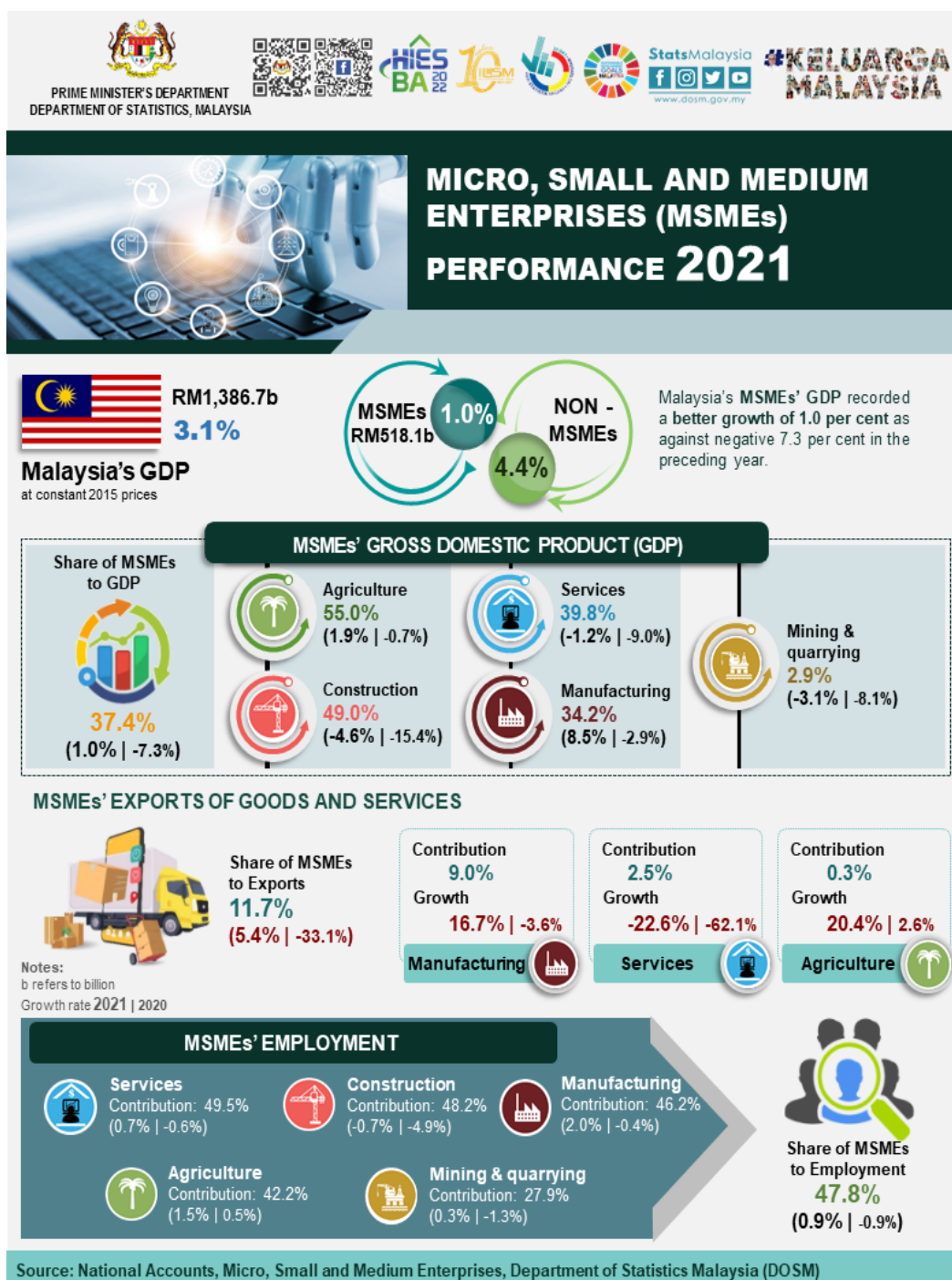




MINISTRY OF ECONOMY  
DEPARTMENT OF STATISTICS MALAYSIA

## MICRO, SMALL & MEDIUM ENTERPRISES (MSMES) PERFORMANCE 2021

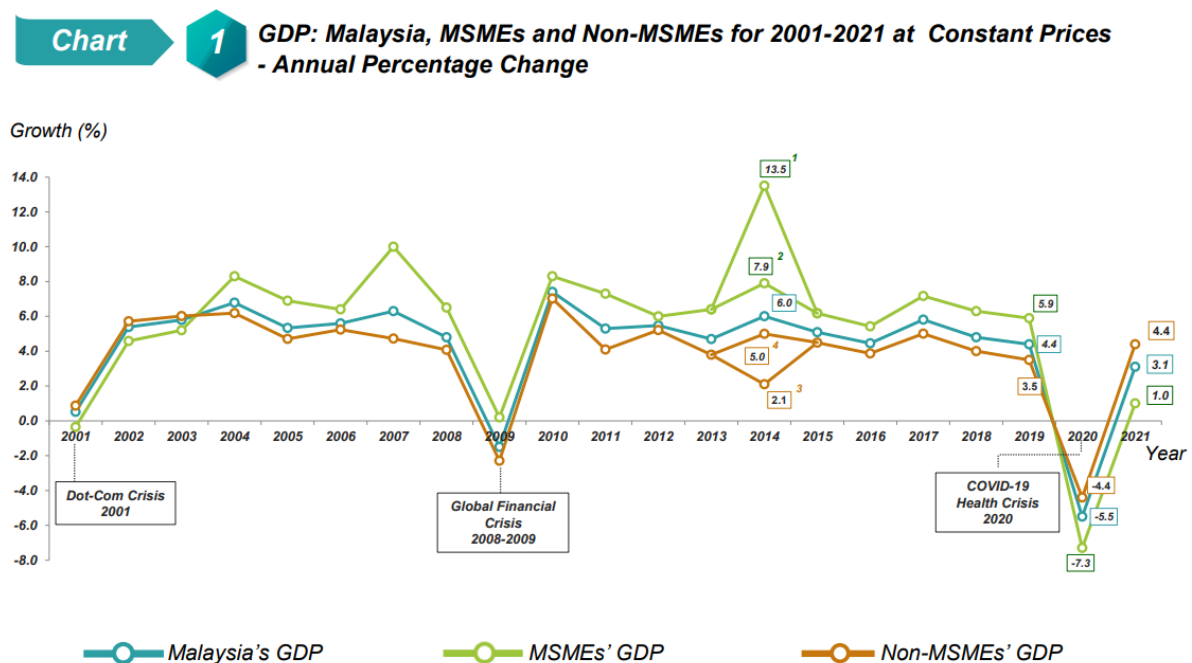


## INTRODUCTION

Malaysia's economy regained its momentum in 2021, where the country has transitioned to Phase 4 of the National Recovery Plan (NRP) and inter-state travel restrictions were lifted. The gradual recovery will enable entrepreneurs to pick up business momentum, thus fueling Malaysia's economic recovery. Nevertheless, Malaysia's economic performance in 2021 is still lower than pre-pandemic levels in 2019. Subsequently, the share of Micro, Small & Medium Enterprises (MSMEs) in terms of Gross Domestic Product (GDP), Exports, and Employment remained to decline in 2021.

## PERFORMANCE OF MSMEs' GDP 2021

Malaysia's MSMEs' GDP in 2021 grew to 1.0 per cent (2020: -7.3%), which was slower than Malaysia's GDP. The same trend was seen since 2020 according to the time series of Malaysia's GDP and that of MSMEs as shown in **Chart 1**.



