Information Management and Business Review (ISSN 2220-3796)
Vol. 18, No. 4, pp. 191-205, 2026

Between Survival and Choice: A Conceptual Framework of Informal Employment Participation in Malaysia

Nazurah Abdul Malek
Faculty of Business and Management, Universiti Teknologi MARA, Cawangan Selangor, Kampus Puncak Alam, Puncak Alam, Selangor Darul Ehsan, Malaysia
Email: nazurah.malek@uitm.edu.my

Abstract: Informal employment remains a significant feature of Malaysia's labour market, yet its participation is often explained through a simplified distinction between survivalist necessity and voluntarist choice. This conceptual paper argues that such a binary explanation is insufficient for understanding the diverse realities of informal workers in Malaysia. Drawing on informal employment literature, recent DOSM statistics, Malaysian evidence on informal entrepreneurship, gig work, women micro-entrepreneurship, caregiving, youth employment challenges, and platform labour protection, a continuum-based conceptual framework of informal employment participation is proposed. Three broad positions are identified: survivalist informality, constrained voluntarism, and voluntarist informality. The concept of constrained voluntarism is introduced to explain workers who appear to choose informal employment for flexibility, autonomy, or income opportunity, but whose choices are bounded by economic insecurity, household responsibilities, weak social protection, limited formal employment opportunities, skills mismatch, financial constraints, platform dependency, migrant status, or institutional barriers. The paper also considers recent policy developments, including the Gig Workers Act 2025, and highlights the need to recognise non-citizen and migrant workers within discussions of informal employment protection. It is argued that this framework provides a clearer understanding of informal employment by recognising both workers' choices and the structural constraints they face. The paper contributes by offering a Malaysia-focused conceptual framework that may guide future empirical research and inform more targeted labour market policies.

Keywords: *Informal employment; survivalist informality; voluntarist informality; constrained voluntarism; gig workers; social protection; formalisation.*

1. Introduction

Despite continued economic development and policy efforts to strengthen labour protection, informal employment remains an important feature of Malaysia's labour market. Traditionally, informal work has often been associated with small-scale trading, casual work, unpaid family work, own-account activities, and low-income work outside standard labour regulations. However, the nature of informality has become increasingly complex. Informal employment may now be observed not only among traditional informal workers, but also among platform workers, freelancers, home-based workers, online sellers, part-time workers, and individuals who combine formal and informal sources of income. Informality should therefore not be understood only as a sign of labour market vulnerability, but also as a changing form of work shaped by digitalisation, flexibility, income insecurity, household responsibilities, and diverse worker motivations.

The concept of informal employment has also shifted from a narrow focus on the informal sector to a broader concern with workers' employment conditions. Traditional perspectives linked informality to small, unregistered, or unincorporated businesses. However, a job-centred approach has increasingly been used to capture informal jobs that may exist within formal sector enterprises, informal sector enterprises, or households. Informal employment is therefore not limited to unregistered businesses, but may also include workers in formal enterprises who lack social protection, employment benefits, or legal protection (Williams & Lansky, 2013). For Malaysia, this perspective is important because informal employment should not be analysed only through business registration or enterprise status, but also through workers' access to protection and employment security.

Recent statistics from the Department of Statistics Malaysia (DOSM) indicate that informal employment remains a sizeable component of the Malaysian labour market. In 2025, informal employment was recorded at 3.28 million persons, or 19.8 per cent of overall employment. Of this total, 1.90 million persons were employed in the informal sector, 1.36 million persons were located in the formal sector, and 18.3 thousand persons were

recorded in households (DOSM, 2026). Although informal employment declined from 3.45 million persons in 2023 (DOSM, 2024) to 3.28 million persons in 2025 (DOSM, 2026), its continued presence across both formal and informal production units suggests that informality should not be treated as a marginal labour market issue. More importantly, the presence of informal employment within the formal sector indicates that informality is not only an enterprise-based issue, but also a worker-protection issue.

The distribution of informal employment also suggests that informality is strongly connected to urban and non-agricultural labour market activities. In 2025, informal employment remained concentrated in urban areas, accounting for 72.9 per cent, or 2.39 million persons, while rural areas accounted for 27.1 per cent, or 888.3 thousand persons (DOSM, 2026). In terms of gender, men accounted for 61.8 per cent of informal employment, or 2.03 million persons, while women accounted for 38.2 per cent, or 1.25 million persons (DOSM, 2026). These figures indicate that informal employment should not be viewed only as a rural, agricultural, or traditional livelihood issue. Rather, it should also be understood in relation to urban services, flexible work arrangements, self-employment, online business, and platform-mediated income generation. The continued participation of women in informal work also suggests the need to examine household responsibilities, care constraints, and flexible work preferences as part of informal employment participation.

Beyond aggregate labour market data, Malaysian studies also link informal and non-standard work to wider socioeconomic shifts. The growth of the gig economy has created new income opportunities, but it has also raised concerns about social protection, employment status, bargaining power, and labour rights. Malaysian studies on gig workers show that platform work may provide flexibility and income access, yet workers remain exposed to unstable income, weak legal recognition, limited social security coverage, and restricted collective representation (Abd Razak & Abdul Shukor, 2025; Ahamad Nawawi et al., 2023; Mohamad Amin, 2023; Uchiyama et al., 2022). At the same time, studies on informal entrepreneurs, online sellers, women micro-entrepreneurs, housewives, single mothers, and informal caregivers suggest that informal participation may also be shaped by income needs, skills, finance, household responsibilities, care work, and restricted access to formal employment (Hamidi et al., 2023; Kong et al., 2021; Mohamed@Jaafar & Nik Mat, 2023; Md Nor, 2022; Othman et al., 2022; Zainol & Al Mamun, 2018).

Recent policy developments have further increased the relevance of this discussion. The Gig Workers Act 2025, also known as Act 872, provides a specific legal framework for gig work in Malaysia. The Act regulates the duties of contracting entities, terms and conditions of service agreements, dispute resolution mechanisms, the Consultative Council, and the Gig Workers Tribunal. It also defines a gig worker as an individual who is a citizen or permanent resident of Malaysia, enters into a service agreement with a contracting entity, and receives earnings for the service performed. This development is important because it shows that Malaysia's policy response to platform work has moved beyond voluntary social protection schemes alone. However, the definition also raises questions about workers who may participate in informal or platform-mediated work but are not citizens or permanent residents.

Non-citizen and migrant labour should therefore be acknowledged in the Malaysian informal employment context, even though the 2025 DOSM informal employment report is primarily presented according to demographic and socioeconomic characteristics such as sex, age group, strata, educational attainment, occupational category, economic activity, and state (DOSM, 2026). Migrant and non-citizen workers may face different forms of constraint because their labour market position may be shaped by immigration status, recruitment arrangements, employer dependence, limited mobility, and restricted access to protection or complaint mechanisms. Therefore, foreign worker status should not be treated merely as an additional worker category, but as a structural condition that may intensify labour market vulnerability and constrain workers' choices.

