and standards, avoiding many of the algorithmic disciplinary and incentive mechanisms that epitomise conventional gig platforms.<sup>22</sup> More recently, the newly launched Bharat Taxi in India is a cooperative ride-hailing platform aimed at reducing drivers' dependence on private aggregators, while allowing zero-take commission rates.<sup>23</sup>

In parallel, digital labour intermediation can also be imagined as essential infrastructure – a form of economic commons – rather than a privately enclosed marketplace. In this way, platforms that mediate access to work and services are treated more like public utilities, governed through public or quasi-public institutions with clear mandates around service provision and accountability. Even in Malaysia, we can see glimpses of this alternative future. RapidKL's recently launched on-demand service spotlights how a platform can be deployed as a public ride-sharing transport tool designed around coverage and service objectives rather than maximising profit and value extraction from each trip.

Yet another future starts with decoupling labour rights and protections from employment classifications designed for times past. Regulation has fixated on deciding where gig workers lie between the binaries of "employment" and "self-employment", while platforms have promoted a so-called "third category" that dilutes their obligations without relinquishing control. This obscures a simpler and more defensible principle: when labour generates value, it must also generate rights.<sup>24</sup> As such, in this alternative vision, fundamental labour guarantees are universal and inalienable. Fair remuneration, freedom of association, social protection, and safe working conditions attach to work itself, irrespective of its legal form. Responsibility is placed on all market actors who organise, intermediate, or profit from labour, rather than being displaced onto individuals who bear risk while others extract value.

Indeed, these futures may appear abstract, yet they are no more distant than many labour protections once were. History has repeatedly shown us that unregulated labour markets in a system driven by capital do not produce freedom as an output. Left unchecked, they tend towards domination and inequality. The Gig Workers' Act is a much-needed attempt to return gig work to the purview of law, rights, and public responsibility. And with further reform, it may yet close many of its remaining decent work gaps. Beyond that, however, lies a more fundamental question about the future of work we are willing to imagine. After all, when technology comes to knock on the door of the worker, who will be allowed to answer?

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