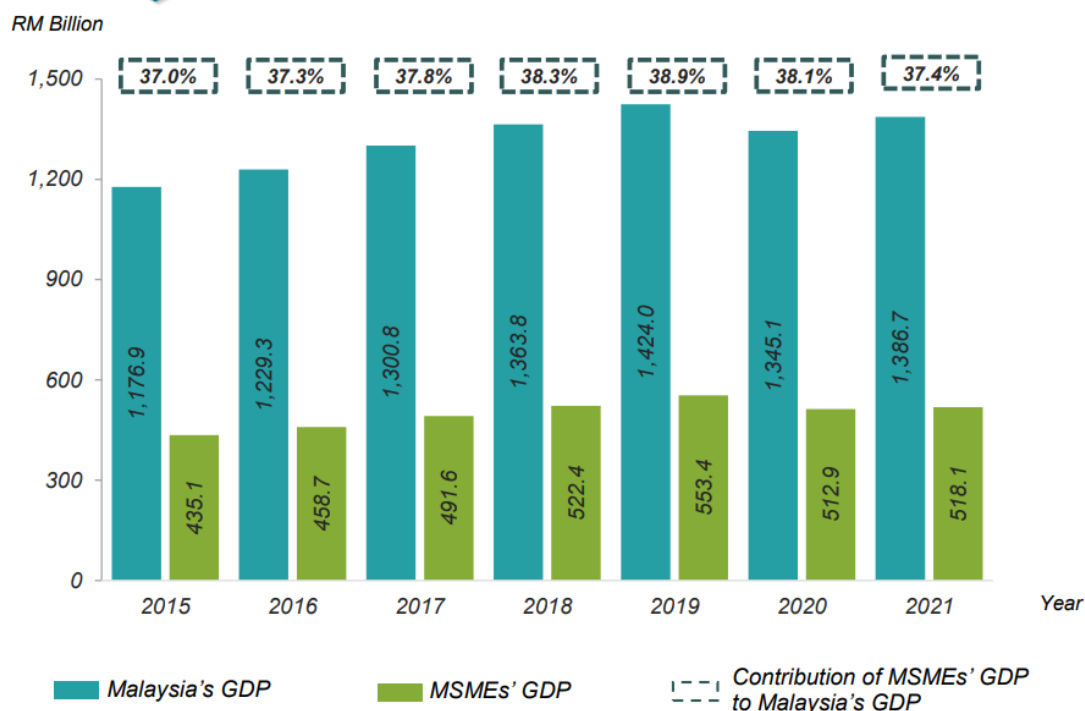
**Notes :** <sup>1</sup>Growth of MSMEs' GDP based on 2014 New MSMEs' GDP Definition versus 2013 Old MSMEs' GDP Definition  
<sup>2</sup>Growth of MSMEs' GDP based on 2014 New MSMEs' GDP Definition versus 2013 New MSMEs' GDP Definition  
<sup>3</sup>Growth of Non-MSMEs' GDP based on 2014 New MSMEs' GDP Definition versus 2013 Old MSMEs' GDP Definition  
<sup>4</sup>Growth of Non-MSMEs' GDP based on 2014 New MSMEs' GDP Definition versus 2013 New MSMEs' GDP Definition

The contribution of MSMEs to GDP declined to 37.4 per cent in 2021 with a value added of RM518.1 billion as compared to 38.1 per cent (value added: RM512.9 billion) in the previous year as presented in **Chart 2**. The Services and Manufacturing sectors uphold its position as the main contributors of MSMEs' GDP activities, which both sectors represent more than 80.0 per cent of MSMEs' GDP. Furthermore, MSMEs' GDP registered RM572.6 billion in nominal terms this year (2020: RM547.3 billion).

## Chart

2

### Value Added and Contribution of MSMEs' GDP to Malaysia's GDP 2015-2021 at Constant 2015 Prices

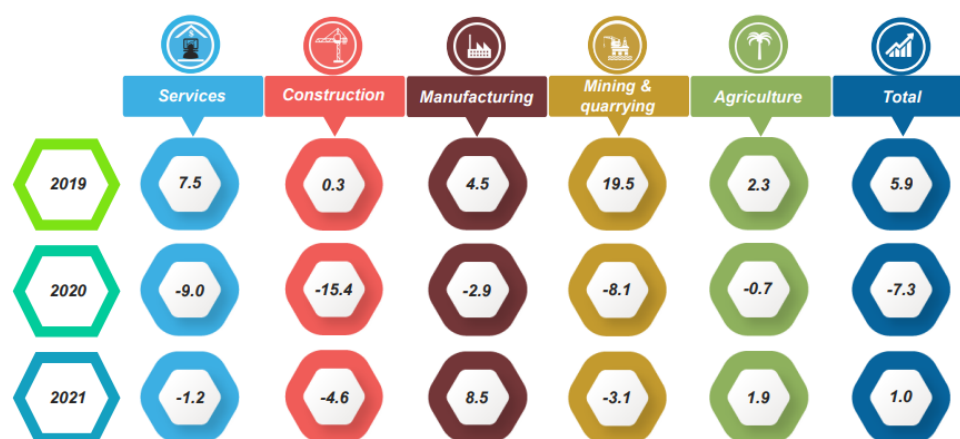


MSMEs' value added for the **Manufacturing sector** rebounded to 8.5 per cent from a decrease of 2.9 per cent in the preceding year as shown in **Exhibit 1**. This favourable performance was driven by a positive growth in all sub-sectors, which was reflected in a strong growth particularly in Petroleum, chemical, rubber and plastic products, which surged by 14.4 per cent (2020: 3.2%). Meanwhile, the Food, beverages and tobacco also strengthened to 4.6 per cent as compared to the previous year (2020: 1.9%).

## Exhibit

1

### Annual Percentage Change of MSMEs' GDP by Kind of Economic Activity for 2019-2021 at Constant 2015 Prices



Likewise, the value added of MSMEs in **Agriculture sector** expanded to 1.9 per cent from negative 0.7 per cent in the preceding year. The performance was supported by the Rubber, oil palm, livestock and other agriculture sub-sector which flourished to 2.5 per cent in 2021 (2020: 1.0%). On the other hand, the Fishing sub-sector continued to record negative growth this year.