Malaysia therefore provides a useful context for examining informal employment participation because its labour market is neither fully characterised by subsistence informality nor fully protected by standard employment institutions. The combination of informal jobs in the formal sector, urban informal work, self-employment, women-led home-based work, youth employability challenges, migrant and non-citizen labour concerns, and platform-mediated income activities suggests that informal employment participation may reflect both worker preference and structural limitation. In this context, the Malaysian case is theoretically

useful for examining how survival, constraint, and choice may coexist within informal employment.

The persistence of informal employment raises an important conceptual question: is informal employment participation mainly driven by survival, or is it shaped by voluntary choice? In the literature, this question is commonly discussed through the survivalist and voluntarist perspectives. The survivalist perspective views informal employment as a response to limited formal employment opportunities, poverty, unemployment, weak social protection, and labour market exclusion. From this perspective, informal work is interpreted as a survival strategy through which income is generated when secure and protected employment cannot be obtained. In contrast, the voluntarist perspective suggests that some workers may enter informal employment by choice, particularly when flexibility, autonomy, supplementary income, lower entry barriers, or entrepreneurial opportunity are valued (Temkin, 2009; Williams et al., 2011).

The survivalist–voluntarist distinction should not be treated as a strict dichotomy. Studies on informal employment have increasingly shown that informality is heterogeneous. Informal workers may range from lower-tier workers in vulnerable and survival-based activities to upper-tier entrepreneurs, professionals, or skilled workers who may voluntarily remain informal (Fields et al., 2023; Williams et al., 2017). Rosaldo (2021) also warns that the informal sector concept may become problematic when it homogenises diverse workers, reinforces an either/or fallacy, or assumes that formalisation is always the main solution. These critiques are relevant to Malaysia because informal workers may differ in their motivations, income dependence, skills, household responsibilities, citizenship or migrant status, digital access, and exposure to social protection gaps. Although informal employment is increasingly recognised as a heterogeneous phenomenon, much of the debate still relies on a simple distinction between necessity-driven and opportunity-driven informal employment. This distinction is useful, but it may overlook workers whose participation appears voluntary while still being shaped by economic insecurity, household responsibilities, weak social protection, skills mismatch, financial constraints, platform dependency, migrant status, or limited formal employment options. In Malaysia, where informal employment exists across both formal and informal sectors and is increasingly concentrated in urban labour markets, this middle position requires clearer conceptual attention.

It is therefore argued in this paper that informal employment participation in Malaysia should not be understood through a simple binary between survivalist necessity and voluntarist choice. Instead, informality should be conceptualised as a continuum in which workers may occupy different positions between survival, constraint, and choice. To develop this argument, the concept of constrained voluntarism is proposed. Constrained voluntarism refers to a form of informal employment participation in which workers exercise agency in choosing informal work, but this agency is bounded by limited formal employment opportunities, weak social protection, household responsibilities, income insecurity, platform dependence, migrant status, or institutional barriers to formalisation. The concept therefore differs from pure survivalist informality, where participation is primarily necessity-driven, and from pure voluntarist informality, where participation is mainly opportunity-driven.

The aim of this paper is to develop a conceptual framework for understanding informal employment participation in Malaysia by integrating survivalist and voluntarist perspectives. Specifically, the paper seeks to review survivalist and voluntarist explanations of informal employment, discuss their relevance to Malaysia's informal labour market using DOSM data, Malaysian empirical studies, and recent policy developments, and propose a continuum-based framework consisting of survivalist informality, constrained voluntarism, and voluntarist informality. This paper contributes to the literature by offering a Malaysia-focused conceptual framework that recognises informal workers as a diverse group whose participation may be shaped by both agency and structural constraint. It also provides a policy-relevant basis for developing differentiated responses, including social protection, flexible formalisation, platform-related protection, collective representation, legal recognition, skills support, childcare support, migrant-sensitive protection, and worker-centred policy design.

2. Literature Review

Informal Employment and Its Heterogeneity

Informal employment is better understood through a worker-centred rather than purely enterprise-centred lens. While earlier discussions associated informality with small, unregistered enterprises, recent approaches emphasise whether workers are covered by legal protection, social security, employment benefits, and labour rights (Williams & Lansky, 2013). A worker-centred approach is useful because it allows informality to be analysed through workers' employment conditions rather than only through the legal status of enterprises. Routh (2011) argues that the concept of informal employment provides a broader basis for analysing workers who lack protection, even when they are not located within informal enterprises. Similarly, Rosaldo (2021) cautions that the term informal sector may homogenise diverse workers and obscure the different forms of vulnerability, agency, and exclusion experienced by informal workers. Therefore, informal employment should not be treated as a single labour market category.

The heterogeneity of informal employment has also been shown in studies on self-employment, informal enterprises, and labour market transitions. Santiago and Vasconcelos (2017) show that self-employment may include both vulnerable workers and skilled professionals, while Ulyssea (2018) demonstrates that informality varies across workers, firms, wages, skills, and firm size. Williams et al. (2020) further argue that enterprises may operate at different degrees of informalisation, rather than being fully formal or fully informal. These studies suggest that informal employment should be understood as a continuum of work arrangements with different levels of protection, vulnerability, and opportunity.

Malaysian evidence also supports the heterogeneous nature of informal and non-standard work. Othman et al. (2022) show that informal entrepreneurship in Klang Valley is driven by both necessity and opportunity, while Harun et al. (2020) demonstrate that gig work in Malaysia includes a wide range of occupations with flexible working hours, flexible workplaces, and varying degrees of digital presence. Ahamad Nawawi et al. (2023) further show that the Malaysian gig economy expanded alongside the growth of digital platforms, with physical gig activities dominating the market compared to digital gig activities. Similarly, studies on online sellers, housewives, women micro-entrepreneurs, and night market workers suggest that informal work may involve income survival, entrepreneurial opportunity, household responsibilities, digital participation, and crisis-related vulnerability (Hamidi et al., 2023; Lim et al., 2024; Mohamed@Jaafar & Nik Mat, 2023; Zainol & Al Mamun, 2018).

The Malaysian SME and entrepreneurship literature also provides useful background for understanding informal entrepreneurship. SMEs have been described as an important source of employment and economic activity in Malaysia, but business development may be constrained by finance, skills, competitiveness, and governance challenges (Abdullah et al., 2011; Adan et al., 2020; Sulaiman & Mohd Fauzi, 2017; Umrani & Johl, 2016). Although not all SMEs are informal, this literature is relevant because it shows that entrepreneurship in Malaysia is shaped by both opportunity and constraint. For informal entrepreneurs, the decision to remain informal may therefore be influenced not only by preference, but also by limited capacity to comply with formal business requirements or to access finance, markets, and institutional support.

Survivalist and Voluntarist Perspectives

The survivalist perspective views informal employment as a response to economic necessity. From this perspective, workers are pushed into informality because of poverty, unemployment, limited formal job opportunities, weak social protection, and exclusion from the formal labour market. Informal work is therefore interpreted as a survival strategy rather than a preferred form of employment. Temkin (2009) frames this debate by asking whether informal self-employment in developing countries should be viewed as entrepreneurship or as a survivalist strategy. Similarly, Sahoo and Neog (2015) show that informal employment in India is shaped by poverty, education, gender, social group, rural-urban location and work quality.

