



MINISTRY OF ECONOMY  
DEPARTMENT OF STATISTICS MALAYSIA

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## INFORMAL SECTOR WORK FORCE SURVEY REPORT, MALAYSIA, 2019

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### **INTRODUCTION**

***The Informal Sector Workforce Survey Report 2019 presents employment statistics according to selected demographic and socioeconomic characteristics such as gender, age group, educational attainment, status of employment, occupation and industry. This survey is conducted from January to December 2019 and is a module in the Labour Force Survey (LFS).***

***The objective of this survey is to provide statistics of employment in the informal sector at the national level. A complete and systematic approach in data collection and processing is maintained from time to time with the aim of obtaining statistical comparisons of time series. The face-to-face interview method of household members in selected residential areas is used to obtain employment information working in the informal sector.***

***Referring to the International Labor Organization (ILO) the informal sector is designed as a subset of households unincorporated enterprises where the detailed definitions for the informal sector are as follows:***

- ***"The informal sector may be broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale."***
- ***Production units of the informal sector have the characteristic features of household enterprises. The fixed and other assets used do not belong to the production units as such but to their owners. The units as such cannot engage in transactions or enter into contracts with other units, nor incur liabilities, on their own behalf. The owners have to raise the necessary finance at their own risk and are personally liable, without limit, for any debts or obligations incurred in the production process. Expenditure for production is often indistinguishable from household expenditure. Similarly, capital goods such as buildings or vehicles may be used indistinguishably for business and household purposes.***

***Statistics of employment in the informal sector also aims to obtain an estimate of the size of employment in the informal sector which is an important component to measure the contribution of the informal sector to Gross Domestic Product (GDP).***



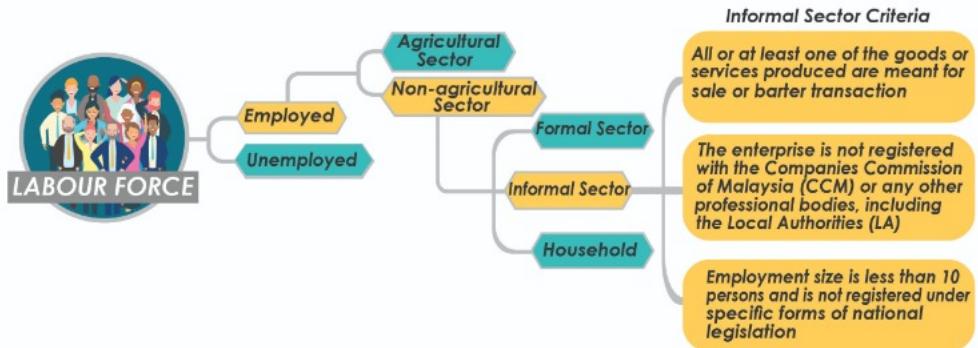
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## **FRAMEWORKS AND CONCEPT**

*The conceptual framework of employment in the informal sector as shown in Exhibit 1 includes information on household members aged 15 to 64 years which includes employment in the category of self-employed (3), employers (4), unpaid family workers (5) and employees (6,7). Meanwhile, members of the producer cooperative (8) were not covered in this survey.*

*Statistics of employment in the informal sector in this survey do not include employment in agriculture-related sectors and activities. For most countries, agricultural and related activities are not included in the statistical scope of the informal sector. Based on the guidelines and recommendations of the ILO with reference to the manual *Measuring Informality: A statistical manual on the informal sector and informal employment*, agricultural-related activities are excluded from the coverage of the *Informal Sector Survey*.*

***Exhibit 1:***  
***Malaysia: Conceptual Framework of Informal Employment***



Production units by type	Jobs by status in employment									
	Own-account workers		Employers		Unpaid family workers		Employees		Members of producers' cooperative	
	I	F	I	F	I	I	F	I	F	
Formal Sector Enterprises						1		2		
Informal Sector Enterprises (a)	3		4		5		6	7	8	
Households (b)	9				10					

**Employment does not exist in the type of production unit**

**Formal employment**

**Informal employment**

**Employment in the informal sector (3-8)**

**Informal employment (1-6, 8-10)**

**Informal employment outside the informal sector (1, 2, 9, 10)**

Note:

I : Informal; F : Formal

(a) As defined by the 15th International Conference of Labour Statisticians (ICLS 1993) resolution (excluding households employing paid domestic workers)

