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Vulnerable and Unprotected: Social Security Gaps Among Young Workers on Digital Labour Platforms

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Abstract

Digital labour platforms have become increasingly significant in the digital economy, where automation, digitalisation, and platform-based work are reshaping employment. In Malaysia, these platforms are a key source of income for many young workers, offering flexible arrangements outside traditional employment. However, this shift has also led to the exclusion of social security protection. Young workers, who are often new to the labour market and lack stable employment, are especially vulnerable to risks such as illness, injury, or income insecurity. The motivation for this study arises from the urgent need to examine how Malaysia's existing frameworks leave young platform workers unprotected, despite their growing presence in the workforce. This study aims to (1) investigate the regulatory gaps in social security protection for young workers on digital labour platforms, and (2) explore potential improvements for their protection. Using a socio-legal qualitative approach, the study involved content analysis and semi-structured interviews with ten workers aged 15 to 24. The contribution of this research is its youth-centred socio-legal analysis, which provides empirical evidence and policy recommendations to strengthen protections for young workers. The study underscores the need for inclusive regulations to build a more equitable and sustainable digital economy.

Keywords: Social Security Protection, Young Workers, Digital Labour Platforms

Introduction

The emergence of the digital economy has significantly reshaped the world of work, especially after the COVID-19 pandemic, which accelerated the shift from traditional employment to digital labour platforms. This transformation has introduced new ways of working, driven by flexibility, autonomy, and low entry barriers, making it particularly appealing to young workers seeking income opportunities and experience. In Malaysia, the digital sector is increasingly recognised as a core component of national development, as reflected in initiatives such as Malaysia Digital and the 12th Malaysia Plan (2021–2025), which aim to support digital growth and the welfare of gig workers.

Despite these economic opportunities, many young workers remain excluded from formal social security protection. Most platform workers are classified as independent contractors, placing them outside the scope of Malaysia's primary labour legislation, the Employment Act 1955. As a result, they are not entitled to statutory protections such as the Employees Provident Fund (EPF), the Social Security Organisation (SOCSO), or the Employment Insurance System (EIS). This leaves them without access to essential protections including retirement savings, healthcare coverage, and injury compensation. This regulatory gap provided the main motivation for this study, as it highlights a pressing issue for Malaysia's future workforce: young people are increasingly dependent on platform work, yet remain outside the scope of formal protections. By focusing on workers aged 15–24, this study contributes original insights through a socio-legal lens, generating youth-specific evidence and proposing policy reforms that align with international labour standards and the Sustainable Development Goals (SDGs).

The issue is especially critical for young workers aged 19 to 24, who are not covered under the Children and Young Persons (Employment) Act 1966, which applies only to those aged 15 to 18 years old. This legal gap leaves them vulnerable to income insecurity and long-term financial instability. As platform work continues to expand, these gaps raise serious concerns about the adequacy of Malaysia's current social protection framework. This paper therefore examines the challenges of social security protection for young workers on digital labour platforms. Using a socio-legal approach, the study explores how existing laws and policies are inadequate in addressing the realities of platform-based work, and proposes inclusive, youth-responsive reforms aligned with international labour standards and the Sustainable Development Goals, particularly SDG 8 and SDG 10, to ensure that young workers are adequately protected in Malaysia's digital economy.

Digital Labour Platforms

The growing prominence of the digital economy has significantly broadened employment opportunities by leveraging digital technologies across various sectors, including e-commerce, education, and entertainment, benefiting both individuals and entrepreneurs. The growth of digital labour platforms has introduced new ways for workers to organise their work and share responsibilities (Arora & Thompson, 2019). Digital labour platforms, or DLPs, are one of the significant elements of the rising platform economy and have become a notable trend over the past decade (Lee et al., 2024). The International Labour Organization (2021) reports that there were twice as many digital labour platforms in 2020 as there were in 2010, especially since the COVID-19 pandemic. Digital labour platforms provide workers, especially women, people with disabilities, and young people, with opportunities to earn income, as they may find their flexible work schedules more accessible (International Labour Organization, 2021).

Digital labour platforms can be broadly classified into two general categories: location-based platforms and online web-based platforms (Schmidt, 2017). Online web-based systems allow workers to operate remotely without being restricted by location or time, depending on their job responsibilities. Conversely, location-based platforms require workers to be situated in a specific geographical area to provide services such as accommodations, deliveries, transportation, and household services. While these platforms offer flexibility and income-generating opportunities, they often fall outside formal employment structures, leaving platform workers without adequate access to social security protection. The lack of formal employment classification among platform workers contributes significantly to the gaps in social protection coverage, particularly for those engaged in informal and short-term work.