The survivalist perspective is also supported by studies that link informality to vulnerability and weak protection. Gössling and Schumacher (2012) conceptualise a survival sector shaped by marginality and limited mobility, while Masha et al. (2024) describe survivalist microenterprises as activities created mainly in

response to unemployment, poverty, and limited income opportunities. In addition, Cavalcanti Prestes et al. (2026) show that informal employment may be associated with poorer mental health outcomes, job insecurity, and low income. These studies suggest that for many workers, informality is closely connected to vulnerability, insecurity and the absence of adequate social protection.

In Malaysia, survivalist explanations are relevant to workers who enter informal employment because formal labour market access is restricted. Youth unemployment, skills mismatch, and limited employability skills may narrow access to formal jobs, especially for younger workers and graduates (Nasreen et al., 2022; Zain et al., 2024). Low-income single mothers may also enter informal employment or self-employment because their employment choices are restricted by education, locality, mobility, and childcare responsibilities (Md Nor, 2022). These forms of participation suggest that informal employment may be used as an income strategy when formal employment is unavailable, unsuitable, or incompatible with household responsibilities.

In contrast, the voluntarist perspective suggests that some workers and entrepreneurs may choose informal employment because it provides flexibility, autonomy, independence, supplementary income, or entrepreneurial opportunity. This view is often linked to the idea of exit, where workers choose to leave formal institutions because formal employment or regulation is perceived as restrictive, costly, or unattractive. Williams et al. (2011), in their study of Ukraine, show that informal employment is not universally driven by either exclusion or exit; rather, some workers participate due to exclusion, some due to exit and others due to both.

Evidence of voluntary participation has also been found in studies of upper-tier informality and informal entrepreneurship. Williams et al. (2017) identify a dual informal labour market consisting of an exclusion-driven lower tier and an exit-driven upper tier. Fields et al. (2023) similarly distinguish lower-tier informal workers, who are commonly vulnerable and survival-driven, from upper-tier informal workers, who may include entrepreneurs, professionals, and skilled workers who voluntarily remain informal. Informal entrepreneurship may also be treated as a seedbed for enterprise creation, although policy support is still needed to encourage movement into formality (Williams, 2015). Therefore, the voluntarist perspective remains useful for explaining cases where informal work is associated with flexibility, autonomy, and opportunity.

Malaysian studies also provide evidence that voluntarist motives may be present in informal and gig work. Othman et al. (2022) identify necessity and opportunity as two primary drivers of informal entrepreneurship, where the inability to find formal employment reflects necessity, while the preference to work independently reflects opportunity. Mohamed@Jaafar and Nik Mat (2023) show that online sellers associate gig work performance with income generation, skills, flexible time, sales volume, fast interaction, knowledge, effort, and innovation. Similarly, women informal micro-entrepreneurs in Kelantan were found to benefit from competencies that support competitive advantage and business performance (Zainol & Al Mamun, 2018). These studies suggest that informal participation may involve entrepreneurial behaviour and opportunity seeking, although such behaviour may still be embedded within wider constraints.

However, voluntarist motives should not be interpreted as the absence of vulnerability. Flexibility may be valued, but it may still be embedded within insecure work arrangements. For example, Wijayaningtyas et al. (2017) find that informal construction workers in Indonesia preferred unit-based wage arrangements because these allowed flexibility in working hours, although the work remained project-based and weakly protected. Similarly, Kabir et al. (2024) show that survival intent may coexist with entrepreneurial orientation among informal enterprises. This suggests that survivalist and voluntarist explanations often overlap rather than operate separately.

Constrained Voluntarism

The literature increasingly suggests that informal employment cannot be fully explained by either survivalist or voluntarist perspectives alone. The survivalist perspective is useful for explaining informal employment driven by poverty, unemployment, exclusion, and weak protection. The voluntarist perspective is useful for explaining informal work chosen for flexibility, autonomy, entrepreneurship, or supplementary income. However, many workers are likely to occupy a middle position where informal employment is both chosen and

constrained.

This middle position has been reflected in several strands of the literature. Williams et al. (2011) show that exit and exclusion may coexist in informal employment. Beccaria et al. (2022) find that transitions into informal employment are generally not desirable, although some employer-based informal transitions may reflect voluntariness. Rani (2020) also argues that old and new forms of informal employment now coexist, including traditional informal labour, temporary work, disguised employment, and platform-based work. These findings indicate that informality is increasingly shaped by both labour market insecurity and changing work preferences.

The concept of constrained voluntarism is therefore proposed in this paper to capture informal employment participation that appears voluntary but is shaped by economic, institutional, household, or labour market constraints. This concept builds on the exit–exclusion framework of Williams et al. (2011), the upper-tier/lower-tier distinction discussed by Williams et al. (2017) and Fields et al. (2023), and the critique of binary thinking advanced by Rosaldo (2021). It also reflects Routh's (2011) worker-centred approach, where informal employment is understood through workers' conditions and protection gaps rather than only through enterprise status.

In the Malaysian context, constrained voluntarism may be especially useful for understanding workers who value flexibility but remain exposed to insecurity. Platform workers may enter gig work because of flexible time and income opportunities, but their employment status often places them outside conventional labour protection, social security, and collective bargaining arrangements (Abd Razak & Abdul Shukor, 2025; Mohamad Amin, 2023; Uchiyama et al., 2022). Women in home-based informal work may value income independence and flexible working arrangements, but their choices may be shaped by care responsibilities, financial constraints, and limited access to formal work (Hamidi et al., 2023; Kong et al., 2021; Md Nor, 2022; You et al., 2025). Low-income single mothers may also enter informal or self-employment not because it is fully preferred, but because education, locality, mobility, and childcare responsibilities restrict their work choices (Md Nor, 2022). These cases reflect constrained voluntarism because agency exists, but it is exercised under unequal structural conditions.

Migrant and non-citizen workers may also be understood through the lens of constrained voluntarism, although they require careful treatment. Their work choices may be shaped not only by income needs and employment opportunities, but also by immigration status, recruitment arrangements, employer dependence, limited mobility, and restricted access to complaint or protection mechanisms. In this sense, foreign workers should not be treated simply as another category of informal worker. Rather, migrant status may operate as an additional structural condition that intensifies constraint. This is relevant to the proposed framework because constrained voluntarism is concerned not only with whether workers appear to choose informal or non-standard work, but also with the institutional and legal conditions under which such choices are made.

Crisis conditions further highlight the relevance of constrained voluntarism. During the COVID-19 period, informal workers and night market vendors were affected by movement restrictions, lower customer turnout, financial strain, and limited crisis preparedness (Lim et al., 2024). Wider pandemic governance also exposed tensions between public health measures, socioeconomic support, and the position of marginalised communities (Tayeb & Hong, 2021). These experiences suggest that informal workers may appear to operate independently, yet their livelihood security remains vulnerable to shocks, regulatory decisions, and limited institutional protection.