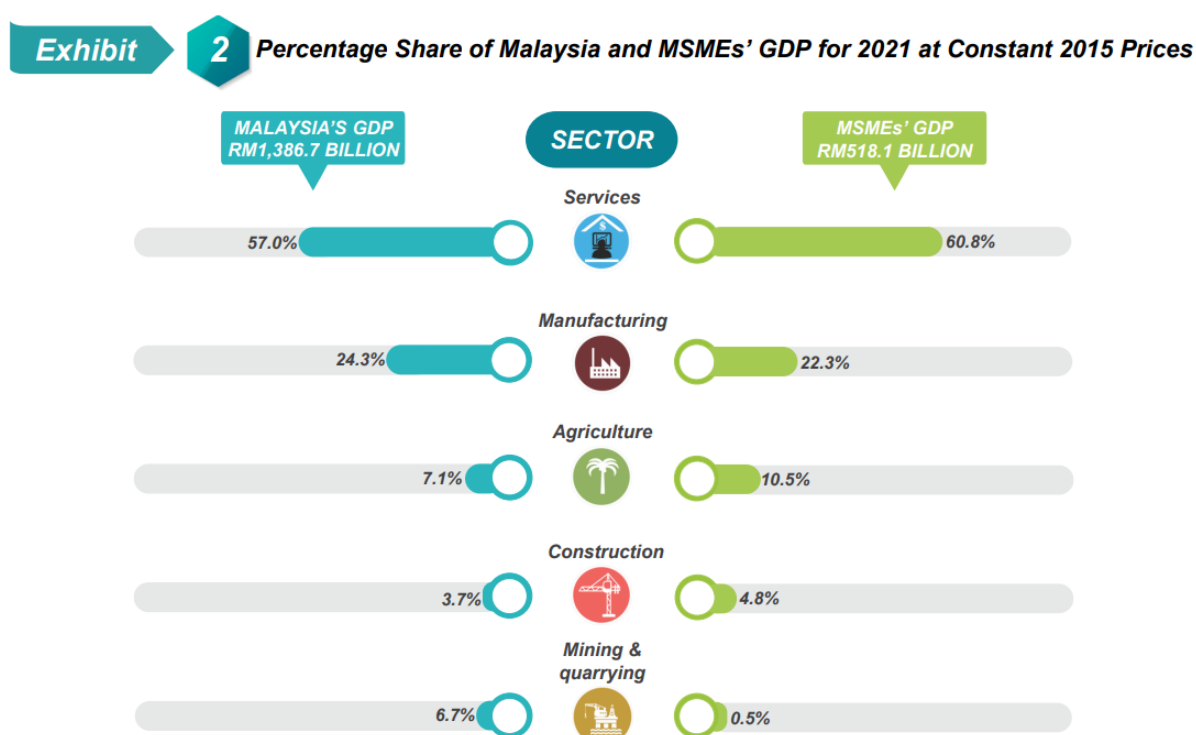
Nevertheless, value added of MSMEs in the **Mining & quarrying sector** contracted 3.1 per cent (2020: -8.1%) while the **Construction sector** narrowed 4.6 per cent from negative 15.4 per cent in the previous year.

Moreover, MSMEs in the **Services sector** recorded a smaller decrease of 1.2 per cent as against to

negative 9.0 per cent in the preceding year. The decline was influenced by the 5.8 per cent drop in the Finance, insurance, real estate and business services sub-sector (2020: -10.3%) and offset by performance in Wholesale & retail trade, food & beverages and accommodation sub-sector which rebounded to 0.5 per cent (2020: -7.7%). Besides that, Transportation & storage and information & communication sub-sector registered an expansion of 2.9 per cent (2020: -11.2%).

