

## **Population Outside the Labour Force, Its Causes and Potential: A Review from An Islamic Perspective**

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### **Abstract**

The population outside the labour force refers to individuals who are not classified as employed or unemployed. The Department of Statistics Malaysia have classified individuals who are not interested in jobs into six main reasons: (1) attending school or training programmes, (2) homeworking or family responsibilities, (3) pursuing further studies, (4) disability, (5) disinterest, and (6) retirement. Based on the data, there is no specific trend to the population outside the labour force in Malaysia. However, there are concerns about the lack of information on the population outside the labour force in Malaysia which may result in them being discounted from the labour force. On the flip side, technological advancement, working arrangement, and new “non-standard” employment are part of the factors that may have influenced this population

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to remain outside of the labour force. This paper highlights the importance of revisiting the meaning of employment, especially in the new way of working arrangements so that policymakers are able to assemble accurate labour market information in making strategic moves in accordance with the needs and demands of every sector. In addition, this paper also explores the Islamic view of the trend in the wider context, going beyond the terms of wage and profit.

**Keywords**

Population, labour force, employment, Islam, Malaysia.

**Introduction**

The population outside the labour force is an interesting subject in labour economics since they are considered as economically inactive but not necessarily unproductive. The reasons for not being at work vary from attending school or training, pursuing further study, retirement, disability, family responsibilities, to disinterest towards work.<sup>1</sup>

In Malaysia, the number of people outside the labour force was 5.24 million or 35.07% of the working-age population in 2001. Then, it increased to 7.02 million or 36.34% in 2010 but has decreased in terms of percentage in 2021 (7.22 million or 31.37%).<sup>2</sup> Women outnumber men in the group for years, but there is no specific trend to the percentage of the population outside the labour force.<sup>3</sup>

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1. Department of Statistics Malaysia (DOSM), *Labour Force Survey Report, Malaysia* (Putrajaya: Department of Statistics Malaysia, 2016–2022).
  2. Department of Statistics Malaysia, “Table 1: Principal Statistics of Labour Force, Malaysia, 1982–2021,” [https://www.dosm.gov.my/v1/uploads/files/3\\_Time%20Series/LFS\\_1982-2021/01-TABLE-1.pdf](https://www.dosm.gov.my/v1/uploads/files/3_Time%20Series/LFS_1982-2021/01-TABLE-1.pdf) (accessed 6 June 2023).
  3. DOSM, *Labour Force Survey Report*.

Developed nations like England, Scotland, and Wales show that, in 2021, 22 % of the working-age population is economically inactive or outside the labour force. Similar to Malaysia, women in England, Scotland, and Wales are more likely to be economically inactive compared to men.<sup>4</sup> While in the United States of America, the number of persons outside the labour force amounted to 99.9 million as of February 2023 compared to 99.6 million the previous year. Women are also recorded to have higher numbers than men in the group.<sup>5</sup>

There is a consideration that this group might be underestimated due to the lack of information, especially when technological advancement and new working arrangements are considered.

Firstly, at least in Malaysia, the potential labour force—which is a subgroup in the population outside the labour force—has been left unincluded in terms of labour utilisation prior to 2019.<sup>6</sup> Secondly, there are studies showing that individuals from the population outside the labour force might be discounted from the labour force whenever working work arrangements<sup>7</sup> and non-standard employment are not considered.<sup>8</sup>

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4. “Economic Inactivity,” <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/economic-inactivity/latest> (accessed 28 Mar 2023).
  5. US Bureau of Labor Statistic, “Persons Not in The Labour Force by Desire and Availability for Work, Age, and Sex in Labor Force Statistics from the Current Population Survey,” <https://www.bls.gov/web/empsit/cpseea38.htm> (accessed 28 Mar 2023).
  6. Nurfarahin Harun and Muhammad Shafiq Harun, “Supplementary Measures of Labour Underutilisation,” in *Labour Market Review, Malaysia Second Quarter 2020* (Putrajaya: Department of Statistics Malaysia, 2020).
  7. Bee Boileau and Jonathan Cribb, *The Rise in Economic Inactivity among People in Their 50s and 60s* (London: The Institute for Fiscal Studies, 2022), <https://ifs.org.uk/publications/rise-economic-inactivity-among-people-their-50s-and-60s> (accessed: 27 March 2023).
  8. Khazanah Research Institute, *The School-to-Work Transition of Young Malaysians: The Key Takeaways, Policy Implications and Overview of the School-to-Work Transition Survey Results* (Kuala Lumpur: Khazanah Research Institute, 2018), 24.

Those who do not work become dependent on those who do. The situation somehow exposes them to the economic, ethical, moral, and religious conflicts since some of these people's personal choices for not working mismatch the mainstream economic, societal, or religious perspectives. A study in Spain shows that the young generation in the population outside the labour force faces a stigma due to society's perception.<sup>9</sup> In the Islamic perspective, not working for any invalid reason, especially for an income provider (i.e., a husband and a father), contradicts the Islamic teaching.