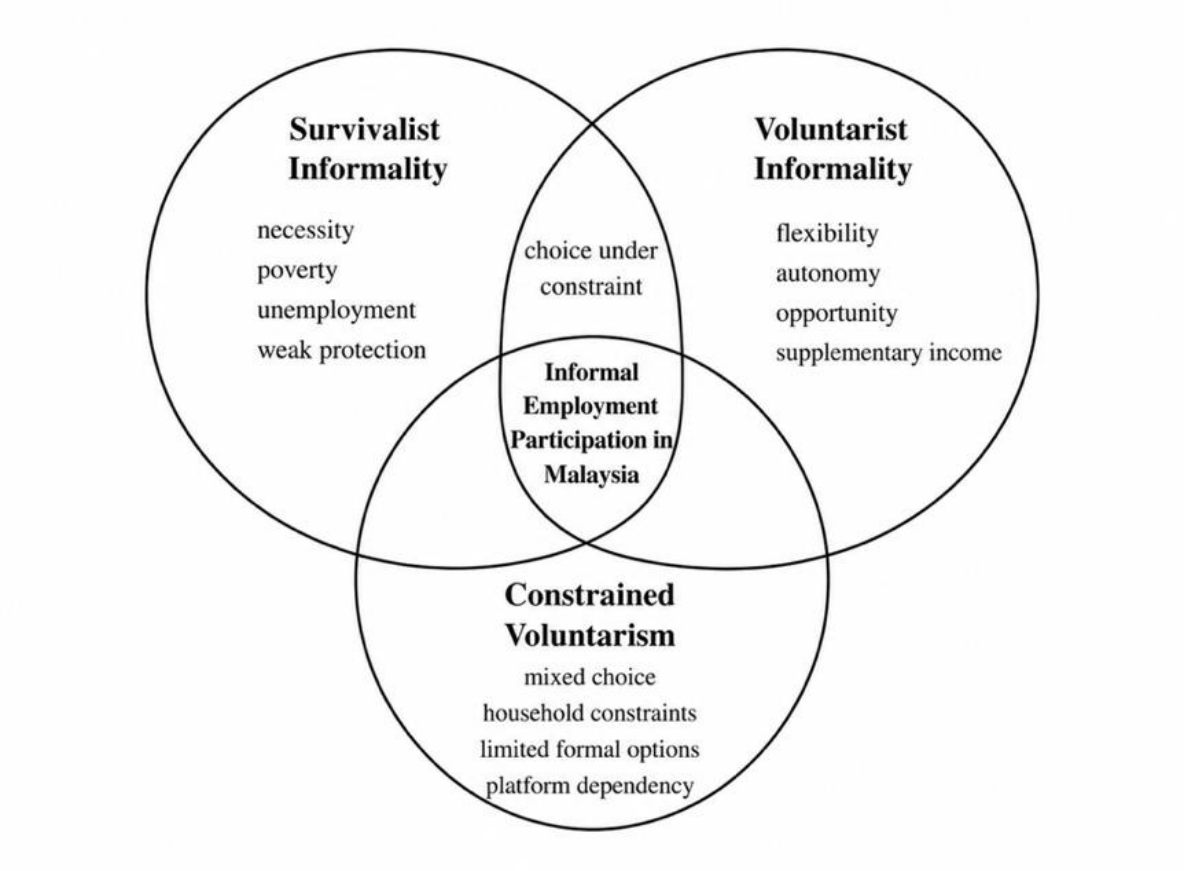
Constrained voluntarism is therefore not simply a middle category between survivalist and voluntarist informality. Rather, it is a conceptual lens for understanding bounded agency. It recognises that workers may exercise preference, strategy, and entrepreneurship, but that these choices are made within unequal labour market conditions, household responsibilities, migrant status, weak legal recognition, limited social protection, and restricted access to formalisation support.

3. Proposed Conceptual Framework

Informal Employment as a Continuum

Based on the literature reviewed, informal employment participation should not be understood through a single explanation. While the survivalist perspective emphasises necessity, exclusion, and vulnerability, the voluntarist perspective highlights flexibility, autonomy, and opportunity. However, many informal workers may fall between these two perspectives. This paper therefore proposes that informal employment participation in Malaysia should be conceptualised as a continuum of survival, constraint, and choice, as shown in Figure 1.

Figure 1: Overlap Between Survivalist, Voluntarist and Constrained Voluntarism Perspectives



Source: Author's conceptualisation

At one end of the continuum is survivalist informality, where informal employment is mainly driven by necessity. Workers in this category may enter informal work because formal employment is unavailable, inaccessible, or unsuitable. Their participation may be shaped by low income, unemployment, weak bargaining power, limited education, skills mismatch, or lack of social protection. In this case, informal employment functions primarily as a survival strategy.

At the other end is voluntarist informality, where informal employment is mainly driven by preference or opportunity. Workers in this category may choose informal work because it offers flexibility, autonomy, control over working time, entrepreneurial opportunity, supplementary income, or business independence. These workers may have stronger skills, wider networks, better bargaining power, or alternative income sources.

Between these two positions is constrained voluntarism. This refers to informal employment participation that appears voluntary but is shaped by structural, institutional, household, or labour market constraints. For

example, a platform worker may value flexible working hours, but such participation may also be influenced by low formal wages, household income pressure, limited stable employment, or weak legal recognition. Similarly, a home-based seller or housewife entrepreneur may prefer working from home, but this preference may be shaped by caregiving responsibilities, mobility constraints, or limited access to finance. Thus, constrained voluntarism captures the coexistence of agency and vulnerability in informal employment participation.

The contribution of this framework lies in its attempt to move beyond a binary interpretation of informal employment. Rather than classifying workers as either survivalist or voluntarist, the framework recognises that informal employment participation may involve different degrees of agency and constraint. This is particularly important for analysing workers whose informal participation is not entirely forced, but also not fully voluntary.

Typology of Informal Employment Participation

Table 1: Typology of Informal Employment Participation in Malaysia

Type of informality	Main driver	Examples in Malaysia	Policy focus
Survivalist informality	Necessity and income survival	Casual workers, unpaid family workers, low-income own-account workers, small traders, unemployed youth entering informal work	Social protection, income support, basic labour protection, skills training
Constrained voluntarism	Mixed choice and constraint	Platform workers, online sellers, home-based sellers, caregivers, single mothers, housewives, part-time informal workers, informal micro-entrepreneurs, migrant workers facing institutional constraints	Portable benefits, flexible formalisation, platform protection, childcare and caregiver support, simplified enrolment, legal recognition, safe complaint channels
Voluntarist informality	Flexibility, autonomy, and opportunity	Skilled freelancers, online entrepreneurs, professional side-income earners, growth-oriented informal entrepreneurs	Business support, simplified registration, digital skills, financing access, productivity support

The proposed typology is summarised in Table 1. It is intended to show that different informal workers may have different motivations, constraints, and policy needs. The typology should not be interpreted as a fixed classification. Rather, it is proposed as an analytical device for understanding how informal workers may be positioned differently across the survival-constraint-choice continuum.

This typology is useful because it links worker motivation to policy response. Survivalist informal workers may require stronger protection and poverty-related support. Constrained voluntarist workers may require policies that protect them without removing the flexibility they value. Voluntarist informal workers may benefit more from business development, digital skills, financing support, and simplified registration procedures.