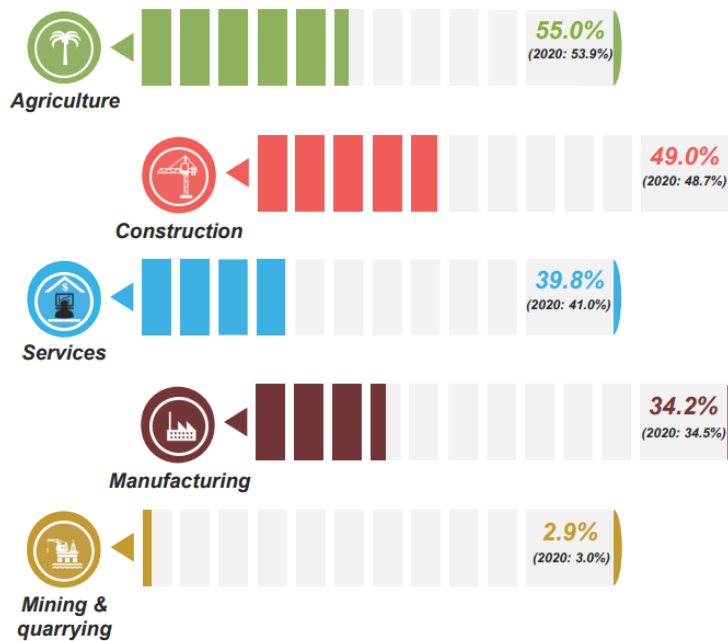
## DISTRIBUTION BY KIND OF ECONOMIC ACTIVITY

The Services sector continued to be the main contributor in MSMEs' activities, which constituted 60.8 per cent, followed by the Manufacturing sector with 22.3 per cent (**Exhibit 2**). The Agriculture sector contributed 10.5 per cent to MSMEs' GDP. In the meantime, the Construction and Mining & quarrying sectors contributed 4.8 per cent and 0.5 per cent, respectively.



## CONTRIBUTION BY KIND OF ECONOMIC ACTIVITY

In terms of MSMEs' GDP contribution by kind of economic activity, the Services, Manufacturing and Mining & quarrying sectors recorded a decline in 2021. However, this performance was partially offset by the expansion in the share of the Agriculture and Construction sectors. MSMEs' GDP was led by the Agriculture sector with a share of 55.0 per cent (2020: 53.9%), attributed to Rubber, oil palm, livestock and other agriculture sub-sector as portrayed in **Exhibit 3**. The MSMEs' GDP share for the Construction sector rose to 49.0 per cent as compared to 48.7 per cent in 2020.

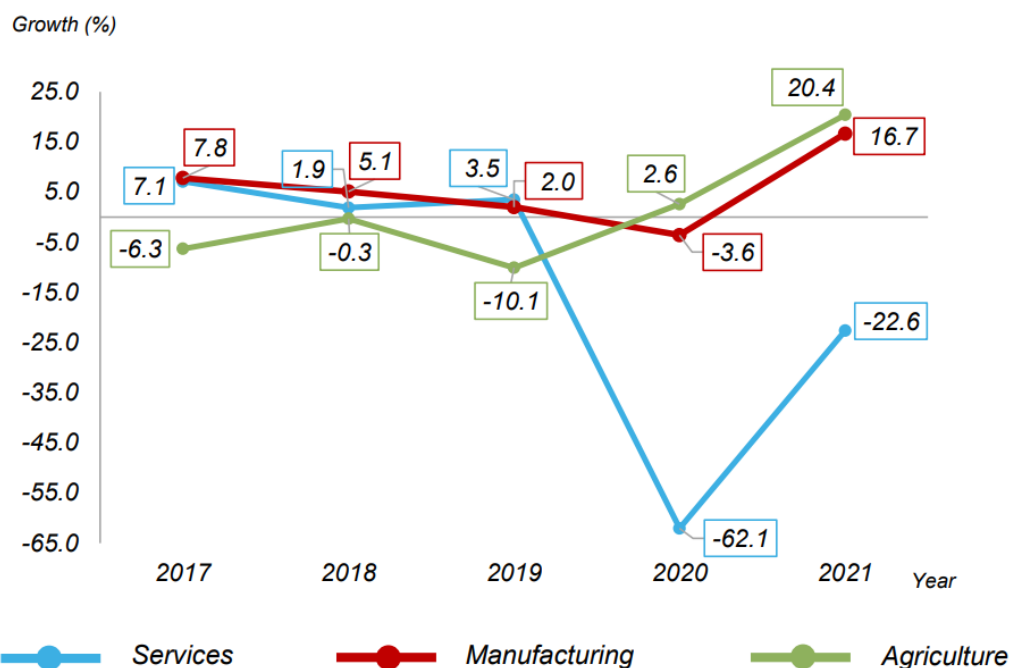


MSMEs' GDP share of the Services sector fell to 39.8 per cent from 41.0 per cent in the preceding year. The sector was dominated by Wholesale & retail trade, food & beverage and accommodation sub-sector. In addition, the Manufacturing sector registered a share of 34.2 per cent (2020: 34.5%) to MSMEs' GDP supported by Petroleum, chemical, rubber and plastic products. Meanwhile, MSMEs' GDP in the Mining & quarrying sector recorded a share of 2.9 per cent (2020: 3.0%), slightly lower than in the previous year.

