MEDIA STATEMENT

MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

Block C6 & C7, Complex C,
Federal Government Administrative Centre, Precinct 1,
62514 Federal Territory of Putrajaya
Telephone : 03 - 8090 4681

STATISTICS ON INFORMAL SECTOR AND INFORMAL EMPLOYMENT, MALAYSIA, 2023

Malaysia's informal employment in 2023 reached 3.45 million, comprising 21.8 per cent of the country's total employment

PUTRAJAYA, NOVEMBER 28, 2024 – Malaysia's informal employment in 2023 reached 3.45 million, comprising 21.8 per cent of the country's total employment, the Department of Statistics Malaysia (DOSM) reported today in the release on **Informal Sector and Informal Employment Report, Malaysia, 2023.** This report presents employment in the informal sector and informal employment based on the Informal Sector Survey conducted by DOSM.

According to the Chief Statistician Malaysia, Dato' Sri Dr. Mohd Uzir Mahidin, "As Malaysia's economic performance remained resilient in 2023, it has led to a stable labour market position, driven by strong domestic demand, increased tourism activities, recovery of infrastructure projects, continued foreign direct investment, and potential increase in external trade. The economic recovery has opened various prospects and increased participation in the labour market. Thus, this situation has also contributed to higher employment in the informal sector and informal employment in Malaysia in 2023 as compared to 2021."

Employment in the informal sector refers to household members aged 15 to 64 years working at least one hour during the reference week as employers, employees, own-account workers and unpaid family workers. The informal sector is characterised by enterprises with fewer than ten employees and those not registered under specific forms of national legislation. This report provides statistics according to demographic and socioeconomic characteristics, namely age group, sex, strata, state, educational attainment, employment status, employment category and industry. According to the Measuring Informality Manual: A Statistical Manual on the Informal Sector and Informal Employment by the International Labour Organization (ILO), agricultural-related activities are excluded from the coverage of the Informal Sector

Survey. However, since 2021, Malaysia's Informal Sector Survey has included informal employment data for the Agriculture sector to provide a more comprehensive picture.

Meanwhile, a worker in informal employment refers to any worker who does not have access to at least one social security scheme or employment benefit. The social security schemes and employment benefits refer to: pension fund; basic health insurance; injury insurance; disability benefits; survivors' benefits; paid annual leave; paid sick leave; paid maternity leave; and unemployment insurance. Based on the International Conference of Labour Statisticians (ICLS) guidelines, informal employment is defined as the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises or households.

Furthermore, Dato' Sri Dr Mohd Uzir Mahidin stated that in 2023, the total informal employment including agriculture, amounted to 3.45 million persons with a percentage contribution of 53.2 per cent (1.83 million persons) in the informal sector, followed by the formal sector at 46.1 per cent (1.59 million persons) and households with 0.7 per cent (24.2 thousand persons). Meanwhile, the number of informal employments for non-agriculture covering the formal and informal sector as well as households was 2.84 million persons. During the year, informal employment was concentrated in the formal sector (51.9%) with 1.48 million persons and followed by the informal sector (47.2%) with 1.34 million persons.

Additionally, from the distribution of informal employment by sex including agriculture, males had the highest composition with 61.0 per cent, registering 2.10 million persons and followed by females with 39.0 per cent to record 1.35 million persons in 2023. For the non-agricultural, males remained dominant with 55.7 per cent at 1.58 million persons, followed by females with 44.3 per cent to record 1.26 million persons. In the meantime, informal employment in urban areas encompassed the largest percentage of contribution at 74.9 per cent (2.58 million persons) compared to rural areas (25.1%; 0.87 million persons). Meanwhile, for the non-agriculture sector, urban areas accounted for 83.2 per cent of informal employment or equivalent to 2.37 million persons, while rural areas had 16.8 per cent or equivalent to 0.48 million persons.

Dato' Sri Dr. Mohd Uzir Mahidin also stated that employment in the informal sector for non-agriculture recorded an increase of 4.2 per cent to 1.34 million persons in 2023 compared to 2021[r] (-0.8%; 1.24 million persons) and 2019 (-4.8%; 1.26 million persons). On the same note, both male and female workers in the informal sector rose by 0.5 per cent to 720.4 thousand persons (2021[r]: 713.9 thousand persons) and 9.1 per cent to 622.1 thousand persons (2021[r]: 522.9 thousand persons), respectively, as compared to 2021. Conversely, males were the largest contributor to employment in the informal sector, including agriculture with 62.5 per cent or the equivalent of 1.15 million persons and females accounting for 37.5 per cent (687.3 thousand persons) in 2023.

Adding to this, the Chief Statistician of Malaysia said, "More than 70.0 per cent of the employment in the informal sector was in the own-account workers category with 1.34 million persons, edged up by 2.2 per cent from 1.28 million persons recorded in 2021ʳ. Next, the employees' category contributed 17.5 per cent (321.3 thousand persons), with a slight increase of 0.6 per cent (2021ʳ: 317.5 thousand persons). Employees in this sector are those who work as house builders, babysitters, food hawkers, bakers, grass cutters, labourers, construction (building work), street stall salespersons, tailors, market salespersons, food and beverage delivery riders (p-hailing riders) and e-hailing drivers. Hawker (food & beverages), telemarketer and crop farm labourer were the highest employment in the informal sector in 2023."