Social Security Protection in Malaysia

Social security protection is a fundamental human right that encompasses a wide range of benefits, including safeguards against layoffs, employment-related injuries, health issues, retirement, disability, and access to healthcare (International Labour Organization, 2023). In Malaysia, social protection is primarily regarded as a statutory obligation of the government, fulfilled through broad public programmes alongside targeted initiatives for specific groups (Sharma, 2012). The country's social security protection system comprises three main components: the Social Security Organisation (SOCSO), the Employees Provident Fund (EPF), and the Employment Insurance System (EIS), each contributing to different aspects of worker welfare. SOCSO, also known as Pertubuhan Keselamatan Sosial (PERKESO), was established in 1971 to enforce and implement the Employees' Social Security Act 1969 (ESSA), the Self-Employment Social Security Act 2017, and the Employment Insurance System Act 2017. Under ESSA, SOCSO manages two key schemes: the Employment Injury Insurance Scheme (EIIS), which provides coverage for work-related accidents and occupational diseases, and the Invalidity Pension Scheme (IPS), which offers benefits to workers who are permanently disabled due to non-work-related causes, including retirement, pensions, funeral expenses, and rehabilitation support. The Employees Provident Fund (EPF) is a mandatory retirement savings scheme for Malaysian citizens and permanent residents, with contributions made jointly by employers and employees. Lastly, the Employment Insurance System (EIS) offers temporary financial assistance and job placement services to individuals who have lost their employment. Together, these acts form the foundation of Malaysia's labour protection system. The table below summarises the main statutory social security schemes in Malaysia, their legal foundations, key benefits, and administering bodies:

Table 1
Overview of Social Security Protection Schemes in Malaysia

COMPONENT	RELATED ACT	MAIN BENEFITS	ADMINISTERED BY
Employees' Provident Fund (EPF)	Employees Provident Fund Act 1991 (Act 452)	Mandatory retirement savings of employer and employee contributions	EPF
Employment Insurance System (EIS)	Employment Insurance System Act 2017 (Act 800)	Temporary financial support, job placement assistance	SOCSO
Employment Injury Insurance Scheme (EIIS)	Employees' Social Security Act 1969 (Act 4)	Compensation for work-related and commuting accidents and occupational illnesses	SOCSO
Invalidity Pension Scheme (IPS)	Employees' Social Security Act 1969 (Act 4)	Support for non-work-related disabilities, pension, funeral and rehabilitation expenses	SOCSO
Self-Employment Social Security Scheme	Self-Employment Social Security Act 2017 (Act 789)	Protection injuries for all self-employed workers (excludes pensions)	SOCSO

Malaysia’s social security protection system consists of several established schemes that cater to different segments of the workforce, including formal employees and self-employed individuals. However, the current framework exposes significant regulatory limitations in providing adequate and inclusive coverage for platform workers. Due to the currently limited social protection available to platform workers, the government has also introduced i-Saraan via the Employees Provident Fund (EPF) and allocated RM 50 million for this initiative. The government has implemented the SOCSO Generator Programme, alongside i-Saraan. This programme is a form of government assistance offered to platform workers as part of the National Economic Regeneration Plan (PENJANA). Despite these structures, coverage remains uneven, especially for non-standard and young workers in digital labour platforms, who are often excluded from mandatory protections due to their informal employment status.

Social Security Vulnerabilities of Young Workers

Social security protection for young workers has been a significant focus for governments, educators, and researchers for a considerable amount of time (International Labour Organization, 2021). Young workers often face more challenges in obtaining the safeguards offered by employment systems, such as being informed about potential hazards, refusing unsafe employment, or exercising their rights to participate in safety procedures (Gray, 2009). Moreover, social protection schemes are often associated with formal employment agreements, in which workers in the platform economy classified as independent contractors are typically not protected by labour or social security laws (Izzati, 2018).

This vulnerability is further compounded by the structural limitations of social protection schemes. Platform workers, independent contractors, and young workers in the informal economy have the least social security protection, which worsens the lack of decent employment in Sustainable Development Goal 8 and inequality in Sustainable Development Goal 10 (Berg et al., 2019). Despite advances in the digital economy, the business framework differs from traditional employment in terms of job security and legal protections for employees (Kaine & Josserand, 2019). It is well known that platform workers face disadvantages due to their lack of employment status, which means they may not be covered by the social welfare protection system and lack employment-related entitlements (Hawley, 2018), leading to work exploitation (Wood et al., 2019).