### PERFORMANCE OF MSMEs' EXPORTS 2021

Exports of MSMEs valued at RM124.3 billion in 2021, consequently recorded an increase of 5.4 per cent as compared to a decline of 33.1 per cent in 2020, driven by Manufacturing (16.7%) and Agriculture sector (20.4%) as in **Chart 3**. Manufacturing sector dominated overall MSMEs' exports with a contribution of 76.6 per cent in 2021, stimulated by miscellaneous manufactured articles, manufactured goods and chemicals. The major destination for MSMEs' exports for Manufacturing sector was Singapore, which constituted 18.8 per cent, followed by China (16.5%) and the United States (10.3%).

MSMEs' exports of Agriculture sector was RM2.8 billion with a share of 2.3 per cent to the total MSMEs' exports in 2021. Agriculture sector recorded a growth rate of 20.4 per cent in the same year, driven by the increase in MSMEs' exports including fruits, poultry and vegetables. Meanwhile, MSMEs' exports of durian (includes fresh, frozen, pulp and paste) registered an increase of 73.5 per cent in 2021 to RM998.1 million as compared to RM575.4 million in 2020. The main export destinations for durian in 2021 were China (73.8%), Singapore (7.5%) and Hong Kong (4.8%).



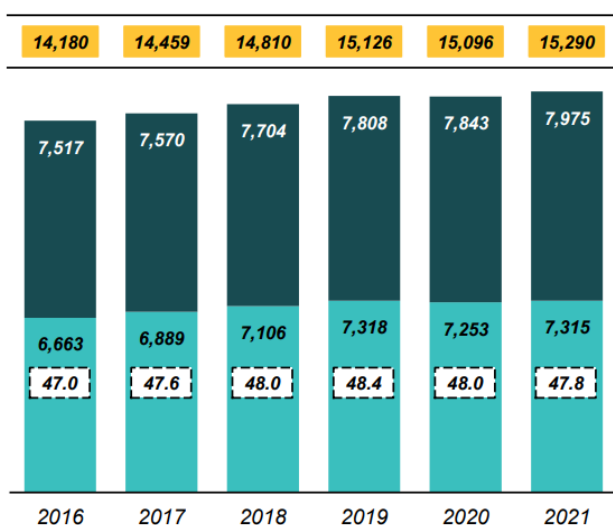
However, MSMEs' exports of Services sector declined to RM26.2 billion as compared to RM33.9 billion in 2020, led by travel activities. The contribution of MSMEs' exports to the total exports in 2021 was 11.7 per cent consisted of Manufacturing (9.0%), Services (2.5%) and Agriculture sectors (0.3%).

### PERFORMANCE OF MSMEs' EMPLOYMENT 2021

The number of MSMEs' employment posted a year-on-year increase of 0.9 per cent or added by 62 thousand persons to record a total of 7.32 million persons in 2021 (2020: 7.25 million persons). The MSMEs' employment growth was slower compared to the national employment and Non-MSMEs' employment which grew at a faster rate by 1.3 per cent and 1.7 per cent, respectively. Thus, indicating slower momentum recovery in MSMEs' employment as against the larger businesses following the prolonged public health crises. In 2021, the share of MSMEs' employment lowered by 0.2 percentage points from 48.0 per cent in the previous year recording a share of 47.8 per cent (**Chart 4**).



Employment ('000)



■ Malaysia's employment    ■ Non-MSMEs' employment  
■ MSMEs' employment        Contribution of MSMEs' employment to total employment (%)

Annual Percentage Change (%)



### MSMEs' EMPLOYMENT BY KIND OF ECONOMIC ACTIVITY 2021

MSMEs' employment in Agriculture sector continued to register an increase of 1.5 per cent to record 791 thousand persons (2020: 779 thousand persons). MSMEs' employment in the Agriculture sector contributed 42.2 per cent from overall employment in this sector in 2021 (2020: 41.8%).