This paper attempts to understand motivations and reasons for the population outside the labour force to not being at work, the impacts of the choice on the economic, social, and religious aspects, and a re-definition of "employment" since the population outside the labour force might have been discounted inappropriately due to the definition of "employment" in mainstream economics. In addition, this paper will also highlight the Islamic view on the phenomenon and explore employment or work in a wider context, beyond wage and profit.

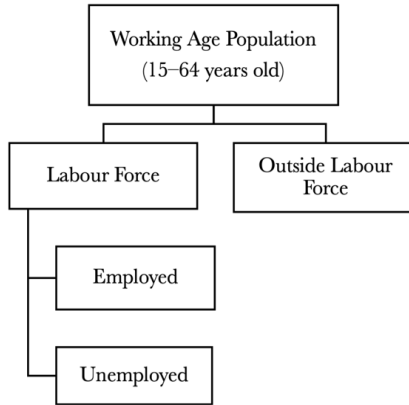
### **Population Outside the Labour Force**

The labour force refers to all persons of working age who are either employed or unemployed. While those who are not classified as employed or unemployed are classified as "outside" the labour force.<sup>10</sup> Those who are in the population outside the labour force include individuals like housewives, students (including those who further their studies), retirees, disabled persons, and those who are not interested in looking for jobs.

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9. Solveig Osborg Osea & Chris Jensen, "Youth outside the labour force—Perceived Barriers by Service Providers and Service Users: A Mixed Method Approach," *Children and Youth Services Review* 81 (October 2017): 148–156, <https://www.sciencedirect.com/science/article/pii/S0190740917302487?via%3Dihub>.
  10. Nur Layali Mohd Ali Khan et al., "Sisi Lain Pasaran Buruh: Luar Tenaga Buruh dan Potensinya," in *Sorotan Pasaran Buruh Suku Pertama 2021* (Jabatan Perangkaan Malaysia: Putrajaya, 2021), 17.

Figure 1 below shows the labour groups in the working-age population.

Figure 1 Classifications of labour



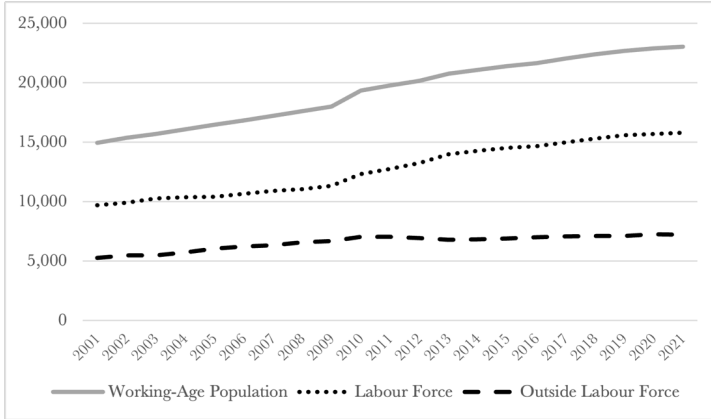
Source: Author's own illustration.<sup>11</sup>

Graph 1 below shows the trend for Malaysia's working-age population, the labour force population, and the population outside the labour force in the span of more than 20 years. There is no specific trend for the population outside the labour force. The number of people in this group increases as the general and working-age population increases. However, over time, the percentage of the population outside the labour force to the working-age population fluctuated and eventually lowered in 2021 (31.31 %) as compared to 2001 (35.07 %).

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11. Ibid. Based on the graphic illustration.

Graph 1 Working-age, labour force, and outside the labour force population, Malaysia, (2000's)

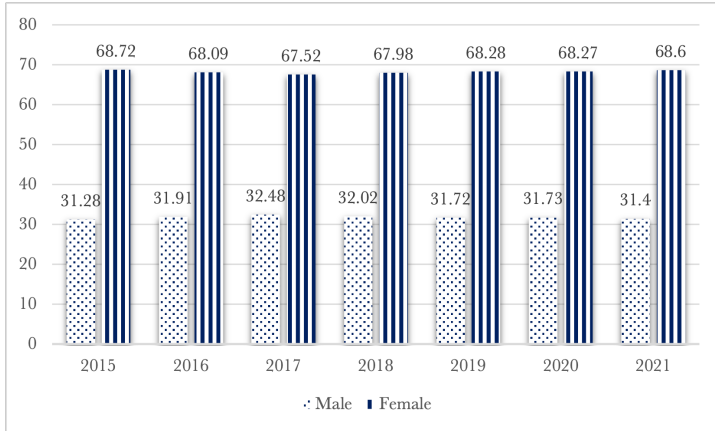


Source: Department Statistics Malaysia<sup>12</sup>

In terms of sex, there are more women than men in the population outside the labour force in Malaysia. Graph 2 shows the population outside the labour force by sex (%) for years 2015–2021.