In Malaysia, platform workers are covered by the Self-Employment Social Security programme instead of the Social Security Organisation (SOCSO) for legal protection, and they cannot make contributions to the Employees Provident Fund (EPF) but can enroll in the Retirement Incentive Voluntary Contribution (i-Saraan) scheme instead (Uchiyama et al., 2022). Even though these platforms help people earn income in the short term, the platform economy does offer temporary solutions for economic challenges, but it needs actual data to demonstrate its long-term viability (Ahmad, 2021). Digital platform companies have created concern around platform workers regarding skills and retirement benefits, as they do not receive retirement benefits and experience constant job progression (Ahmad, 2021).

Methodology

This study adopts a socio-legal qualitative approach using semi-structured interviews. A total of 10 young workers aged 15 to 24, engaged in digital labour platforms such as food delivery (e.g., Grab, Foodpanda), e-hailing, and online freelance services, were interviewed. The selection of respondents was purposive, focusing on youth with direct experience in platform-based work. The interviews explored their awareness of social security schemes, participation levels, and perceived challenges. All interviews were transcribed and analysed using thematic analysis to identify key patterns and regulatory issues concerning social protection for young platform workers.

Table 2
List of platform workers

Respondents	Gender	Age	Company	Job Description
R1	Male	24	Grab	Operates both e-hailing and p-hailing services.
R2	Female	23	Grab	Operates both e-hailing and p-hailing services.
R3	Male	24	Grab	Operates both e-hailing and p-hailing services
R4	Male	23	Foodpanda	Operates a p-hailing service.
R5	Male	23	Foodpanda	Operates a p-hailing service.
R6	Male	24	Foodpanda	Operates a p-hailing service.
R7	Male	24	Lalamove	Operates a p-hailing service.
R8	Male	24	Lalamove	Operates a p-hailing service.

Respondents	Gender	Age	Company	Job Description
R9	Female	23	Kiddocare	Operates a childcare service that provides care at clients' homes
R10	Female	24	Kiddocare	Operates a childcare service that provides care at clients' homes

Findings

Healthcare Insurance

One of the most urgent concerns expressed by respondents is the absence of healthcare insurance and access to medical claims. Respondents highlighted that platform providers do not offer health insurance. As R2 and R5 note:

> *'The platform provider does not provide insurance for platform workers due to the contract as independent contractor so I have to pay for my own insurance.' -R2*
> *'I work long hours on the road which takes a toll on our bodies. Back pain, knee pain, and fatigue are common, but there is no health insurance provided by platform providers to help us manage these problems.' -R5*

This statement shows a regulatory gap in social security protection where platform workers are required to bear the full financial burden of medical expenses despite facing occupational health risks during their work. The precarious nature of work on digital labour platforms puts platform workers under intense physical and emotional strain, yet they lack the necessary protections to support their well-being.

Retirement Savings

Retirement savings and pension schemes are essential for ensuring long-term financial stability, providing individuals with a source of income that supports a decent standard of living in later years. However, findings indicate that respondents have not actively considered retirement savings, primarily due to immediate financial pressures and a lack of awareness working in digital labour platforms. According to R3:

> *'Right now, my focus is just on earning money to cover my daily expenses. I never really thought about saving for retirement because I need fast and easy access to income.'*

This statement highlights the tendency among platform workers to prioritise immediate financial needs over long-term financial stability. R3 emphasises the need for fast and accessible income, reflecting a short-term financial mindset that is common among platform workers. R10 states:

> *'My income is unpredictable. Some months I get a lot of bookings, and some months I don't.' -R10*

This statement reflects the financial vulnerability faced by platform workers who could not rely on consistent income. The lack of predictability makes it challenging for them to allocate a fixed portion of earnings for long-term savings. As R10 highlights, income from platform work is not guaranteed, which limits the feasibility of committing to regular retirement contributions. R4 shared a similar concern:

> *'On busy days, I can earn a decent amount, but during slow periods, especially on rainy days, my income can drop, depends on the weather.' -R4*

R4's experience shows the reality that platform workers' income often depends on external factors beyond their control. This makes financial planning difficult, as their ability to save fluctuates with demand, seasonality, and even weather conditions. These responses illustrate the financial instability that platform workers often experience due to inconsistent earnings. As a result, they are hesitant to commit to retirement savings as it is difficult for platform workers to contribute monthly to a retirement scheme.