Commenting further on employment in the informal sector, Dato' Sri Dr. Mohd Uzir Mahidin stated that most employment in the informal sector was concentrated in the Services sector (50.3%). This was followed by the Agriculture sector with 30.9 per cent and the Manufacturing sector (12.2%). Meanwhile, Wholesale and retail trade activities; repair of motor vehicles and motorcycles accounted for 19.6 per cent of the Services sector, followed by Food and beverage services activities (16.0%).

In the meantime, most employment in the informal sector operates at home (29.1%), followed by plantation, farms, estates, sea etc. (agricultural related) with 26.8 per cent and factory/office/workshop/shop/kiosk (independent from home) with 16.5 per cent. Looking at the employment by stratum, urban areas registered an increase in employment in the informal sector, while rural areas recorded a decrease in the informal sector in 2023. Urban areas posted an increase of 5.8 per cent to 1.27 million persons (2021ʳ: 1.13 million persons). On the other hand, employment in the informal sector in rural areas decreased by 10.0 per cent to 569.1 thousand persons (2021ʳ: 703.0 thousand persons).
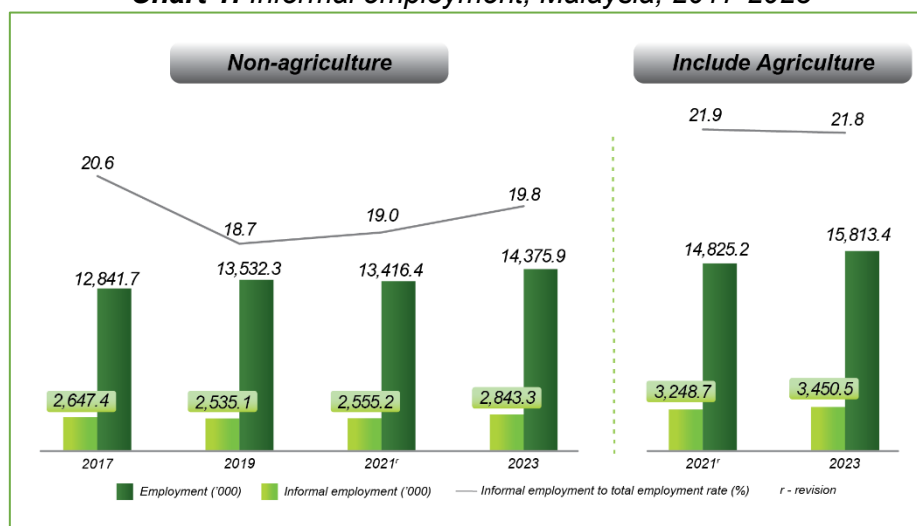
In terms of the highest education certificates, the majority of employment in the informal sector was those with SPM certificates and equivalent, accounting for 74.7 per cent 1.37 million persons, in 2023. This group recorded a decrease of 0.7 per cent compared to 1.39 million persons in 2021ʳ. No certificate/not applicable was ranked second with 10.0 per cent and Diploma (6.0%).

Concluding the statement, Dato' Sri Dr. Mohd Uzir Mahidin emphasised that the normalisation of economic activities in 2023 positively impacted Malaysia's labour market. The stable domestic demand, increased tourism, infrastructure development, FDI inflows and external trade recovery supported employment growth. These factors also encouraged transitions from informal to formal employment, reflecting a healthier labour market environment.
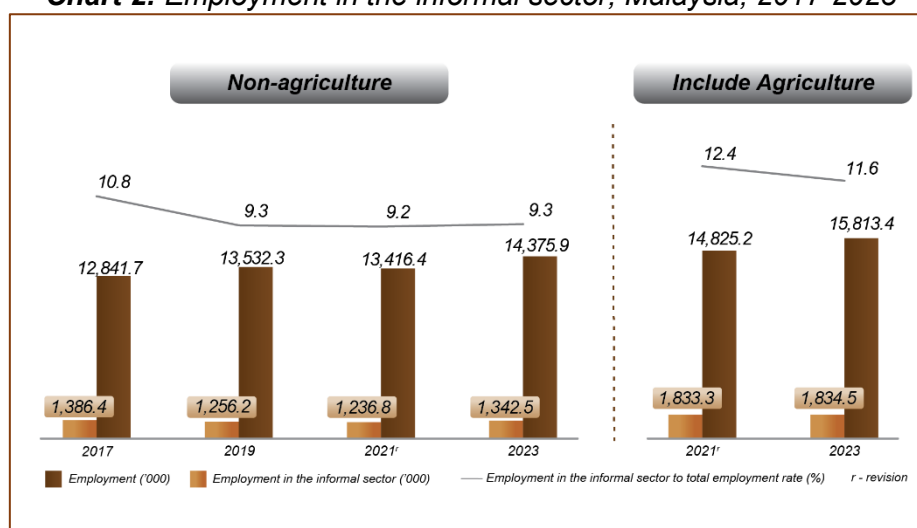
The Department of Statistics Malaysia (DOSM) has launched OpenDOSM NextGen as a medium that provides data catalogue and visualisations to facilitate users' analysis and can be accessed through https://open.dosm.gov.my.

The Government of Malaysia has declared National Statistics Day (MyStats Day) on October 20th each year. MyStats Day theme is "Statistics is the Essence of Life". DOSM commemorates its 75th Diamond Jubilee in 2024.

Chart 1: *Informal employment, Malaysia, 2017-2023*

Chart 2: *Employment in the informal sector, Malaysia, 2017-2023*

Released by:

THE OFFICE OF CHIEF STATISTICIAN MALAYSIA

DEPARTMENT OF STATISTICS MALAYSIA

28th NOVEMBER 2024