12. The graph produced from the data from DOSM, “Table 1: Principal Statistics of Labour Force, Malaysia, 1982–2021,” [https://www.dosm.gov.my/v1/uploads/files/3\\_Time%20Series/LFS\\_1982-2021/01-TABLE-1.pdf](https://www.dosm.gov.my/v1/uploads/files/3_Time%20Series/LFS_1982-2021/01-TABLE-1.pdf) (accessed 6 Jun 2023); Department of Statistics Malaysia, “Population Statistics; [https://www.dosm.gov.my/admin/images/icon/contentdoc\\_pdf\\_20220924210527.pdf](https://www.dosm.gov.my/admin/images/icon/contentdoc_pdf_20220924210527.pdf) (accessed 6 Jun 2023); and DOSM, *Current Population Estimates, 2022* (Putrajaya: Department of Statistics Malaysia, 2022), 2.

Graph 2 Population outside labour force by Sex (%), Malaysia, 2015–2021



Source: Department of Statistics Malaysia<sup>13</sup>

Both groups show no major changes in percentage for the years 2015–2021. The female outnumbering male in this group is expected based on the biological and traditional societal function of women. Even though pregnancy, childbirth, and breastfeeding have been widely acknowledged in the labour context in the forms of maternity leaves, childcare services, flexible working hours, and others, the processes still may include women as part of the population outside the labour force.

In 2013, the International Labour Organization suggested that the elements of the potential labour force to be included in the measurement of labour underutilisation<sup>14</sup> are a part of the unemployment rate and time-related underemployment.

13. DOSM, *Labour Force Survey Report*.

14. International Labour Organisation, “Report II: Statistics of Work, Employment and Labour Underutilisation,” *Report for discussion at the 19th International Conference of Labour Statisticians*, p. 14. (Geneva, 2–11 October 2013), [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms\\_220535.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_220535.pdf) (accessed on 5 Sept 2023).

The Department of Statistics Malaysia (DOSM) have started observing the potential labour force as part of the elements of labour underutilisation since the Labour Force Survey 2019 by introducing related questions prior to it.<sup>15</sup> The data on the potential labour force itself is yet to be available to the public. However, the labour underutilisation composite rate is calculated to be 4.5 % in 2019.<sup>16</sup>

Even though Malaysia does not show any specific trend in the population outside the labour force, at least for the year 2001–2021,<sup>17</sup> it is not something to be ignored as there might be some incidents of labour underutilisation. The underutilisation of human resources may result in high undesired financial and social costs.<sup>18</sup>

There are concerns on the increase in the population outside the labour force which may reduce tax collection and increase the government's spending.<sup>19</sup> Some people also argue that generous unemployment benefits may also discourage participation in the workforce.<sup>20</sup>

On the other hand, the market conditions of labour utilisation allow the economy to increase productivity, offer decent wages, create job opportunities that can fulfil demands, disseminate accurate labour information, and structure more effective laws pertaining to labour.

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15. Nurfarahin and Muhammad Shafiq, *Supplementary Measures of Labour Underutilisation*, 14.

16. Ibid.

17. DOSM, "Table 1: Principal Statistics of Labour Force."

18. Vijaya Kumar M. and Balu B., "Estimating the Impact of Human Capital Underutilisation on the Productivity and Economic Growth in India," *Journal of the Knowledge Economy* (2023), <https://doi.org/10.1007/s13132-023-01152-9>.

19. Robert Cuffe and Nicholas Barrett, "Unemployment: Who Are the Millions of Britons Not Working?," *BBC News*, 15 Mar 2023, <https://www.bbc.com/news/business-52660591> (accessed on 14 Sept 2023).

20. Ose and Jensen, *Youth Outside Labour Force*, 149.



In the Islamic framework, there are some virtues for every market to observe, including the labour market. They are righteousness (*islāh*), excellence (*ihsān*), doing the right things (*ma'rūf*) and avoiding the wrong things (*munkar*), and maintaining justice (*ʿadl*) in the utilisation of human and physical resources.<sup>21</sup> Ultimately, the aim of the utilisation of labour is to enable justice to prevail in the economy and the society.

In general, the study of the population outside the labour force is important to redefine the definition of “employment” according to the current situation and trend, to ensure decent and productive employment opportunities, and to explore the potential of a country’s economic capabilities.

#### *Motivations and Reasons for Not Being at Work*

Generally, a person who is outside the labour force is considered as economically inactive.<sup>22</sup> They are assumed to be dependent on others and are intentionally not working on any job. ILO define “employment” as “any activity that produces goods or provide services for pay or profit”<sup>23</sup>, the criteria of which are not fulfilled by those who are economically inactive.

However, to conclude these people as entirely economically inactive individuals is also inaccurate. There is a possibility that they may involve themselves in various activities or “works” which are also productive and are attached to the labour market, except that they are not involved in the labour force. Examples include volunteering workers, unpaid interns, and own-use

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21. Tosef Azid, “The Labor Market in an Islamic Setting,” in *Labor in an Islamic Setting: Theory and Practice*, eds Necmettin Kizilkaya and Tosef Azid, (Routledge: London, 2017), 6–26.

