KHAZANAH RESEARCH INSTITUTE

# FROM INCOME TO WELLBEING

## THE STATE OF HOUSEHOLDS 2026



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## ABBREVIATIONS

| | | |
|---|---|---|
| BA | : | Basic Amenities |
| CAGR | : | Compound annual growth rate |
| COICOP | : | Classification of Individual Consumption According to Purpose |
| CPI | : | Consumer price index |
| CR4 | : | Concentration ratio of the four largest firms or suppliers |
| CVD | : | Cardiovascular disease |
| DOSM | : | Department of Statistics Malaysia |
| EPF | : | Employees Provident Fund |
| FAO | : | Food and Agricultural Organization of the United Nations |
| GDP | : | Gross domestic product |
| HES | : | Household Expenditure Survey |
| HIS | : | Household Income Survey |
| HISBA | : | Household Income and Basic Amenities Survey |
| IDR | : | Import dependency ratio |
| IPH | : | Institute for Public Health |
| k | : | thousand |
| LFPR | : | Labour force participation rate |
| LFS | : | Labour Force Survey |
| MHI | : | Malaysia Happiness Index |
| MOH | : | Ministry of Health |
| MOHE | : | Ministry of Higher Education |
| MyWI | : | Malaysian Well-Being Index |
| NCD | : | Non-communicable disease |
| ND-GAIN | : | Notre Dame Global Adaptation Initiative |
| NHMS | : | National Health and Morbidity Survey |
| PBD | : | *Pentaksiran Bilik Darjah* (Classroom Assessment) |
| PEKA | : | *Pertubuhan Pelindung Khazanah Alam Malaysia* |
| PERKESO | : | *Pertubuhan Keselamatan Sosial* |
| PLI | : | Poverty line income |
| RM | : | Ringgit Malaysia |
| SDG | : | Sustainable Development Goals |
| SPM | : | *Sijil Pelajaran Malaysia* |
| SSR | : | Self-sufficiency ratio |
| SWS | : | Salaries and Wage Survey |
| UAE | : | United Arab Emirates |
| UN | : | United Nations |
| UNSD | : | United Nations Statistics Division |
| USA | : | United States of America |
| USD | : | United States Dollar |

## GLOSSARY

| | | |
|---|---|---|
| Absolute poverty | : | In Malaysia, a household is considered to be in absolute poverty if their household income is not sufficient to support basic needs of food, residence and clothing. This is based on whether or not their income is below the poverty line income.<br>*Source: DOSM (2025j)* |
| Ageing population | : | Refers to when individuals aged 65 years and over comprise 7% of the total population.<br>*Source: DOSM (2025c)* |
| Category of occupations by skill level | : | The category of occupation is grouped into three levels of skills based on the Malaysia Standard Classification of Occupation (MASCO) 2020 as follows:<br>Skilled workers – 1. Managers; 2. Professionals; 3. Technicians and associate professionals;<br>Semi-skilled workers – 4. Clerical support workers; 5. Services and sales workers; 6. Skilled agricultural, forestry, livestock, and fishery workers; 7. Craft and related trades workers; 8. Plant and machine operators and assemblers;<br>Low-skilled workers – 9. Elementary occupations.<br>*Source: KESUMA (2020)* |
| Children | : | Persons aged under 18 years old as defined in the Child Act 2001.<br>*Source: DOSM (2024b)* |
| Consumer price index (CPI) | : | The percentage change through time in the cost of purchasing a fixed "basket" of goods and services that represents the average pattern of purchases made by a particular population group. The "basket" is of an unchanging or equivalent quantity and quality of goods and services, consisting of items for which there are continually measurable market prices over time. Changes in the costs of items in the basket are therefore due only to "pure" price movements.<br>*Source: DOSM (2026d)* |
| Disability | : | Disability as defined by the Persons With Disabilities Act 2008 refers to long-term physical, mental, intellectual or sensory impairment which, in interaction with various barriers, may hinder a person's full and effective participation in society. The NHMS utilises the Washington Group Short Set on Functioning questionnaire to understand the prevalence of disabilities in Malaysian adults, based on difficulties in seeing, hearing, walking, remembering, self-care and communicating. Respondents who answer "a lot of difficulty" or "cannot do at all" to at least one of the six domains are classified as having a disability.<br>*Source: DOSM (2025n), IPH (2024), Goering (2015)* |