Injury Compensation

Injury compensation plays a crucial aspect of social security protection as it protects workers from financial and medical support during their work. Based on the findings, respondents emphasise the lack of compensation received in their job scope. R8 shares:

> *'There were times when I had to stay at a customer's house for 3 days and 2 nights. Unfortunately, I had an accident during that time and didn't receive any compensation.' -R8*

R8's experience demonstrates that the accident occurred while they were actively performing their job responsibilities. They were required to stay at a customer's house for an extended period as part of their work. Despite the injury taking place in the course of employment, R8 did not receive any form of financial or medical compensation. Without adequate coverage, platform workers are left to manage the consequences of workplace accidents on their own. Another respondent, R1, described an even more serious consequence:

> *'I was involved in an accident where the injury was so severe that I had to take emergency leave from my studies and the cost of treatment was high. I had to withdraw from university because I needed long-term treatment.' -R1*

For young workers who are also students, the impact of workplace injuries can be especially severe. In R1's case, the high cost of treatment and the need for long-term recovery forced him to leave university and stop working. Based on the study, platform workers, particularly those involved in delivery services, reported being held financially responsible for damages, even when they were the victims of traffic accidents.

Discussion

This study reveals a regulatory gap in social security protection for young workers engaged in digital labour platforms, particularly in the areas of healthcare insurance, retirement savings, and injury compensation. The absence of healthcare insurance highlights the vulnerability of platform workers, especially those engaged in physically demanding jobs such as delivery or ride-hailing services. The findings further show that retirement planning is often overlooked among platform workers due to their irregular income and immediate financial needs. Although the government has introduced voluntary schemes like i-Saraan through EPF, voluntary contributions are insufficient in building long-term financial security, especially when platform workers face irregular income. The lack of access to compensation also presents another critical concern. This reflects a broader absence of a safety net for platform workers, particularly those who are juggling work with studies. It also highlights the inadequacy of current protections under the Self-Employment Social Security Scheme (SESSS). Together, these findings show the urgency of improving Malaysia's social protection framework to ensure that young workers in digital labour platforms are not excluded from fundamental labour rights and entitlements. This includes rethinking the classification of platform workers, expanding coverage under SOCSO and EPF, and enhancing enforcement mechanisms to ensure platform providers are contributing to social security protection.

Theoretical and Practical Contribution

This study identifies the absence of a consistent and formal legal definition for platform workers. Without precise classification, platform workers remain unprotected, particularly in terms of access to social security benefits. This issue is especially critical for young platform workers who often rely on platform work due to limited access to traditional employment. By highlighting these regulatory gaps, the study highlights the need to strengthen social security protection in digital labour platforms. This study also contributes to the theoretical understanding of how current labour and social protection laws struggle to keep pace with changes in the labour market. In Malaysia, existing regulations are largely designed for traditional full-time jobs with formal employer-employee relationships. However, platform work is more flexible, and platform workers are treated as independent contractors. As a result, many young platform workers are excluded from core protections such as contributions to the Employees Provident Fund (EPF), Social Security Organisation (SOCSO), and access to employment injury insurance or retirement savings.

For its practical contribution, this study highlights how Employment Act 1955 is not adequate address the realities of digital platform work in the context of Malaysia. Many platform workers are engaged in informal or non-standard arrangements that fall outside traditional definitions of employment, leaving them excluded from basic protections and mandatory social security contributions. By identifying these gaps, the study contributes by revising the Employment Act to recognise platform work or introducing additional laws specific to digital labour platforms. Moreover, the research offers actionable improvements for governments and platform providers to ensure that young workers receive the same rights and protections as those in traditional employment. Therefore, it is crucial for the relevant ministries and platform providers to collaborate in developing targeted educational initiatives, such as online training modules, workshops, and social media campaigns, to raise awareness. These outreach efforts are essential to empower young platform workers to understand their rights and engage more confidently with labour regulations and social protection systems.

Conclusion

As more young workers enter the digital workforce, it is essential for platform providers and the government to recognise and address the challenges they face in accessing social security protection on digital labour platforms. Implementing structured retirement and savings schemes, improving access to healthcare coverage, and raising financial awareness could significantly enhance the long-term financial security and stability of platform workers. Without these improvements, many young platform workers will continue to struggle with inadequate savings and economic insecurity in the future. There is an urgent need for reforms that consider the unique vulnerabilities of young workers in the platform economy. These reforms should include the development of age-responsive legal frameworks, the extension of mandatory social protection coverage, and stronger institutional collaboration between government agencies and platform companies. By addressing these gaps, Malaysia can progress toward a more inclusive and resilient digital economy that upholds the rights and well-being of its youngest and most vulnerable workforce.

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