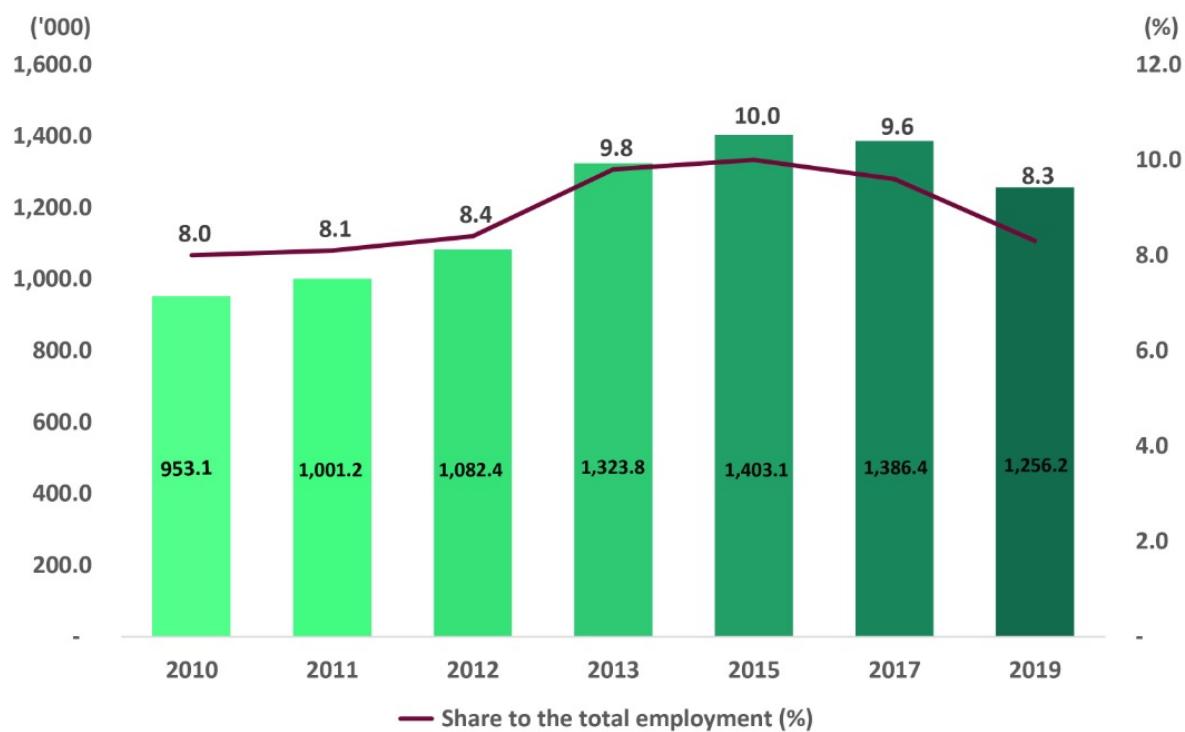
(b) Households producing goods exclusively for their own final use and households employing paid domestic workers

## EMPLOYMENT IN THE INFORMAL SECTOR

According to the findings of the survey, employment in the informal sector showed an increasing trend of 450.0 thousand persons from 953.1 thousand persons in 2010 to 1.4 million persons in 2015. However, starting 2015 the trend showed a decline by registering 146.9 thousand people to 1.26 million people in 2019.

Referring to the contribution of employment in the informal sector to the overall employment in Malaysia, the percentage has increased from 8.0 per cent in 2010 to 10.0 per cent in 2015. Starting in 2017, the trend of employment contribution in the informal sector showed a decreased, 8.3 percent in 2019 as compared to 9.6 per cent in 2017.