Conceptual Model

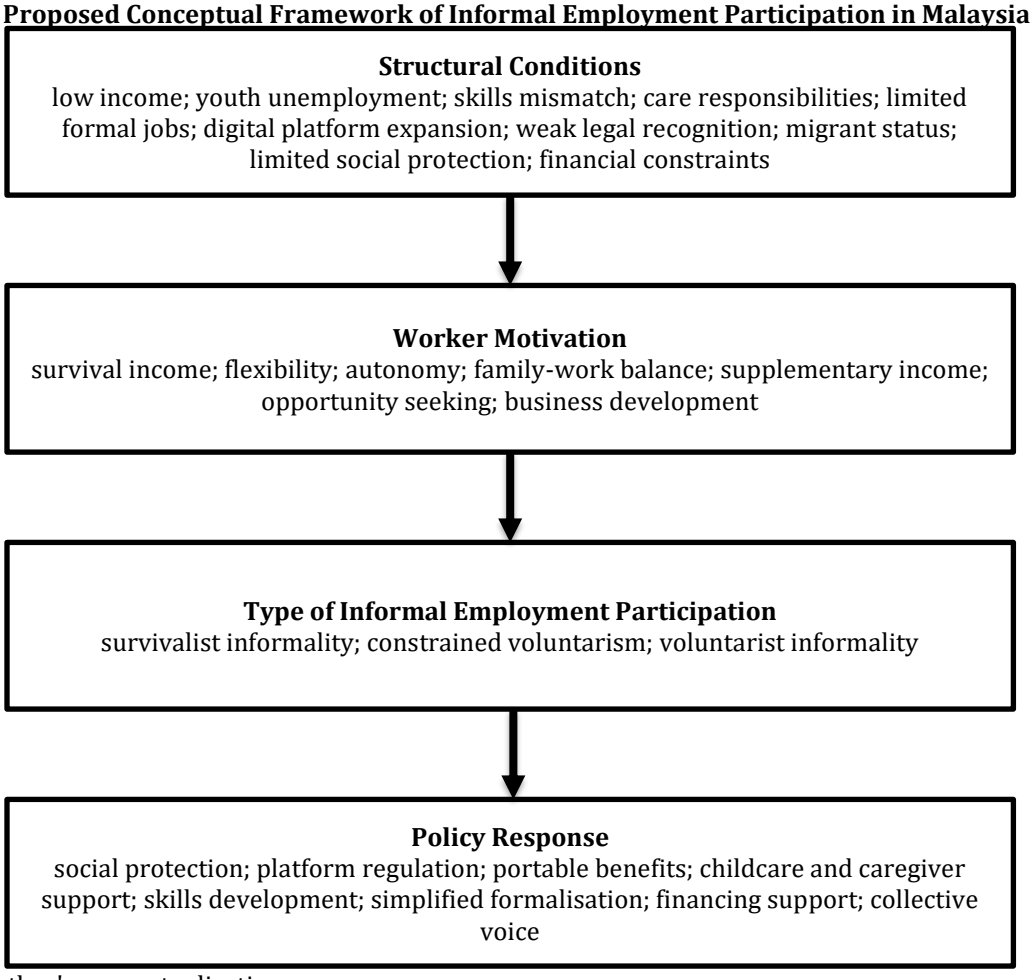
The proposed framework suggests that informal employment participation is shaped by the interaction between structural conditions, worker motivations, and institutional context (Figure 2). Structural conditions may include low income, youth unemployment, skills mismatch, care responsibilities, limited formal job opportunities, digital platform expansion, weak legal recognition, migrant status, limited social protection coverage, and financial constraints. Worker motivations may include survival income, flexibility, autonomy, family-work balance, supplementary income, opportunity seeking, and business development. These factors influence whether participation is more survivalist, voluntarist, or constrained voluntarist.

This framework is relevant to Malaysia because informal employment has been shown to exist across both informal and formal sectors. DOSM data indicate that informality is not only an issue of enterprise registration,

but also a question of whether workers are protected, covered by benefits, and included in social security systems. The urban concentration of informal employment also suggests that informality may increasingly be associated with urban services, self-employment, online business, platform work, and flexible income-generating activities. Therefore, the continuum approach provides a more nuanced basis for understanding Malaysia's informal labour market.

As this paper is conceptual in nature, the proposed framework is not intended to test formal hypotheses. Instead, it clarifies how different forms of informal employment participation may be understood along the survival–constraint–choice continuum. Informal employment participation is more likely to reflect survivalist informality when workers experience high economic insecurity, limited access to formal employment, and weak social protection coverage. It is more likely to reflect voluntarist informality when workers possess stronger skills, greater income security, higher autonomy, and access to entrepreneurial or digital opportunities. Between these two positions, constrained voluntarism may be observed when workers value flexibility or income opportunity, but their choices remain bounded by structural, institutional, or household constraints.

Figure 2: Proposed Conceptual Framework of Informal Employment Participation in Malaysia



Source: Author's conceptualisation

4. Policy Implications

Differentiated Policy Responses

The proposed framework suggests that informal workers in Malaysia should not be treated as a homogeneous group. Since informal employment may be shaped by survival, constrained choice, or voluntary preference, a single formalisation policy may not be sufficient. Workers who enter informality due to poverty, exclusion, and weak labour protection may require different support from those who participate because of flexibility, autonomy or business opportunity.

Therefore, policy responses should be differentiated according to workers' motivations and constraints. For survivalist informal workers, priority should be given to social protection, income support, basic labour protection, and skills training. For workers located within constrained voluntarism, policy should focus on portable benefits, flexible formalisation, childcare support, caregiver support, platform-related protection, and simplified access to protection schemes. For voluntarist informal workers, support may be directed towards simplified business registration, digital skills, financing access, and productivity improvement.

The differentiated approach is important because formalisation should not be treated as a purely administrative exercise. If formalisation is perceived only as registration, taxation, or compliance, it may be unattractive to workers with low or unstable income. However, when formalisation is linked to protection, financing, training, market access, and clear worker benefits, it may become more supportive and inclusive.

Social Protection, Flexible Formalisation and Current Schemes

Formalisation should not be understood only as business registration or tax compliance. Instead, it should be linked to better protection and livelihood security. Since DOSM's definition of informal employment is closely related to the absence of social security schemes or employment benefits, social protection should be placed at the centre of informal employment policy in Malaysia.

For low-income and survivalist informal workers, voluntary contribution schemes may be insufficient if income is unstable. Subsidised contributions, matching schemes, simplified enrolment, and wider awareness of social protection programmes may therefore be needed. Meanwhile, for informal entrepreneurs, online sellers, freelancers, and platform workers, formalisation should be made flexible and gradual. Registration should provide clear benefits, such as access to financing, training, social protection, and market support. This would allow formalisation to be viewed as supportive rather than punitive.

