

Men, older workers more likely to hold informal jobs in skilled fields: World Bank

By [S. Joan Santani](#) - February 26, 2024 @ 6:53pm



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KUALA LUMPUR: Men and older workers as well as the non-Bumiputera have been found to be more likely to hold informal jobs in high-skilled fields, according to a World Bank's report.

The report titled "Informal Employment in Malaysia: Trends, Challenges and Opportunities for Reform" said informally employed Chinese and Indian workers are more likely to have high-skilled occupations compared to informally employed Bumiputera workers.

In terms of the sector of employment, informally employed workers from the mining sector are more likely to be employed in high-skilled occupations compared to those in the services sector.

The report also points out that the skill-related underemployment rate is particularly high for informally employed women and seems to largely decline with age, it added.

Despite having higher levels of education, women often struggle to balance work and family responsibilities, leading to higher underemployment rates among them.

On the one hand, those who are currently in informal employment need to have better protection against shocks and risk factors.

World Bank senior economist in social protection and jobs Dr Yashodhan Ghorpade said when such protection is provided by social insurance instruments, this may result also in the 'formalisation' of informal workers.

"When protection is provided by private instruments, workers' exposure to shocks can be significantly reduced, even though this may not result in them being reclassified as 'formal', he added.

However, overall, informal employment in Malaysia has been on a decline, contrary to common belief.

Informal employment in Malaysia has been declining over time, and there is some evidence that the informal employment rate is relatively low in comparison to regional peers.

Contrary to public perception, the rate of informal employment in Malaysia — defined as the share of workers who are not covered by a pension, retirement savings, or employment injury insurance — declined from 38.2 per cent in 2009 to 26.8 per cent in 2022.

Also, there is some evidence that the informal employment rate in Malaysia is relatively low when compared to less-developed regional peers such as Thailand, Indonesia and Vietnam.

However, the findings say informal employment is more prevalent in Malaysia in comparison to high-income countries such as Singapore, Australia and South Korea.

The report also said that more Malaysians are prepared to join the gig economy on the back of growing interest.

A survey from Zurich Insurance Group and the University of Oxford in 2018 found that 38 per cent of full-time employees in Malaysia were considering freelancing in the coming year, surpassing the global average of 20 per cent.