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## Designing Social Protections for Flexible Workers in Southeast Asia



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## About this Paper

Flexible, informal or non-standard work has consistently accounted for significant economic activity in Southeast Asia. The digital economy has introduced new opportunities for productive work, prompting examination of how social protection policies and mechanisms should evolve.

This working paper is a landscape review of social protection policies for citizens undertaking non-standard work in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam (collectively, “SEA-6”). First, it offers distinctions between flexible, informal and non-standard work. Existing social protection schemes in SEA-6 are then compiled for comparison, with policy considerations for governments and the private sector recommended to ensure sustainable, equitable and inclusive development while building resilience.

This paper is an invitation to a conversation. Its aim is to inspire important discussions between the public and the private sector to design and co-create responsive social protection policies for the welfare of citizens earning their livelihood through flexible, informal or non-standard work through traditional and new digitally-enabled channels.

## About the Tech for Good Institute

The Tech for Good Institute (TFGI) is a non-profit organisation on a mission to leverage the promise of technology and the digital economy for inclusive, equitable and sustainable growth in Southeast Asia. With a population twice the size of the U.S. and strong demographics, Southeast Asia’s digital economy is evolving rapidly. Technology has and will continue to have a tremendous impact in driving the region’s development. We are optimistic about technology’s potential to advance growth, within cultural, social, political and economic contexts that will shape the trajectory of innovation.

TFGI serves as a platform for research, conversations and collaborations on and for Southeast Asia while maintaining global connections. Our work focuses on topics at the intersection of technology, society and the economy, and is intrinsically linked to the development of the region. Through research, effective outreach and evidence-based recommendations, we seek to understand and inform policy with rigour, balance and perspective.

TFGI envisions a thriving and innovative Southeast Asia for all. We welcome opportunities for partnership and support, financial or in-kind, from organisations and individuals committed to fostering responsible innovation and digital progress for sustainable growth in the region.

For more information about the Institute, please visit [www.techforgoodinstitute.org](http://www.techforgoodinstitute.org).

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## I. Introduction

In Southeast Asia, flexible, informal or non-standard work may be considered the norm, rather than the exception.

As of 2022, there are approximately 244 million informal workers in the region, which accounts for over 78% of the working population over the age of 15.<sup>1</sup> Traditionally, this sector might include home-based businesses, street vendors, artisans and weavers, and local services in construction or agriculture. Many workers maintain a portfolio of livelihood activities rather than working for one employer.

**Table 1. Informal Workers, Share of Total Employment in SEA-6**

	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
% of informal workers (of total employment)	44.1	10.6	80	N/A	37.1	57.2
% of male informal workers	40.1	11.0	83.9	N/A	36.4	60.7
% of female informal workers	50.2	10.1	73.9	N/A	37.8	53.3
<b>Age Groups</b>						
15-24	31.7	9.7	N/A	N/A	30.9	N/A
25-39	37.4	11.0	N/A	N/A	26.3	N/A
40-59	50.9	18.9	N/A	N/A	42.5	N/A
60-64	71.8	3.4	N/A	N/A	69.2	N/A
65+	77.9		N/A	N/A	82.9	N/A

Source: ASEAN Employment Outlook<sup>2</sup>

Rapid digitalisation in the region has changed this landscape. New business models have given rise to a range of flexible, informal or non-standard work, such as platform work, side gigs such as social media influencers and freelancing via online marketplaces. As highlighted in the Tech for Good Institute's *Platform Economy Report*, platform work has enabled flexible work arrangements and new livelihood opportunities.<sup>3</sup> As a result, many workers are taking advantage of the range of opportunities to further diversify their income.

*Flexible work, informal work, and non-standard work describe different types of productive work and employment arrangements. These terms are not mutually exclusive, and individuals often can be engaged in multiple types of work simultaneously. For example, someone may work in a part-time arrangement (flexible work) while also being self-employed as a freelancer (non-standard work) in the informal sector (informal work). For the purposes of this paper, "non-standard work" is used to collectively refer to the range of work arrangements outside of standard employment.*

**Flexible Work:** Flexible work refers to work arrangements that offer flexibility in terms of hours, schedule, or location of work. For workers, the benefit of flexible work is greater control over work schedules. Flexible work arrangements can be found in both formal and informal employment settings, and can be full time or part time. Other examples of flexible work include remote work, job-sharing, flexible hours or other arrangements. In many sectors, COVID-19 catalysed and normalised flexible work arrangements.

**Informal Work:** Work is considered informal if a worker's relationship with an employer is, "in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits" such as paid annual or sick leave.<sup>4</sup> Informal workers include self-employed or home-based workers, casual labour, street vendors and many micro-entrepreneurs running own-account, unregistered and/or small-scale private unincorporated enterprises. Informal workers often are not covered by standard employment contracts and lack access to many social protection benefits and labour rights. Informal work arrangements can be full time or part time.