22. ILOSTAT, “Persons Outside the Labour Force: How Inactive are They Really? Delving into the Potential Labour Force with ILO Harmonized Estimates,” 2, [https://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms\\_714359.pdf](https://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_714359.pdf), (accessed on 24 Mac 2023).

23. International Labour Organization (ILO), “Work and Employment are not Synonyms,” <https://ilostat.ilo.org/work-and-employment-are-not-synonyms/> (accessed on 24 Mac 2023).

production work. Those activities met the ILO’s definition of “work,” which is “any activity performed by persons of any sex and age to produce goods or to provide services for use by others or for own use.”<sup>24</sup> The products of the “works” done exist and provide benefits to oneself or others. However, they are still considered ambiguous because they do not fit the framework of value in the forms of wages and profits as used in the mainstream economics.

The degrees of attachment (or interest) of persons outside the labour force to the labour market also vary. Some of them may have no interest at all to join the labour force, while some of them may have a strong attachment to joining the labour force but choose to remain economically inactive. The ones who have clear and strong attachments to the labour market are those who are available to take up job opportunities even though they are not seeking for it. This subgroup is known as “available potential jobseekers.” While those who are seeking for employment even though they are not available for it, are known as “unavailable jobseekers.” Both types of subgroups constitute “the potential labour force.”<sup>25</sup>

However, one must not confuse this “potential labour force” with an “unemployed” person since the former refers to a subgroup of persons outside the labour force with a labour market attachment, either they are available for jobs or are seeking for it. While the latter constitutes those who are both available for jobs and actively seeking for a job simultaneously.

According to research conducted by The Institute for Fiscal Studies, the UK experienced a rise in the rate of economic inactivity among older people post-pandemic. Workers from the 50–69 years old age group have moved from employment into retirement or other forms of economic inactivity. Among the

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24. Ibid.

25. ILOSTAT, “Persons Outside the Labour Force,” 2. See also: Rosina Gammarano, “Persons Outside the Labour Force: How Inactive are They Really?,” <https://ilostat.ilo.org/persons-outside-the-labour-force-how-inactive-are-they-really/> (accessed on 24 Mar 2023).

key drivers for such an increase are lower labour demands for workers from said age ranges, health reasons, the remote work phenomenon, and various other reasons for early retirement.<sup>26</sup>

Meanwhile, 1.42 million persons outside the labour force in the United States of America as of February 2023 belong to the potential labour force group. The main two reasons for people not looking for jobs in the US are because of family responsibilities and being in school or training, which consist of 143,000 individuals and 112,000 individuals respectively.<sup>27</sup>

In Singapore, 1.05 million people are outside the labour force in 2022, an increase from 1 million in 2021. Retirement is cited as the main reason, taking up to 28 % of the group, education or training 23.9 %, and family responsibilities 23.8 %. Moreover, 94 % of the caregivers who are outside the labour force in Singapore believe that flexible work arrangements would give them opportunities to work while fulfilling their caregiving responsibilities. At the same time, the number of available potential job seekers in the population outside the labour force in Singapore constituted 22,900 individuals (2.2 %), while unavailable job seekers amounted to 12,300 (1.2 %) people.<sup>28</sup>

In Malaysia, based on the Labour Force Survey 2021 report, housework or family responsibilities are the main reasons for people not looking for jobs. This group comprises 45.2 % of the total population outside the labour force, while schooling or training amounts to 41.1 %.<sup>29</sup> Table 1 and 2 below indicate the percentage of the population outside the labour force in Malaysia, by sex and reasons for not being at work from 2015–2021.

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26. Bee Boileau and Jonathan Cribb, *The Rise in Economic Inactivity among People in Their 50s and 60s* (London: The Institute for Fiscal Studies, 2022), <https://ifs.org.uk/publications/rise-economic-inactivity-among-people-their-50s-and-60s> (accessed on 27 March 2023).

27. US Bureau of Labor Statistic, “Persons Not in The Labor Force by Desire.”

28. Manpower Research and Statistics Department Singapore, “Labour Force in Singapore Advance Release 2022,” <https://stats.mom.gov.sg/> (accessed on 30 May 2023).

29. DOSM, *Labour Force Survey Report*, Malaysia 2021 (Putrajaya: Department of Statistics Malaysia, 2022), 24.

Table 1 Percentage of male population outside the labour force by reasons for not being at work, Malaysia, 2015–2021

Year	Schooling/ training (%)	Housework/ family responsibilities (%)	Furthering studies (%)	Disabled (%)	Not interested (%)	Retired (%)
2015	66.8	2.4	3.4	8.2	2.7	16.5
2016	65.9	2.9	3.4	8.1	2.6	17.2
2017	64.6	3.0	3.3	8.7	2.4	18.0
2018	63.1	3.6	3.1	9.4	2.3	18.5
2019	63.8	3.5	1.3	9.0	1.4	21.0
2020	59.7	13.4	1.8	8.0	1.7	15.4
2021	66.1	5.9	2.1	7.5	1.6	16.9

