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BUSINESS DEMOGRAPHY



The enterprise birth rate in Malaysia above 6.0 per cent during the period from 2017 to 2022

Business demography statistics provide indicators to measure among others level of competitiveness, economic growth and the creation of new jobs resulting from formation of new enterprises. This publication presents three basic parameters, namely the number of enterprises, the number of enterprise births and deaths, as well as the survival rate of enterprises in Malaysia. The business entities covered in this publication are companies registered under the Registration of Companies with Companies Commission of Malaysia (CCM).

The enterprise birth rate remained above 6.0 per cent during the period from 2017 to 2022, with the highest rate recorded in 2022 at 7.0 per cent, while the lowest rate was recorded in 2020 at 6.4 per cent. The enterprise death rates had consistently exceeded the birth rates except in 2021. The highest enterprise death rate was recorded in 2017 at 11.4 per cent while the lowest was in 2021 at 4.4 per cent.

In the period 2017 to 2022, the highest number of enterprises was recorded in 2017 at 726,362. The number of enterprises showed a declining trend for a period of four consecutive years starting in 2017 with the lowest number recorded in 2020 at 681,832 enterprises. This was due to the spread of the COVID-19 pandemic, whereby the Movement Control Order (MCO) throughout Malaysia began on 18 March 2020, allowing only essential sectors to operate, which severely impacted most businesses.

During the same period, the number of enterprise births exceeded 45,000 except in 2020. The highest number was recorded in 2022 at 48,124 while the lowest was recorded in 2020 at 43,928. However, the number of enterprise deaths has always exceeded the number of enterprise births except in 2021, which also recorded the lowest number of enterprise deaths at 30,956. Meanwhile, the highest number of enterprise deaths was recorded in 2017 with 82,518.

In the context of the enterprises survival rates, the one-year survival rate for enterprises established in 2017 to 2021 was between 94.2 per cent to 97.3 per cent, with the highest in 2017 (97.3%) and the lowest in 2018 (94.2%). Meanwhile, the five-year survival rate of enterprises established in 2017 was 66.1 per cent.

The most dominant sector in 2022 was the Services sector which recorded the highest number of enterprises at 544,403 (79.0%) followed by Construction sector at 59,771 (8.7%). In terms of enterprise birth, the Services sector contributed to the highest number which was 39,764 (82.6%) while the Mining & quarrying sector recorded the lowest with 506 (1.1%). Regarding enterprise death, Services sector recorded the highest number at 44,064 (79.4%) whereas Mining & quarrying sector recorded the lowest with 832 (1.5%).

The highest enterprise birth rate in 2022 was recorded by Services sector at 7.3 per cent while Manufacturing sector recorded the lowest rate at 5.3 per cent. The Mining & quarrying sector recorded the highest enterprise death rate of 11.1 per cent, while the lowest death rate was recorded by the Manufacturing sector at 7.3 per cent.

The five-year survival rate by sector for enterprises established in 2017 and survived until 2022 was between 64.2 per cent to 70.2 per cent. Five-year survival rate by sector showed

that Construction sector had the highest survival rate of 70.2 per cent followed by Manufacturing sector at 66.8 per cent, both exceeding the overall five-year survival rate of 66.1 per cent.

The three states with the highest number of enterprises in 2022 were W.P. Kuala Lumpur (221,687), followed by Selangor (182,825) and Johor (66,268). In terms of enterprise births, the highest number of enterprise birth was W.P. Kuala Lumpur (15,801), followed by Selangor (13,742) and Johor (4,819). A similar trend was observed in enterprise death, the highest number of enterprise death was in W.P. Kuala Lumpur (19,924), followed by Selangor (15,773) and Johor (4,817). While the lowest number of enterprise death was in W.P. Putrajaya (27), followed by W.P. Labuan (58) and Perlis (88).

The three states with the highest enterprise birth rate were W.P. Putrajaya (8.1%), followed by Selangor (7.5%) and Kedah (7.4%), while the three states that recorded the lowest enterprise birth rate were W.P. Labuan (2.9%), followed by Perlis (5.1%) and Perak (5.3%). As for the enterprise death rate, Perlis (11.1%), Kelantan (10.2%) and W.P. Kuala Lumpur (9.0%) recorded the highest enterprise death rate, while W.P. Putrajaya (5.1%), Melaka (5.4%) and W.P. Labuan (5.5%) were the three states with the lowest enterprise death rate.

The highest five-year survival rate for enterprises established in 2017 and survived until 2022 were recorded by Sarawak (73.8%), followed by Perak (71.9%) and W.P. Putrajaya (71.4%). There are eleven states recorded a five-year survival rate above the overall rate of 66.1 per cent.

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