In Malaysia, several schemes have been introduced to extend protection to informal, self-employed, and gig workers. For example, the Employees Provident Fund's i-Saraan provides a voluntary retirement savings channel for self-employed persons and those without fixed income, with a government matching incentive of 20 per cent up to RM500 annually (Employees Provident Fund, n.d.-a). The newer i-Saraan Plus initiative has been designed for e-hailing and p-hailing drivers, with a higher matching incentive of up to RM600 annually (Employees Provident Fund, n.d.-b). PERKESO's Self-Employment Social Security Scheme, also known as Lindung Kendiri, provides employment injury protection for self-employed persons (Social Security Organisation, 2026a). These schemes are important because they recognise that non-standard workers require access to social protection beyond the conventional employer-employee model.

However, the voluntary nature of these schemes may limit coverage among survivalist informal workers with irregular or low income. From the perspective of constrained voluntarism, workers may value flexibility but still remain exposed to income insecurity, work injury, and retirement vulnerability. Therefore, existing schemes may be strengthened through simplified enrolment, matching contributions, platform-based contribution mechanisms, wider awareness, and stronger links between formalisation and tangible worker benefits.

Platform Work, Collective Representation and Worker Voice

The rise of platform and digital work has made the boundary between survivalist and voluntarist informality more complex. Platform workers may value flexibility, autonomy, and income opportunity, yet they may also face unstable earnings, weak bargaining power, algorithmic control, work injury risks, and limited employment

protection. For this reason, platform work should not be understood only as opportunity-driven employment. It may also represent a form of constrained voluntarism, where workers exercise choice but remain exposed to institutional and labour market vulnerabilities.

The enactment of the Gig Workers Act 2025 (Act 872) represents an important development in Malaysia's regulatory response to platform and gig work. The Act was introduced to protect the rights of gig workers, provide for the duties of contracting entities, regulate the terms and conditions of service agreements, establish dispute resolution mechanisms, and provide for the establishment of the Consultative Council and the Gig Workers Tribunal (Ministry of Human Resources Malaysia, 2025). This indicates that Malaysia's policy response has moved beyond voluntary savings and employment injury protection schemes towards a more specific legal framework for gig work.

However, the Act should also be examined within the survival–constraint–choice continuum. On the one hand, it may strengthen the position of gig workers by recognising matters related to service agreements, earnings, dispute resolution, internal grievance mechanisms, and representation through gig workers' associations. These provisions may reduce some forms of constrained voluntarism by improving legal recognition and providing clearer mechanisms for addressing disputes between gig workers and contracting entities. On the other hand, the Act defines a gig worker as an individual who is a citizen or permanent resident of Malaysia, enters into a service agreement with a contracting entity, and receives earnings for the service performed (Ministry of Human Resources Malaysia, 2025). This definition raises an important question regarding the position of non-citizen and migrant workers who may participate in informal or platform-mediated work but fall outside this legal definition.

Therefore, while the Gig Workers Act 2025 is an important policy development, it does not remove the need to examine wider informal labour protection gaps. In particular, migrant and non-citizen workers may remain exposed to constraints related to immigration status, employer dependence, recruitment arrangements, limited mobility, and restricted access to complaint mechanisms. From the perspective of constrained voluntarism, legal recognition should therefore be considered together with social protection, platform accountability, portable benefits, and migrant-sensitive protection.

Worker voice is also important. Informal workers, especially platform workers, women home-based workers, migrant workers, and low-income informal entrepreneurs, should be included in policy discussions so that their actual needs and constraints are recognised. This is consistent with worker-centred approaches that emphasise visibility, voice, and validity in informal worker policy design (Tellado et al., 2020). A more inclusive approach to platform work should therefore combine legal recognition, fair dispute mechanisms, social protection, collective representation, and protection for workers who may remain outside the formal scope of the Gig Workers Act 2025.

Gender, Care Responsibilities and Skills Support

Gender and care responsibilities are important dimensions of constrained voluntarism in Malaysia. Women's participation in informal and home-based work may reflect a preference for flexibility, but such preference is often shaped by domestic responsibilities, childcare, caregiving, and limited access to suitable formal employment. Studies on informal caregivers, single mothers, housewives, and women micro-entrepreneurs in Malaysia show that women's work choices are frequently negotiated around household responsibilities, financial pressure, and restricted mobility (Hamidi et al., 2023; Kong et al., 2021; Md Nor, 2022; You et al., 2025; Zainol & Al Mamun, 2018). Therefore, flexible informal work should not automatically be interpreted as purely voluntary, as it may reflect a constrained response to gendered labour market and household conditions.

At the same time, informal employment policy should also include skills and productivity support. Digital skills, financial literacy, business training, and market access may help informal workers move towards more secure and productive work. This is especially relevant because youth unemployment and skills mismatch have been identified as challenges affecting formal labour market entry in Malaysia (Nasreen et al., 2022; Zain et al., 2024). For informal entrepreneurs and online sellers, skills support may also increase the ability to use digital platforms more productively and to transition into more sustainable business activities.

Policy should therefore recognise both protection and productivity. Protection is needed because informal workers may lack security, benefits, and bargaining power. Productivity support is needed because some informal workers may have entrepreneurial potential but lack finance, skills, market access, or formalisation pathways. A balanced approach would help reduce vulnerability while supporting workers' capacity to improve their livelihoods.

Table 2: Policy Implications Based on the Survival-Constraint-Choice Continuum

Informality type	Main risk	Current policy relevance	Policy improvement
Survivalist informality	Low income, unstable work, weak protection	PERKESO Lindung Kendiri, EPF i-Saraan, income and skills programmes	Subsidised contributions, income support, simplified enrolment, basic labour protection
Constrained voluntarism	Flexibility with insecurity, care constraints, platform dependency	i-Saraan Plus, Gig Workers Act 2025, platform-related protection discussions, caregiver and childcare support	Portable benefits, platform-based contributions, childcare/caregiver support, clearer legal recognition, collective voice
Voluntarist informality	Business informality, limited scaling, productivity constraints	Business registration, entrepreneurship programmes, digital skills support	Simplified formalisation, financing access, tax incentives, productivity and digital support

Overall, informal employment policy in Malaysia should move beyond a narrow focus on formalisation, registration, or voluntary participation in protection schemes. A more effective approach would combine protection, flexibility, skills development, legal recognition, platform accountability, financing support, and worker participation. This would allow informal workers to be supported according to their different positions along the survival-constraint-choice continuum

5. Conclusion

This paper has proposed a conceptual framework for understanding informal employment participation in Malaysia by integrating survivalist and voluntarist perspectives. It has been argued that informal employment should not be viewed only as a result of poverty and exclusion, nor should it be interpreted entirely as a voluntary choice for flexibility, autonomy, or entrepreneurship. Instead, informal employment participation should be understood as a continuum shaped by survival, constraint, and choice.

Using Malaysia as the context, it has been shown that informal employment remains an important labour market issue. DOSM data indicate that informal employment exists not only in the informal sector, but also within the formal sector. Malaysian studies further show that informal and non-standard work is connected to platform work, online selling, women's micro-entrepreneurship, housewives' home-based businesses, single mothers' precarious employment, informal caregiving, youth employability challenges, and SME-related constraints. These patterns suggest that informality should not be examined only through enterprise registration, but also through workers' access to social protection, legal recognition, household support, skills, employment benefits, and labour security.