Source: Department of Statistics Malaysia<sup>30</sup>

Table 2 Percentage of female population outside the labour force by reasons for not being at work, Malaysia, 2015–2021

Year	Schooling/ training (%)	Housework/ family responsibilitie (%)	Going for further studies (%)	Disabled (%)	Not interested (%)	Retired (%)
2015	31.9	60.0	1.7	1.9	0.6	3.9
2016	32.2	59.7	1.7	2.0	0.6	3.7
2017	32.1	59.5	1.7	2.2	0.6	3.9
2018	34.1	60.2	1.7	2.0	0.7	3.9
2019	30.6	60.7	1.7	2.1	0.8	4.1
2020	31.8	60.5	1.8	1.7	0.7	3.6
2021	29.7	63.2	1.2	1.5	0.7	3.7

Source: Department of Statistics Malaysia<sup>31</sup>

30. DOSM, *Labour Force Survey Report*, Malaysia 2016–2022.

31 Ibid.

Based on Table 1 and 2, schooling/training is the main reason for the male population to not be at work. Meanwhile, housework/family responsibilities are the main reason for the female population to not be at work.

There is an interesting observation on the male population in Table 1 on one of the reasons for not being at work, i.e., because of housework/family responsibilities. There is a sudden increase from 3.5 % in 2019 to 13.4 % in 2020. Mohd Ali Khan and others see this odd pattern and the sudden surge could be attributed to the prolonged public health crisis and positive development of caregiver roles among the male population. The researchers also suggest that the flexible and digitalisation of work may have contributed to the increase in the number of men and women taking up equal family responsibilities in the labour force participation.<sup>32</sup>

However, Table 1 also indicates the decline in the percentage of the male population not being at work because of family responsibility to 5.9 % in the following year and this number is still high compared to the years prior to 2020. The sharp decline in the percentage seems to support the impression that the prolonged public health crisis did cause some percentages of the male population to not look for jobs during the one-year period. In reality, during that time, many people were indeed looking for jobs. However, the Movement Control Order (MCO) which restricted their movements has made them unavailable for work.

Looking at the category of age group, for the years 2015–2021, on average, 49.87 % of the male population aged 15–19 is outside of the labour force due to schooling/training. Meanwhile, on average, the female population is 24.26 % from the same age group. Even though, on average, the female population of group age 15–19 years old who are not looking for jobs because of schooling/training shows a lower percentage compared to their male counterparts, this does not mean that many of the

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32. Mohd Ali Khan et. al, *Sisi Lain Pasaran Buruh*, 22–23.

female population in that age range do not attend school. The 2021 schooling data, for example, shows 377,034 individuals or 50.63 % of upper secondary students (16 and 17 years old) in government and government-aided schools are girls.<sup>33</sup>

The low percentage of the age range 15–19 years for the female population is followed by a higher percentage in the next age range groups as compared to the male population. In Table 3, the age range groups (female) of 25–29 years, 30–34 years, 35–39 years, 40–44 years, 45–49 years, and 50–54 years show a slight percentage difference between each other until they reach retirement age. Based on the table, the female population can be assumed to remain as family caretakers (not formally employed) once they decide not to work or stop working after completing schooling/training or having children, until they reach retirement age.

For the male population, the average percentage of the age groups seems to decrease sharply after the age range 20–24 as seen in Table 3, probably because they have already completed tertiary study or training, and then joined the labour market. The average percentage later increases sharply once entering the age of 50 and retirement. This pattern can be seen in the “U” shape in Graph 3. Most of the population outside the force are those who have education up to secondary and tertiary levels.

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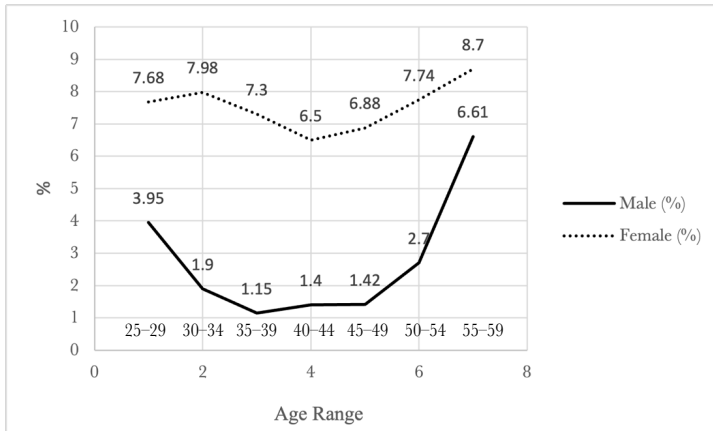
33. DOSM, “Number of Pupils at Upper Secondary Level in Government & Government-Aided Schools by State and Sex, Malaysia, 2019–2021,” Children Statistics, 2022 (Putrajaya: Department of Statistics Malaysia, 2022).

