

Remodel cooperatives for freelancers

By [Muhammad Ammir Haron](#) - July 24, 2020 @ 12:15am



Youths have been increasingly tilting towards working in the gig economy. --File pic via BERNAMA

EVEN before the advent of the Covid-19 pandemic, youths have been increasingly tilting towards working in the gig economy. These freelancers value the freedom of not being tied to the rigours of full-time employment.

They love the idea of working with others instead of for others. Freelancers value non-hierarchical relationships, being autonomous, free and equal, as well as self-determination and control of their work life.

Deemed profoundly liberating, Gen Z fresh graduates are increasingly becoming freelancers by choice. Up to 40 per cent of the United States' workforce comprises freelancers. They include architects, copywriters, graphic designers, makeup artists, photographers, engineers and even janitors.

In Malaysia, 9.4 per cent of the workforce is in the informal sector, which consists of those who are self-employed and temporary job workers. The pandemic has forced many into freelancing. For example, some aircraft pilots have become e-hailing drivers after losing their jobs.

This trend will likely continue in the near term as full economic recovery can be expected only sometime next year, according to World Bank's Malaysia Economic Monitor.

It added that the changing world of work raised the need for a more enhanced social protection system. As freelancers have limited protection under the country's labour laws, what form of protection can the government provide for them?

One way is to help them organise themselves into cooperatives. Grouping them will not only bring like-minded people together but also allows them to have a collective capacity to bid for larger contracts. Under the cooperative umbrella, invoices can be issued. Being freelancers, there is only a minimal administrative cost to be shared equally.

Continuous professional development and training will be crucial for them to stay ahead of the curve. Through the cooperative, they can lower their expenses when arranged as a group, and perhaps later on as they excel, even charge fees as training providers.

Freelancers stand to gain both from hourly salary and profits the cooperative generates.

A success story is the Swindon Music Cooperative. Established over 20 years ago, it has grown to more than 50 teachers. The cooperative provides instrumental music and singing lessons to more than 1,400 pupils in over local 70 schools. One of the reasons for its success is the cost-effective delivery of its classes.

The cooperative works in partnership with schools in attracting students. This helps its freelance teachers to secure stable and long-term contracts directly with the students' parents. As its workforce is self-employed, the cooperative has low overhead costs, allowing it to charge its classes at affordable rates. Based on the work hours, the cooperative issues monthly payslips to its members. This will help them secure housing loans from banks.

Cooperatives, on the other hand, are facing extinction. The number of cooperators has been declining. To make matters worse, a majority of those still active are well above 40 years old. If left unchecked without regeneration of new members, cooperatives will continue to disappear. To compete in today's dog-eat-dog business environment, cooperatives must remodel them so that they could offer a competitive advantage to its members.

Another example is in the case of Loconomics. Previously a for-profit company which had converted into a pseudo-worker-owned cooperative, it is an online platform that allows peer-to-peer services for freelancers, such as babysitters, dog walkers, house cleaners, masseurs and plumbers.

Each member receives a vote to elect its board of directors. When there is surplus income, each worker-member will receive a dividend based on the hours of services they were booked for by customers. As right as rain, cooperatives can future-proof the fate of freelancers, who in turn offer much needed competitive advantage to reinvigorate the cooperative sector.

As we can reasonably expect the freelancers' labour force to grow, either from job losses or by job entry among the youth, safeguarding their interests is key to a sustainable gig economy. Admirably, Penjana Economic Recovery Plan has allocated RM75 million via the Social Security Organisation, Employees Provident Fund and Malaysia Digital Economy Corporation as a temporary relief.

A long-term solution, however, may lie in promoting freelancer cooperatives. The Cooperatives Commission of Malaysia, as the custodian of cooperatives, ought to be empowered to affect change to this effect. One for all, and all for one.

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