The main contribution of this paper is the concept of constrained voluntarism, which captures the middle position between survivalist and voluntarist informality. Some workers may appear to choose informal employment because of flexibility or income opportunity, yet their choices may still be bounded by low wages, limited formal job opportunities, household responsibilities, weak social protection, skills mismatch, financial constraints, or platform dependency. Therefore, informal workers should not be treated as a homogeneous group. Rather, they should be understood as occupying different labour market positions with different degrees of vulnerability, autonomy, and institutional protection.

The proposed framework holds significance for policymakers. A one-size-fits-all approach to formalisation may be insufficient. Survivalist informal workers may require stronger social protection and income support, while constrained voluntarist workers may require portable benefits, flexible formalisation, platform-related protection, childcare support, caregiver support, and clearer legal recognition. Business support, access to finance and digital skills, and streamlined registration processes might benefit voluntarist informal workers more.

The inclusion of the Gig Workers Act 2025 and non-citizen labour also shows that informal employment policy in Malaysia is evolving. While the Act provides a stronger legal basis for gig worker protection, its definition of gig workers as citizens or permanent residents suggests that migrant and non-citizen workers may require separate policy attention. Therefore, future discussions of informal employment in Malaysia should distinguish between citizen informal workers, protected gig workers, and migrant workers whose vulnerability may be shaped by both labour market conditions and legal status.

As a conceptual paper, this study does not empirically test the proposed framework. However, it offers a foundation for future studies to analyse whether informal workers in Malaysia can be empirically differentiated into the categories of survivalist, constrained voluntarist, and voluntarist. Future studies may apply survey analysis, qualitative interviews, mixed-method approaches, or latent class analysis to identify different informal worker profiles and examine how these profiles relate to income security, social protection participation, platform dependency, gender, caregiving, skills, and household responsibilities. Such research would be useful in designing more targeted policies for worker protection, productivity, and inclusion.

References

Abd Razak, S. S., & Abdul Shukor, S. F. (2025). Reforming social security protection for platform workers in Malaysia's digital labour platforms. *IIUM Law Journal, 33*(1), 35–64. https://doi.org/10.31436/iiumlj.v33i1.1017

Abdullah, Z., Zainal, N. R., Abdullah, A., & Harvie, C. (2011). Long-run business objectives and business performance of Bumiputera and non-Bumiputera SMEs during the 2007–2009 economic slowdown. In *2011 IEEE Colloquium on Humanities, Science and Engineering Research (CHUSER 2011)* (pp. 750–755). IEEE. https://doi.org/10.1109/CHUSER.2011.6163835

Adan, M., Hussain, S. I., & Samsudin, H. B. (2020). Understanding the economic linkages among small and medium enterprises, economic growth, and employees in Malaysia. *Asian Economic and Financial Review, 10*(11), 1309–1320. https://doi.org/10.18488/journal.aefr.2020.1011.1309.1320

Ahamad Nawawi, N. H., Ramli, R., Khalid, N., & Abdul Rashid, S. F. (2023). Understanding the presence of the gig economy in Malaysia. *Malaysian Journal of Consumer and Family Economics, 31*, 274–293. https://doi.org/10.60016/majcafe.v31.11

Beccaria, L. A., Filipetto, S. M., & Mura, N. (2022). Heterogeneity in the informal sector and transitions between states: A long-term analysis for the Argentine labor market. *Desarrollo y Sociedad, 92*, 195–235. https://doi.org/10.13043/DYS.92.6

Cavalcanti Prestes, J. F., Nunes, T. S., Souza, F. N., de Carvalho Santiago, D. C., López, Y. A., Gonçalves Palma, F. A., Santana, J. O., Ferreira dos Santos, P. E., de Oliveira, D., Awoniyi, A. M., Stauber, C. E., Costa, F., & Cremonese, C. (2026). Employment status, occupational profile, and common mental disorders among workers in urban informal settlements in Brazil. *PLOS Global Public Health, 6*(6), Article e0006314. https://doi.org/10.1371/journal.pgph.0006314

Department of Statistics Malaysia. (2026). *Informal sector and informal employment survey report, Malaysia, 2025*. https://www.dosm.gov.my/uploads/release-content/file_20260909113058.pdf

Employees Provident Fund. (n.d.-a). *i-Saraan: Voluntary contributions for the self-employed*. https://www.kwsp.gov.my/en/member/savings/i-saraan

Employees Provident Fund. (n.d.-b). *i-Saraan Plus for e-hailing and p-hailing drivers*. https://www.kwsp.gov.my/en/member/savings/i-saraan-plus

Fields, G. S., Gindling, T. H., Sen, K., Danquah, M., & Schotte, S. (Eds.). (2023). *The job ladder: Transforming informal work and livelihoods in developing countries*. Oxford University Press. https://doi.org/10.1093/oso/9780192867339.001.0001

Gössling, S., & Schumacher, K. P. (2012). Conceptualizing the survival sector in Madagascar. *Antipode, 44*(2),

321–342. https://doi.org/10.1111/j.1467-8330.2010.00838.x

Hamidi, S. N. M., Mukhtar, D., Adjril, Y., & Damayanti, E. (2023). Housewives thrive in informal economy: Opportunities, challenges, and prospects. In B. Alareeni & A. Hamdan (Eds.), *Innovation of businesses, and digitalization during Covid-19 pandemic* (Lecture Notes in Networks and Systems, 488, 499–509. Springer. https://doi.org/10.1007/978-3-031-08090-6_32

Harun, N., Mohamad Ali, N., & Mohd Ali Khan, N. L. (2020). An experimental measure of Malaysia's gig workers using the labor force survey. *Statistical Journal of the IAOS, 36*(4), 969–977. https://doi.org/10.3233/SJI-200749

Kabir, I., Naqshbandi, M. M., Abubakar, Y. A., & Said, T. F. (2024). National culture and entrepreneurial orientation in an emerging economy: The moderating role of informal enterprises' survival intent. *Journal of Entrepreneurship in Emerging Economies, 16*(4), 1065–1089. https://doi.org/10.1108/JEEE-04-2022-0128

Kong, Y.-L., Anis-Syakira, J., Jawahir, S., Tan, Y. R., Ab Rahman, N. H., & Tan, E. H. (2021). Factors associated with informal caregiving and its effects on health, work, and social activities of adult informal caregivers in Malaysia: Findings from the National Health and Morbidity Survey 2019. *BMC Public Health, 21*, Article 1033. https://doi.org/10.1186/s12889-021-11022-1

Lim, L. I., Maghsoodi Tilaki, M. J., Abdul Rahim, A., & Marzbali, M. H. (2024). COVID-19's impact on food stall workers: Night markets' resilience in Penang, Malaysia. *Planning Malaysia, 22*(34), 495–509. https://doi.org/10.21837/pm.v22i34.1604

Masha, A. K., Matenda, S., Fihla, S., & Mbodila, M. (2024). Sustainability of survivalist microenterprises and their role in informal employment creation. In M. Magocha & M. Matashu (Eds.), *Corporate governance practices promoting the sustainability of small, medium and microenterprises in South Africa* (pp. 105–127). AOSIS. https://doi.org/10.4102/aosis.2024.BK404.05