**Non-standard work:** This broad term captures a wide range of "different employment arrangements that deviate from standard employment."<sup>5</sup> They include temporary employment, zero-hour, part-time or on-call work, temporary agency work, independent contracting, multiparty employment relationships and freelancing. Non-standard work arrangements can be full time or part time.

All forms of productive work, including formal employment, are undergoing significant change and transformation. As more types of flexible, informal and non-standard work arrangements emerge, considerations on labour market dynamics, social protection, and worker rights need to adapt to a modernising workforce.

## II. Evolution of Social Protection

According to the International Labour Organisation, social protection policies are policies and programmes designed to reduce and prevent poverty and vulnerability over an individual's life.<sup>6</sup> These include insurance coverage and savings, as well as social assistance and social safety

*Governments are recognising the importance of updating social protection policies in line with the evolving nature of work.*

nets. These policies are particularly necessary to help people in times of crises — providing compensation when workers are sick or injured, as well as facilitating long-term savings for later years.

The ASEAN Declaration on Strengthening Social Protection<sup>7</sup> recognises the important role of social protection in enhancing the wellbeing and livelihood of people. Under the Declaration, member states strive to adhere to principles for social protection including extending coverage, availability, and quality of social protection to everyone, especially vulnerable groups. Guided by these principles, social protection policies are critical in ensuring sustainable, equitable and inclusive development of countries.

In many developed countries, social protection policies are typically implemented through the formal employer-employee relationship via social security schemes, employer and employee contributions, and benefits. Some European jurisdictions like Spain<sup>8</sup> and Switzerland<sup>9</sup> have classified platform workers as full-time employees, so that they can access these social protections. This limits the flexibility that workers value.<sup>10</sup> Companies such as Deliveroo in Spain<sup>11</sup> have exited markets citing unviable costs.

### III. Social Protection for Non-Standard Workers in SEA-6: A Closer Look

Across SEA-6, governments have adopted a more flexible approach in enabling social protection, possibly due to the common practice of livelihood diversification in rapidly developing countries. Broadly, governments have tailored existing social protection programmes to workers' needs with the objective of encouraging participation. This paper focuses on social protection available to workers engaged in non-standard work, which could include freelancers, platform workers and self-employed workers. The overlap between non-standard, informal and flexible work is defined differently in each country, as is eligibility for participation.

Universal health coverage (UHC) is already prevalent across the region. This provides, in part, universal coverage needed for social protection to mitigate the impact of health-related shocks. The table below shows the extent of universal health coverage across SEA-6:

**Table 2. Universal Health Coverage across ASEAN-6**

	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
<b>Health insurance coverage (% of population)</b>	84	100	78	93	100	89.9
<b>Existing UHC policy or movement towards UHC</b>	UHC started in 2014	UHC since 1980s	Expansion through national health insurance under PhilHealth Insurance Corporation	UHC since 1980s	UHC started in 2002	Targeted social health insurance coverage of 95% by 2025

Source: The ASEAN, July 2020<sup>12</sup>

In addition to health coverage, social protection schemes for non-standard workers generally cover savings and work injury benefits. Key considerations of current policies include:

- 1. The option to self-enroll in social protection schemes;**
- 2. The option to choose worker contribution levels and benefits; and**
- 3. Incentives to encourage participation in social protection programmes.**

The social protection schemes available for non-standard workers across SEA-6 is summarised in Table 3.



**Table 3. Social Protection Schemes for Non-Standard Workers in SEA-6**

	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
<b>Relevant social protection agency for non-standard workers</b>	Social Security Agency (BPJS)	Social Security Organisation (SOCSO)  Employees' Provident Fund (EPF)	Social Security System (SSS)  Home Development Mutual Fund (Pag-IBIG Fund)  Philippine Health Insurance Corporation (PhilHealth)	Ministry of Manpower (MOM)  Central Provident Fund (CPF)	Social Security Office (SSO)	Vietnam Social Security (VSS)
<b>Applicable scheme for non-standard workers</b>	BPJS Healthcare <sup>13</sup>  BPJS Employment coverage <sup>14</sup>	Self-employment social security scheme (SOCSCO) <sup>15</sup>  Voluntary self-contribution to provident fund (EPF i-Saraan) <sup>16</sup>	Social Security System (SSS) <sup>17</sup>  Home Development Mutual Fund (HDMF) <sup>18</sup>  PhilHealth <sup>19</sup>	Coverage under Work Injury Compensation Act (forthcoming)  Self-contribution to CPF for younger platform workers (forthcoming)	Social Security Scheme (40) <sup>20</sup>	Social security coverage
<b>Type of non-standard workers eligible</b>	All self-employed workers	SOCSCO: Certain self-employed workers <sup>21</sup>  EPF: all self-employed workers	All self-employed workers	All platform workers (from 2024)	All self-employed workers	All self-employed workers
<b>Option for non-standard workers to self-enroll and contribute?</b>	Yes	Yes	Yes	Yes (CPF only)	Yes	Yes