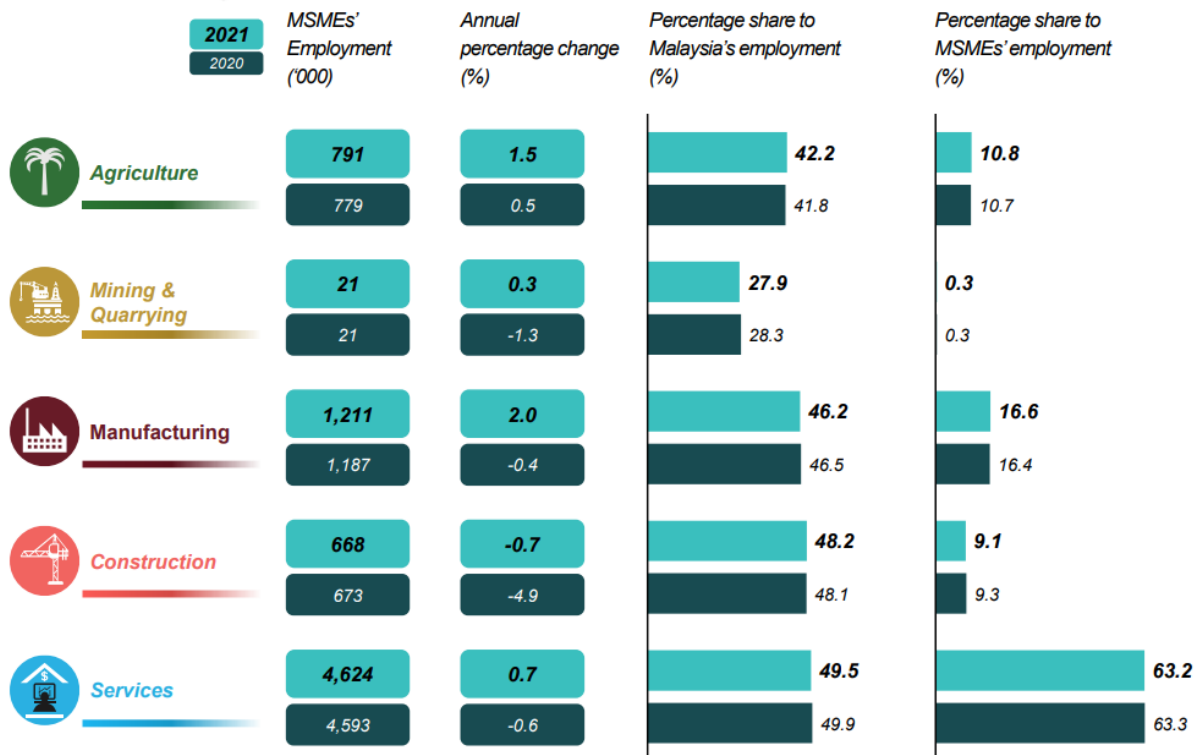
Meanwhile, the contribution of MSMEs' employment in Mining & quarrying sector was 27.9 per cent, with 21 thousand workers in 2021. MSMEs' employment in this sector rebounded marginally by 0.3 per cent from negative 1.3 per cent in 2020.

In the meantime, there were 1.21 million workers in the MSMEs' Manufacturing sector, which comprised 46.2 per cent of Manufacturing's total employment (2020: 46.5%). Although the share of MSMEs' employment in this sector declined in 2021, the number of employment increased by 2.0 per cent (2020: -0.4%). It was contributed by two sub-sectors, namely Food, beverages and tobacco (2020: 1.0%; 2021: 4.2%) and Petroleum, chemical, rubber and plastic products (2020: 1.5%; 2021: 3.5%).

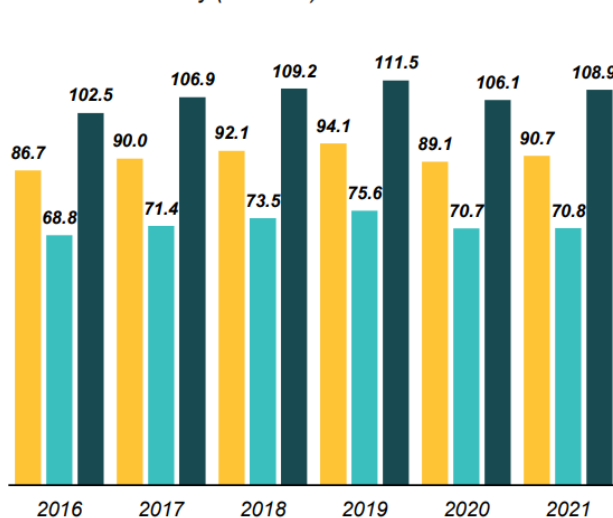
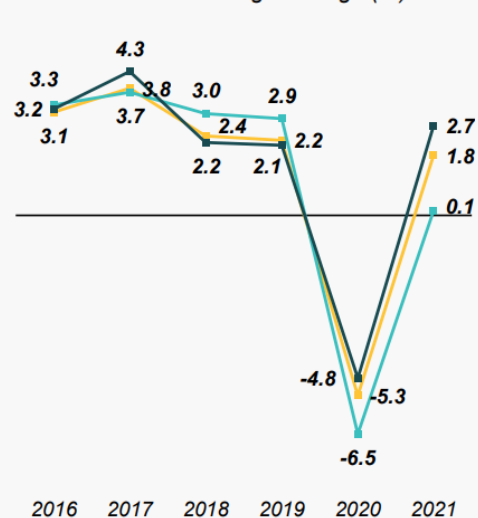
Meanwhile, MSMEs' employment in the Construction sector contributed 48.2 per cent (2020: 48.1%) of overall employment in this sector with 668 thousand persons in 2021. The Construction sector was the only sector that remained on the declining trend, albeit improved negative by 0.7 per cent (2020: -4.9%).