**Chart 1:**  
**Number and share of informal sector employment in the  
labour market, Malaysia, 2010 to 2019**



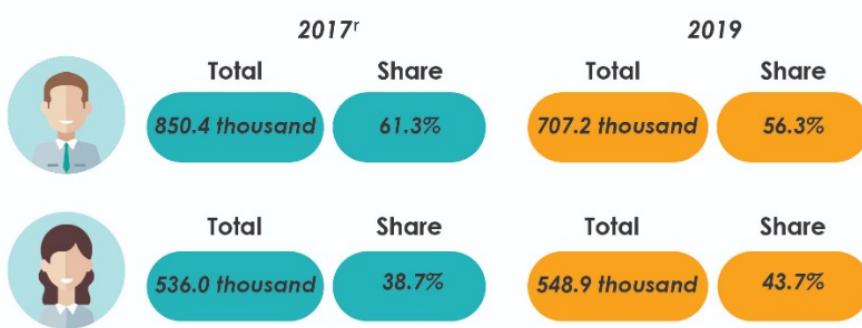
## **EMPLOYMENT IN THE INFORMAL SECTOR BY SEX**

The number of employments for male is 9,202.4 thousand persons in 2019 (61.1%) compared to 8,913.4 thousand in 2017. Meanwhile, there are 5,871.0 thousand persons (38.9%) in 2019 as compared to 5,563.3 thousand persons in 2017.

The composition of employment in the informal sector for male in 2019 was 707.2 thousand people (56.3%) as compared to 61.3 per cent in 2017. Meanwhile, employment for female in 2019 was 548.9 thousand people (43.7%) as compared to 38.7 per cent in 2017.

The annual growth of employment in the informal sector for male recorded a declined of 9.2 per cent from 2017 to 2019. Meanwhile female recorded a positive annual growth of 1.2 per cent in the same period.

**Exhibit 2:**  
**Employment in the Informal Sector by Sex, Malaysia, 2017r and 2019**



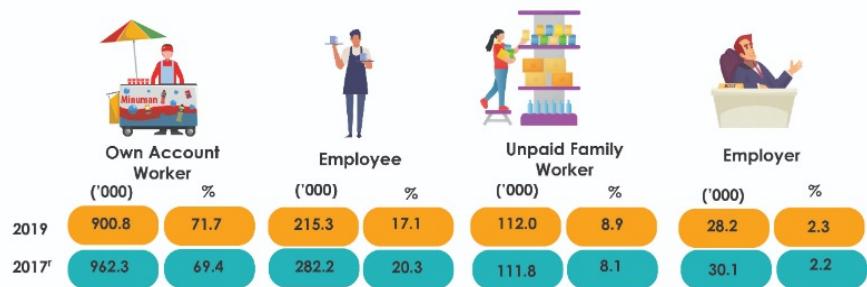
## **EMPLOYMENT IN THE INFORMAL SECTOR BY STATUS IN EMPLOYMENT**

Employment status refers to the position or status of each employed person in the institution or organization in which he or she works and customized based on the International Classification of Status in Employment (ICSE-93). The working population is classified according to employment status namely Employer, Employee, Own account worker and Unpaid family worker.

In 2019, Own account worker recorded the highest composition of employment in the informal sector with a contribution of 71.7 per cent followed by Employee (17.1%), Unpaid family worker (8.9%) and Employer (2.2%) in 2019.

The employment in the informal sector of Own account worker and Unpaid family worker showed an increasing trend in 2019 as compared to 2017.

**Exhibit 3:**  
**Employment in the Informal Sector by Status in Employment, Malaysia, 2017r to 2019**





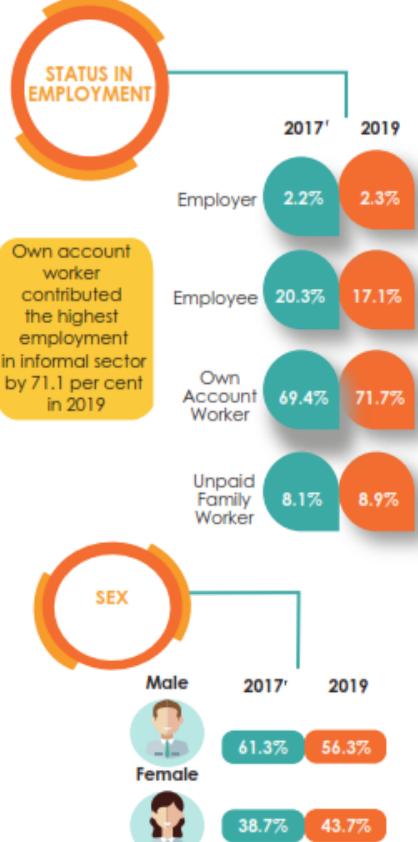
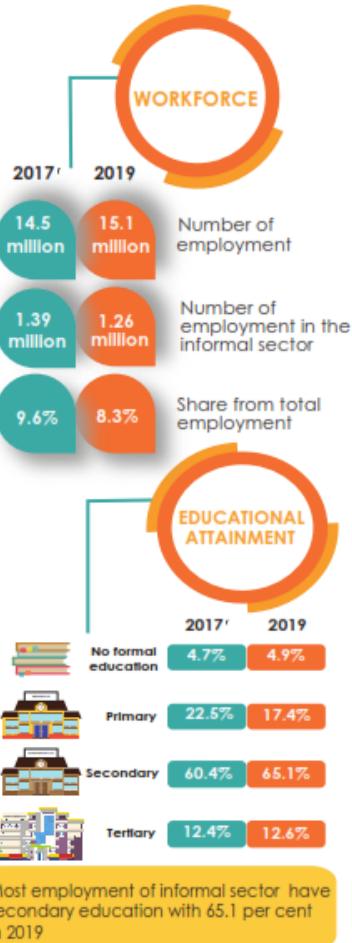
## STATISTICS OF EMPLOYMENT IN THE INFORMAL SECTOR, MALAYSIA, 2019