Source: Compiled by the Tech for Good Institute, 2023

**Table 3. Social Protection Schemes for Non-Standard Workers in SEA-6 (continued)**

	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
<b>Option for non-standard workers to choose contribution amount and protection level?</b>	No	Yes	Yes	No	Yes	Yes
<b>Requirements or incentives for participation by non-standard workers</b>	Mandatory only for health coverage.	SOCSSO mandatory for certain sectors, the government matches 80% of contributions  Voluntary for EPF, the government matches contributions	Mandatory for employed and self-employed	Mandatory for platform workers under age 30 and voluntary for others	Voluntary; government matches up to 50% of contributions.	Voluntary, the government supports up to 30% of voluntary social insurance fee

Source: Compiled by the Tech for Good Institute, 2023

## IV. Policy Considerations

As the nature of work evolves in the Fourth Industrial Revolution, collaboration between the public and the private sector is needed to ensure the social protection of citizens. Government regulations, for example, can balance the long-term welfare needs while maintaining the flexibility preferred by workers. Meanwhile, digital economy companies (DECs) can work with the government to raise awareness and increase efficiency of social protection programmes.

*There is an opportunity for public-private partnership to promote social protection of non-standard workers.*

### For Governments

#### 1. **Allow worker self-enrollment to accommodate diverse livelihood models**

SEA-6 governments can offer choice to individuals to self-enroll into social protection schemes, regardless of type of work or number of companies or employers with which they are working. This allows workers to receive social protection benefits outside of the traditional employment model while avoiding possible multiple overlapping enrollments and contributions when a worker pursues several different types of work. Allowing self-enrollment provides workers the choice to contribute towards their social protection schemes, even as their portfolios of economic activity shift, sometimes seasonally.

#### 2. **Introduce options for variable contribution amounts and benefits**

Social protection schemes should not be “one size fits all” as every worker’s needs differ. Ideally, the schemes should allow workers to balance affordability of the contribution amount with the corresponding level of protection they need, both in the immediate and long term. Both Malaysia’s Social Security Agency (SOCSO)<sup>22</sup> and Thailand’s Social Security Office (SSO)<sup>23</sup>, for example, already offer workers the choice of different contribution amounts and protection levels.

#### 3. **Provide strong incentives to enhance participation**

Participation is the first step to ensuring that workers are protected. SEA-6 governments are employing different levers to this objective. In Singapore and Malaysia, enrolment into certain schemes for some sectors of workers is mandatory. In Malaysia, Thailand and Vietnam, the government provides incentives through matching some level of workers’ contributions to attract them to participate. These combined efforts have increased non-standard workers' participation in social protection schemes across the region.

## **For Digital Economy Companies**

### **1. *Build awareness of the social protection schemes***

Many workers access earning opportunities through digital platforms, for which the mobile phone is the main entry point. Across SEA-6, mobile internet traffic accounts for two-thirds of all internet traffic.<sup>24</sup> In particular, online-to-offline platforms can enable broad and high-touch engagement for public messaging and awareness. In this sense, DECs can partner with governments to increase workers' awareness of social protection schemes. In the Philippines, the Social Security System (SSS) has developed partnerships with digital platforms to increase enrollment into their social protection schemes, such as via SSS booths at Grab roadshows for driver-partners.

### **2. *Support implementation of social protection schemes***

Digital platforms can be an effective channel for governments in administering their social protection schemes. In Malaysia, the Employees' Provident Fund (EPF) has collaborated with GoGet to provide an integrated contribution system for workers on the GoGet platform.<sup>25</sup> This makes it easy for workers to make voluntary contributions. During the Covid-19 pandemic, the reach of digital platforms and trust in payments through these platforms became a useful avenue for governments to extend aid and assistance. For example, the Malaysian government's incentives under the PenjanaGig Covid-19 stimulus package were disbursed via platforms registered with the Malaysia Digital Economy Corporation (MDEC).<sup>26</sup> By extending partnerships beyond individual companies, the government ensured the widest reach of its programme to platform workers in need.

### **3. *Provide insights to governments to improve existing social protection schemes***

Digital platforms can work with governments to gather feedback directly from the workers that the policies and programmes are meant to serve. In Singapore, for instance, three digital platforms from the Digital Platforms Industry Association — Deliveroo, foodpanda and Grab — facilitated surveys with delivery workers for insights into their experiences and expectations of the industry and support systems.<sup>27</sup> Governments could also run policy sandboxes with the participation of digital platform companies to test pilot schemes with workers.

More changes are expected for the workforce of the future. Continued collaboration between individuals, governments and the private sector can enable the development and implementation of policy solutions that are fit-for-purpose to protect workers for a sustainable, inclusive, and resilient future.

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