Md Nor, Z. (2022). Precarious employment amongst low-income single mothers in Malaysia: The implications on family wellbeing. *E3S Web of Conferences, 339*, Article 06009. https://doi.org/10.1051/e3sconf/202233906009

Ministry of Human Resources Malaysia. (2025). *Gig Workers Act 2025 (Act 872).* https://jtksm.mohr.gov.my/en/borang/act-872-gig-workers-act-2025

Mohamad Amin, N. S. (2023). Balancing the rights of gig economy workers in the context of collective bargaining. *IIUM Law Journal, 31*(1), 169–202. https://doi.org/10.31436/iiumlj.v31i1.834

Mohamed@Jaafar, S., & Nik Mat, N. H. (2023). Job perceptions among gig workers: The perspective of online sellers. *WSEAS Transactions on Computer Research, 11*, 181–188. https://doi.org/10.37394/232018.2023.11.16

Nasreen, F., Halili, S. H., & Abdul Razak, R. (2022). Employability skills of Malaysian university students for IR4.0: A systematic literature review. *Malaysian Online Journal of Educational Management, 10*(4), 15–28.

Othman, N. S., Marthandan, G., & Ab Aziz, K. (2022). Measuring the motives of informal entrepreneurs. *F1000Research, 11*, Article 56. https://doi.org/10.12688/f1000research.73706.2

Rani, U. (2020). Old and new forms of informal employment. In M. Chen & F. Carré (Eds.), *The informal economy revisited: Examining the past, envisioning the future* (pp. 88–91). Routledge.

Rosaldo, M. (2021). Problematizing the informal sector: 50 years of critique, clarification, qualification, and more critique. *Sociology Compass, 15*(9), Article e12914. https://doi.org/10.1111/soc4.12914

Routh, S. (2011). Building informal workers agenda: Imagining 'informal employment' in conceptual resolution of 'informality'. *Global Labour Journal, 2*(3), 208–227. https://doi.org/10.15173/glj.v2i3.1106

Sahoo, B., & Neog, B. J. (2015). *Heterogeneity and participation in informal employment among non-cultivator workers in India* (MPRA Paper No. 68136). Munich Personal RePEc Archive.

Santiago, C. E. P., & Vasconcelos, A. M. N. (2017). Do catador ao doutor: Um retrato da informalidade do trabalhador por conta própria no Brasil [From the waste picker to the physician: A portrait of the informality of the self-employed in Brazil]. *Nova Economia, 27*(2), 213–246. https://doi.org/10.1590/0103-6351/2588

Social Security Organisation. (n.d.). *Skim Keselamatan Sosial Pekerjaan Sendiri (Lindung Kendiri)*. https://www.perkeso.gov.my/perkhidmatan-kami/perlindungan/pekerjaan-sendiri.html

Sulaiman, N., & Mohd Fauzi, A. F. (2017). Identifying key sector of employment potential in Malaysia. *International Journal of Applied Business and Economic Research, 15*(18), 577–593.

Tayeb, A., & Hong, P. H. (2021). Malaysia: Improvised pandemic policies and democratic regression. In V. V.

Ramraj (Ed.), *Covid-19 in Asia: Law and policy contexts* (pp. 321–334). Oxford University Press. https://doi.org/10.1093/oso/9780197553831.003.0022

Tellado, I., Lepori, B., & Morla-Folch, T. (2020). WIEGO: Communicative daily life stories to assess social impact in the lives of informal workers. *Qualitative Inquiry, 26*(8–9), 962–969. https://doi.org/10.1177/1077800420938680

Temkin, B. (2009). Informal self-employment in developing countries: Entrepreneurship or survivalist strategy? Some implications for public policy. *Analyses of Social Issues and Public Policy, 9*(1), 135–156. https://doi.org/10.1111/j.1530-2415.2009.01174.x

Uchiyama, Y., Furuoka, F., & Md Akhir, M. N. (2022). Gig workers, social protection and labour market inequality: Lessons from Malaysia. *Jurnal Ekonomi Malaysia, 56*(3), 165–184. https://doi.org/10.17576/JEM-2022-5603-09

Ulyssea, G. (2018). Firms, informality, and development: Theory and evidence from Brazil. *American Economic Review, 108*(8), 2015–2047. https://doi.org/10.1257/aer.20141745

Umrani, A. I., & Johl, S. K. (2016). Corporate governance, ownership structure and expropriation of rights: Case of Malaysian small and medium enterprises. *International Journal of Economics and Financial Issues, 6*(S3), 170–178.

Wijayaningtyas, M., Sipan, I., & Lukiyanto, K. (2017). Informal worker phenomenon in housing construction project. *AIP Conference Proceedings, 1903*(1), Article 070006. https://doi.org/10.1063/1.5011575

Williams, C. C. (2015). Tackling entrepreneurship in the informal sector: An overview of the policy options, approaches and measures. *Journal of Developmental Entrepreneurship, 20*(1), Article 1550006. https://doi.org/10.1142/S1084946715500065

Williams, C. C., Adom, K., & Horodnic, I. A. (2020). Determinants of the level of informalization of enterprises: Some evidence from Accra, Ghana. *Journal of Developmental Entrepreneurship, 25*(1), Article 2050004. https://doi.org/10.1142/S1084946720500041

Williams, C. C., Horodnic, I. A., & Windebank, J. (2017). Evaluating the internal dualism of the informal sector: Evidence from the European Union. *Journal of Economic Studies, 44*(4), 605–616. https://doi.org/10.1108/JES-07-2016-0144

Williams, C. C., & Lansky, M. A. (2013). Informal employment in developed and developing economies: Perspectives and policy responses. *International Labour Review, 152*(3–4), 355–380. https://doi.org/10.1111/j.1564-913X.2013.00196.x

Williams, C. C., Round, J., & Rodgers, P. (2011). Explaining the normality of informal employment in Ukraine: A product of exit or exclusion? *American Journal of Economics and Sociology, 70*(3), 729–755. https://doi.org/10.1111/j.1536-7150.2011.00789.x

You, H. L., Chong, S. C., Francis, F. J., & Lim, C. Y. (2025). Exploring socioeconomic dynamics of women's entrepreneurship in Malaysia's formal and informal sectors. *Asian Journal of Human Services, 29*, 49–61. https://doi.org/10.14391/ajhs.29.49

Zain, N. A. M., Abu Hassan, M. S. N., Kamarudin, M. K. A., & Amat Simin, M. H. (2024). Education and challenges affecting suburban youth involvement in employment: A case study in Hulu Terengganu, Terengganu, Malaysia. *Conhecimento & Diversidade, 16*(42), 386–411. https://doi.org/10.18316/rcd.v16i42.11715

Zainol, N. R., & Al Mamun, A. (2018). Entrepreneurial competency, competitive advantage and performance of informal women micro-entrepreneurs in Kelantan, Malaysia. *Journal of Enterprising Communities: People and Places in the Global Economy, 12*(3), 299–321. https://doi.org/10.1108/JEC-11-2017-0090