Employment in the informal sector in **2019** recorded **1.26 million** people, contributed **8.3 per cent** of employment in Malaysia

Informal employment 2.54 million

Informal employment in Informal sector is 1.26 million

Informal employment outside Informal sector is 1.28 million



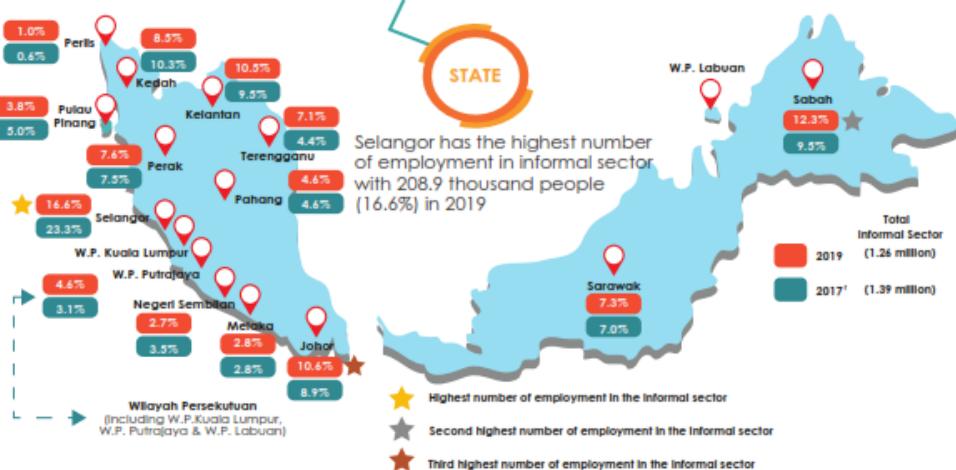
<sup>†</sup>Updated including formal sector and household

Source: Informal Sector Workforce Survey, Department of Statistics Malaysia, 2019



## STATISTICS OF EMPLOYMENT IN THE INFORMAL SECTOR, MALAYSIA, 2019

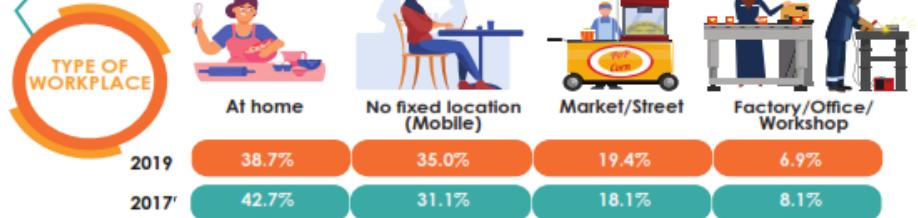
### EMPLOYMENT IN THE INFORMAL SECTOR



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### EMPLOYMENT IN THE INFORMAL SECTOR



Employment of informal sector mostly work at home (38.7%) and no fixed location (Mobile) (35.0%) in 2019

<sup>1</sup>Updated

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Source: Informal Sector Workforce Survey, Department of Statistics Malaysia, 2019

The detailed information regarding this report can be accessed through the eStatistics application in the Department of Statistics, Malaysia website, [www.dosm.gov.my](http://www.dosm.gov.my).

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