The number of MSMEs' employment for the Services sector accounted for 4.62 million persons, contributing 49.5 per cent of overall employment in this sector. In terms of annual change, MSMEs' employment in Services sector grew marginally by 0.7 per cent as compared to negative 0.6 per cent in 2020. The increase was largely contributed by two sub-sectors namely Wholesale & retail trade, food & beverage and accommodation (1.2%) and Other services (2.0%).

MSMEs' employment was mostly concentrated in Services sector with a share of 63.2 per cent, followed by Manufacturing sector which accounted for 16.6 per cent in 2021 (**Exhibit 4**). The MSMEs' employment in Agriculture sector comprised 10.8 per cent, which increased slightly by 0.1 percentage point from 10.7 per cent in the previous year. In addition, the share of MSMEs' employment in Construction sector was 9.1 per cent while Mining & quarrying sector was the smallest with a 0.3 per cent contribution.

**Exhibit**
**4**
**MSMEs' Employment by Kind of Economic Activity**

**MSMEs' LABOUR PRODUCTIVITY 2021**

Malaysia's economy and labour market regained momentum in 2021. MSMEs' labour productivity as measured by value added per employment grew marginally by 0.1 per cent as compared to negative 6.5 per cent in 2020 to record a productivity value of RM70,827 per person (2020: RM70,723 per person) as shown in **Chart 5**. The MSMEs' productivity value was still lower compared to 2019, hence indicating that it has yet to return to the pre-pandemic level.

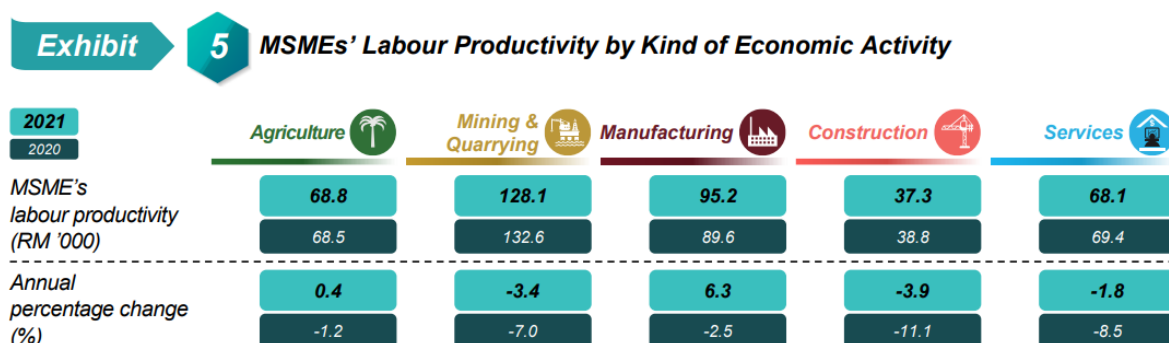
**Chart**
**5**
**Labour Productivity and Annual Percentage Change for 2016-2021**
**Labour Productivity (RM '000)**

**Annual Percentage Change (%)**


Malaysia's labour productivity MSMEs' labour productivity Non-MSMEs' labour productivity



In addition, in comparison with Non-MSMEs, the MSMEs' labour productivity growth was slower than Non-MSMEs which rebounded to 2.7 per cent from negative 4.8 per cent in 2020. The value added per employment for MSMEs also was consistently lower than Non-MSMEs' labour productivity (RM108,921 per person) and national labour productivity (RM90,697 per person).

MSMEs' labour productivity by economic activity showed that Agriculture and Manufacturing were the sectors which recorded increase in productivity during 2021 with the growth of 0.4 per cent and 6.3 per cent, respectively. Meanwhile, MSMEs' labour productivity in Mining & quarrying (-3.4%), Construction (-3.9%) and Services (-1.8%) sectors remained in a downward trend with a slower rate compared to the previous year (**Exhibit 5**).



The full publication of Micro, Small & Medium Enterprises (MSMEs) 2021 can be downloaded through [eStatistik](#) portal.

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