Table 3 Average percentage (2015–2021) of population outside labour force by age range, male and female, Malaysia

Age Range	Male (%)	Female (%)
20–24	19.01	14.01
25–29	3.95	7.68
30–34	1.9	7.98
35–39	1.15	7.3
40–44	1.4	6.5
45–49	1.42	6.88
50–54	2.7	7.74
55–59	6.61	8.7

Source: Department of Statistics Malaysia

Graph 3 Average percentage (2015–2021) of population outside the labour force by age range (male and female)



Source: Department of Statistics Malaysia (Table 3)

Table 4 Percentage population outside labour force by education attainment and sex, 2018–2021

	2018		2019		2020		2021	
	Male (%)	Female (%)	Male (%)	Female (%)	Male (%)	Female (%)	Male (%)	Female (%)
No formal education	4.2	4.9	3.3	4.7	3.2	4.0	3.0	4.8
Primary	7.2	13.5	7.0	12.5	5.9	11.2	4.8	10.2
Secondary	53.6	56.6	55.7	57.8	61.0	63.0	60.5	56.9
Tertiary	34.9	25	34.0	21.5	29.9	21.8	31.7	28.2

Source: Department of Statistics Malaysia.<sup>34</sup>

Table 4 indicates more than half of the population outside the labour force—both male and female—in Malaysia have at least the minimum level of education, i.e., Sijil Pelajaran Malaysia (SPM). This shows that most of the population outside the labour force has the potential to join the labour sector with at least minimum qualifications and skills.

Research conducted by Khazanah Research Institute on the school-to-work transition of young Malaysians indicates that female students consistently outnumber and outperform male students at every level of education. However, they face greater difficulties in the job market due to constraints and discrimination. The labour force participation rate for young women is also significantly lower than young men, and they have substantially higher unemployment than young men as well.<sup>35</sup> The findings seem to be consistent with the data from Table 2, 3, and 4 which show that many females have at least the minimum education attainment (potential) to join the labour

34. DOSM, *Labour Force Survey Report*, Malaysia, (Putrajaya: Department of Statistics Malaysia, 2019–2022).

35. Khazanah Research Institute, *The School-to-Work Transition of Young Malaysians*, 24.



market but lower participation rates as they are outnumbered men in the population outside labour force, especially due to family responsibilities.

### **Potential Labour Force and the Informal Sector**

Boileau and Cribb's study mentions the increase in population outside the labour force due to the shift to flexible and remote jobs among others,<sup>36</sup> while Mohd Ali Khan et al. suggest that the flexible, remote, and digitalisation of work can be the solution to increase the participation of both male and female labour force who bear family responsibilities.<sup>37</sup> A study by Khazanah Research Institute also found that the youth are going into informal and "non-standard" employment.<sup>38</sup> By looking from this perspective, there is a potential that today's population outside labour force is not necessarily "jobless." Instead, they are simply not attached to formal jobs. In fact, the new and non-standard working arrangement may become the motivation for people to stay outside the labour force with or without realising that they are discounted from it.

The non-standard employment, or informal employment, can exist both in the formal and informal sectors. According to DOSM, the informal sector refers to an "establishment not registered with Companies Commission of Malaysia (CCM) and professional bodies, the size of the establishment is less than 10 workers and all or at least one goods or services produced are meant for sale or barter transactions."<sup>39</sup> Meanwhile, informal

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36. Boileau and Cribb, *The Rise in Economic Inactivity among People in Their 50s and 60s*, 5.

37. Mohd Ali Khan et.al, *Sorotan Pasaran Buruh Suku Pertama 2021*, 22–23.

38. Khazanah Research Institute, *The School-to-Work Transition of Young Malaysians*, 24.

39. DOSM, "Glosari: Informal Sector," [https://www.dosm.gov.my/v1/index.php?r=column/cglossary2&menu\\_id=eWd2VFdIZ2xpdzBmT2Y0a0pwEDcwQT09&keyword=dm9ZNmNpZlBwM2ZMQkZvRFV5M0ZvQT09&release=1](https://www.dosm.gov.my/v1/index.php?r=column/cglossary2&menu_id=eWd2VFdIZ2xpdzBmT2Y0a0pwEDcwQT09&keyword=dm9ZNmNpZlBwM2ZMQkZvRFV5M0ZvQT09&release=1) (accessed on 4 April 2023).

employment refers to “any workers who do not have access to at least one of social security scheme or employment benefits such as a pension, paid annual leaves and sick leaves, injury insurance, paid maternity leaves, and others.”<sup>40</sup>

Informal employment (both in the formal and informal sector), including agriculture, consisted of 3.50 million persons in 2021. Male workers comprised 61% of the number. In terms of strata, the urban areas registered a higher number of informal employment (2.34 million persons) as compared to the rural area (1.15 million persons). As for the informal sector, own-account workers are the highest employment category for non-agriculture. Most of the labours in the informal sector for non-agriculture belong to the work-at-home category, followed by market/street stalls.<sup>41</sup>

Therefore, informal jobs are not something new in the community. In fact, the explosion of the internet of things accelerated the development of gig employment—which is based on technology, online trading, remote and flexible work arrangements, and others. There is an increase in informal workers among men (3.4%) and women (4.2%) for the years 2019 to 2021<sup>42</sup> due to the prolonged public health crisis.

