

Transforming Work, Social Protection in Malaysia Through FWA

As Malaysian employment landscape continues to evolve, Flexible Working Arrangements (FWAs) are no longer just a trend but a transformative force reshaping how we view work and social protection. The adoption of FWAs—ranging from flexible hours to remote work—has surged, with more than 66 per cent of companies in Malaysia incorporating these practices post-pandemic. Therefore, this shift necessitates a rethinking of our traditional social protection mechanisms, particularly in addressing misfortunes outside the physical workplace.

The COVID-19 pandemic was undeniably a catalyst for the widespread adoption of FWAs in Malaysia. Companies were forced to adapt, and many found that flexible work models not only ensured business continuity but also boosted employee satisfaction and productivity. This trend has continued, with the government amending the Employment Act in 2022 to include provisions supporting flexible work requests. This legislative change underscores a national commitment to fostering a more dynamic and inclusive workforce.

Traditionally social protection in Malaysia has been geared towards a workforce operating within fixed schedules and physical workplaces. Benefits such as health insurance, pensions, and workplace safety and prevention measures were designed with the framework of fixed and designated workplace. However, FWAs blur the lines between work and personal life, challenging these conventional protection models. Growing numbers of workers are opting for FWAs for its apparent benefits. Based on a survey between TalentCorp and United Nations Development Programme (UNDP) Malaysia, more than 60% of respondents said remote work has improved their quality of life, in particular, women who tend to assume the caregiver role.

While conversations about FWA often fixate on the freedom of flexible hours, we overlook a crucial aspect: the trend on remote work locations or often referred to as digital nomads. A digital nomad is an individual who harnesses the power of technology to work remotely on a freelance basis, free from the constraints of a fixed company or location. Viewing FWAs through the lens of digital nomads underscores the need to redefine social protection and workplace policies to support a more fluid and borderless workforce, as their unique working conditions compel reformed approaches to employment benefits and protections to ensure they are not left behind in the progressing employment landscape.

The trend of individuals moving from the gig economy to digital nomadism is becoming increasingly evident. Although there are no unanimously agreed statistics on the gig economy yet, MYFutureJobs has mapped out that the demand for digital-related jobs is

32,885 as of June 2024. The shift is particularly pronounced among young people, with 31% of the job placements in the sector being among those aged 25 to 29. This demographic shift highlights the growing appeal of a flexible, location-independent work lifestyle, driven by the desire for greater autonomy and diverse professional experiences.

In Malaysia, MYFutureJobs highlighted that hotspots for digital nomads are the major states of the peninsular such as Selangor (19.1%), Johor (11.6%) and WP Kuala Lumpur (11.4%). Although these regions serve as popular home bases due to the availability of infrastructure and internet coverage to support their work, the very essence of being a digital nomad involves constant travel. This transient lifestyle raises crucial questions about ensuring comprehensive social security coverage for digital nomads. How can we adapt our social protection systems to cater for their fluid work environment, especially considering the risk of accidents and other unforeseen events that occur outside traditional work environments?

Thus, a critical area that should take center stage when it comes to protection for FWAs is the coverage for No-Fault Accidents (NFA). As employees increasingly work from home or other remote locations, and outside traditional working hours, the risk of accidents outside the traditional workplace and time rises. The Social Security Organization (PERKESO) acknowledges this challenge and is exploring ways to extend a more comprehensive protection. This includes adapting insurance products to cover incidents during remote work, commuting to co-working spaces and outside traditional working hours.

As we embrace the future of work, it is imperative that our social protection systems keep pace and by doing so, we can safeguard the well-being of our workforce and build a robust foundation for Malaysia's economic and social resilience.

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