Informal employment provides advantages in terms of free entry and exit. Some forms of informal employment do not require certain academic qualifications or minimum and maximum age requirements. Even though, in Malaysia, the data show that most of the informal employment workers in the informal sector for non-agriculture have at least a secondary school level education (799,000 individuals), individuals with tertiary background levels also reflect a large number in the group (up to 206,300 individuals).<sup>43</sup>

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40. DOSM, “Informal Sector and Informal Employment Survey Report, Malaysia, 2021,” [https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=158&bul\\_id=NUhQNy9Eb1YxYkxxMVhFU0tIb0dQdz09&menu\\_id=Tm8zcnRjdVRNWWlpWjRlBmtlaDk1UT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=158&bul_id=NUhQNy9Eb1YxYkxxMVhFU0tIb0dQdz09&menu_id=Tm8zcnRjdVRNWWlpWjRlBmtlaDk1UT09) (accessed 4 April 2023).

41. *Ibid.*, 5–7.

42. *Ibid.*, 2.

43. *Ibid.*, 3.

At the same time, there is also a perception among the informal workers that has led them to identify themselves to research data collectors as unemployed or not interested in looking for jobs. This misinformation is not necessarily done on purpose, but rather due to a misinterpretation or misunderstanding of the official definition of “employment.” However, a more in-depth study needs to be conducted to analyse the trend and to get a better understanding of the potential labour force among the population outside the labour force.

### **Employment in Islam**

The perception of the population outside the labour force involved in informal employment is related to the understanding of the definition of “employment.” In the Islamic point of view, individuals must strive with their own strength (to work to earn a livelihood) for their lives.<sup>44</sup> The Qur’an mentions: “And that there is not for man except that (good) for which he strives. And that his effort is going to be seen. Then he will be recompensed for it with the fullest recompense.”<sup>45</sup>

Al-Shaybānī mentions in his book, *Kitāb al-Kasb*, that “the seeking of livelihood is obligatory upon every Muslim, just as the seeking of knowledge is obligatory.”<sup>46</sup> In *Sharḥ Kitāb al-Kasb li al-Shaybānī*, al-Sarakhsī comments on a principle of *uṣūl al-fiqh*, namely: “all that which except without it an obligation cannot be completed, therefore, it, too, is considered an obligation (*mā lā yatimmu al-wājib illā bihi fa huwa wājib*).” For instance, performing obligatory prayers cannot be done unless one possesses strength, which requires one to eat. Therefore, it is obligatory for him to work for his livelihood which enables him access to food.<sup>47</sup>

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44. Al-Khallāl, *al-Hathth ‘alā al-Tijārah (Seruan untuk Bekerja)*, trans. Amru Sazali and Rizky Febrian (Kuala Lumpur: Kafilah Buku Sdn Bhd and Halaqah Muamalah, 2021).

45. *Sūrat al-Najm* (53): 39–41.

46. Al-Shaybānī. *The Book of Earning a Livelihood (Kitāb al-Kasb)*, trans. Adi Setia (Kuala Lumpur: IBFIM, 2011), 6. See also, al-Sarakhsī, *Sharḥ Kitāb al-Kasb li al-Shaybānī (Adab Menyara Hidup)*, trans. Amru Sazali, (Kuala Lumpur: Kafilah Buku Sdn. Bhd. & Halaqah Muamalah, 2022), 4.

47. Al-Sarakhsī, *Sharḥ Kitāb al-Kasb li al-Shaybānī*, 5.

“*Iktisāb*” (earning) refers to the obtaining of wealth by lawful means.<sup>48</sup> Allah has made it obligatory for men to work to earn their livelihood so that they can render obedience to Him. Allah mentions in the Qur’an: “Once the prayer is over, disperse throughout the land and seek the bounty of Allah. And remember Allah often so you may be successful.”<sup>49</sup> Earning a livelihood is also a *sunnah* of the Messengers. Prophet Nūḥ was a carpenter and ate from his own work. Prophet Idrīs was a tailor and Prophet Ibrāhīm was a cloth merchant. Prophet Zakariyyā was a carpenter and Prophet Muḥammad once was a goatherd for a period of his life.<sup>50</sup>

‘Umar bin al-Khaṭṭāb has given preference for earning a livelihood over fighting (*jihād*) for the sake of Allah by saying,

Indeed, that I die between the flanks of my camel while travelling the land seeking bounty of Allah is more to my liking than to be killed fighting for the sake of Allah, for Allah has preferred those who travel the land seeking His bounty over those fighting in His path by His Statement, “and others travelling the land seeking bounty of Allah, and others fighting for the sake of Allah.”<sup>51</sup>

In one Ḥadith, Prophet Muḥammad shook hands with Sa’d bin Mu’ādh and felt that his hands were blistered and hardened. He then asked about it. Mu’ādh replied that he dug the earth for date palms to provide for his family. Prophet Muḥammad kissed his hand and said that his two palms of hand are beloved to Allah.<sup>52</sup>

Islam also requires Muslims to avoid the act of begging in order to provide for themselves, let alone rely on others without effort. The Prophet Muḥammad says:

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48. Ibid., 13.

49. *Sūrat al-Jumu’ah* (62): 10.

50. Al-Sarakhsī, *Sharḥ Kītāb al-Kasb li al-Shaybānī*, 18–20.

51. *Sūrat al-Muzammil* (73): 20. See also: al-Shaybānī, *The Book of Earning a Livelihood*, 7–8.

52. Ibid.

It is better for anyone of you to take a rope (and cut) and bring a bundle of wood (from the forest) over his back and sell it and Allah will save his face (from Hellfire) because of that, rather than to ask people who may give him or not.<sup>53</sup>

Therefore, those who work in the gig economy sector, self-employment, and other underutilised employment are also actually “working” and having “jobs.” In another perspective, Islam also recognises non-profit (non-material) oriented productive work such as family caregivers, housewives, voluntary workers, and others. Even if those productive work may not fulfil the definition of employment, Islam views these “jobs” as a noble deed as every good deed will be rewarded by Allah. Allah mentions in Qur’an, “If you do good, you do good for yourselves; and if you do evil, (they do it) to them (i.e., themselves).”<sup>54</sup> In another verse, He mentions, “...so race to [all that is] good. To Allah is your return all together, and He will (then) inform you concerning that over which you used to differ.”<sup>55</sup>

In fact, there is an interesting finding in a study by Kruger who found that women who are not in the labour force for other reasons besides house responsibilities have low levels of life satisfaction and high levels of emotional distress. Meanwhile, those who do not work because of house responsibilities experience a more satisfied life.<sup>56</sup> Therefore, it is important to not assume whether one undertakes house responsibilities not by choice or that it hinders a person from work; or that economic and social wellbeing can only be improved when everyone has a job. Not only that, it is also important to not assume that those who participate in the working industry,

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53. Narrated by al-Zubayr bin al-‘Awwām in *Sahīh al-Bukhārī*, vol. 2, Book 24, no. 549, <https://sunnah.com/bukhari/24> (access on 26 Mei 2023).

54. *Sūrat al-Isrā’* (17): 7.

55. *Sūrat al-Mā’idah* (5): 48.

56. Alan B. Krueger, “Where Have All the Workers Gone? An Inquiry into the Decline of the U.S. Labor Force Participation Rate,” *Brookings Pap Econ Act. 2017 Fall* 2017:1–87, doi: 10.1353/eca.2017.0012. (accessed on 14 Sept 2023).

especially the traditional house caretaker, will risk jeopardising their respective household's wellbeing. Each case is unique. Islam respects the different needs of everyone as long as it does not conflict with the Shari'ah.

There is also a fine line between responsibility and non-obligatory voluntary work in non-profit productive work. In Islam, one is obligated to fulfil his or her responsibilities to the rightful person. For example, children are responsible to do good and show respect to their elders, a father is responsible to provide for his family, and a wife is obliged to obey her husband as long as each case observes the parameters of the Shari'ah. One may also seek help from other parties to fulfil the responsibilities, but not to the point of completely taking over it.

The understanding of the concept of "employment" may transform society and nation's socio-economic landscape by recognising more informal jobs through certification, social protection, and increase the potential of national income through tax and *zakāt*.

## Conclusion

The idea of idling without doing any productive works is not desirable in Islam. Al-Khallāl in his book, *al-Hathth 'alā al-Tjārah*, states that those who do nothing and only surrender (*tawakkal*) to Allah for sustenance without any effort are in the wrong and contradict the command of Allah.<sup>57</sup> However, certain conditions such as being a housewife, a caretaker, or not working due to sickness or old age are not included as they are still doing productive works or are physically unable to work.

The data in this paper show more than half of the population outside the labour force have the minimum qualification SPM, and yet those who have tertiary education are also quite large in number (more than 20%). Therefore, technology must be seen as one of the ways out for potential individuals who bear family responsibilities to participate in the labour force.

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57. Al-Khallāl, *al-Hathth 'alā al-Tjārah* (*Seruan untuk Bekerja*), 73–76.

Artificial intelligent, automation, flexible and remote jobs, and the new lifestyle can motivate people to generate income from various channels, and not necessarily doing so in formal employment. Despite requiring particular qualifications, this new “non-standard” employment widens the opportunity for people of different backgrounds to seek jobs or to create one, especially for those who are outside the labour force group.

For this reason, the government must play a role to regulate the new ways in which people earn their incomes by setting rules and guidance, affording accreditation, offering certification, and others. It is also important for the government to give a clear understanding on the wider and more inclusive definition of employment, and perhaps to revisit the definition of employment especially in terms of time-based job.

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