## GLOSSARY

| | | |
|---|---|---|
| Disposable income | : | A household's gross income after deducting current transfers paid such as direct taxes, remittances to other households, zakat and other current transfers paid, as well as current transfer received in the form of in-kind.<br>*Source: DOSM (2025j)* |
| Employee | : | A person who works for a public or private employer and receives regular remuneration in wages, salary, commission, tips or payment in kind.<br>*Source: DOSM (2025b)* |
| Employer | : | A person who operates a business, a plantation or other trade and employs one or more workers to help him.<br>*Source: DOSM (2025b)* |
| Food security | : | A situation when all people always have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and preferences for an active and healthy life.<br>*Source: FAO (2012)* |
| Formal/informal employment | : | Formal employment refers to persons who are employed and are not in informal employment. Informal employment is defined as employees or other employed persons who are not protected by national labour legislations, including non-affiliation to social security schemes or employment benefits like paid leave; entrepreneurs of informal production units; and contributing family workers.<br>*Source: ILO (2003)* |
| Formal/informal sector | : | Formal sector refers to incorporated enterprises. Informal sector refers to unincorporated enterprises that produce at least partly for the market and are not registered. Informal sector excludes households that produce exclusively for own final use, subsistence agriculture, construction of own dwellings, etc.<br>*Source: ILO (2003)* |
| Gini coefficient | : | A measure of income concentration based on the Lorenz curve, where the further the Lorenz curve to the 45 degrees line, the more unequal the distribution of income. It is calculated through the area between the curve divided by the area under the diagonal line. It ranges between 0 and 1, where 0 denotes complete equality while 1 denotes complete inequality.<br>*Source: DOSM (2023a)* |
| Head of household | : | Refers to any household member whether male or female who is considered the head of household by other members of the household. The head of the household must be an income recipient aged 15 years and over.<br>*Source: DOSM (2025g)* |
| Household | : | A person or group of related or unrelated people who usually live together and make common provisions for food and other living essentials.<br>*Source: DOSM (2025g)* |

## GLOSSARY

| | | |
|---|---|---|
| Import dependency ratio (IDR) | : | A measure of a country's dependence on imports to meet domestic needs.<br>*Source: DOSM (2025o)* |
| Imputed rent | : | An estimated rental value of owner-occupied houses based on the present market value of similar houses in the neighbourhood or vicinity. It is used by both the HIS to estimate household income from property and investments, and by the HES to estimate household expenditure on housing as a proxy for capital payments or interest instalments for housing loans.<br>*Source: DOSM (2025j) and DOSM (2025i)* |
| Labour force participation rate (LFPR) | : | The ratio of the labour force to the working age population (15–64 years old), expressed in percentage terms. The labour force compromises all persons in the working age who are either employed or unemployed.<br>*Source: DOSM (2025b)* |
| Literacy rates | : | In the Malaysian context, literacy rates are measured by the share of children or young people, in a given state of education and year, who have achieved the minimum proficiency level in either reading (Bahasa Melayu) or mathematics, out of the total number of children or young people at the same stage of education and year. This is based on Classroom Assessments (*Pentaksiran Bilik Darjah*, PBD).<br>*Source: DOSM (2025q)* |
| Malaysia Happiness Index (MHI) | : | A composite index measured though the Malaysia Happiness Survey, which asks respondents their level of happiness regarding several dimensions. These include family, housing and environment, social participation, health, communication facilities, education, working life, income, public safety, time use, culture, religion, and spiritual and emotional.<br>*Source: DOSM (2025f)* |
| Malaysian Well-Being Index (MyWI) | : | A composite index that measures the wellbeing of Malaysians, based on secondary data sourced from various ministries and agencies, including surveys administered by DOSM. It covers four economic components (transportation, communication, income and distribution, working life), nine social components (education, housing, entertainment and recreation, public safety, social participation, governance, culture, health, family) and three environmental components (air, water, biodiversity resources).<br>*Source: DOSM (2025m)* |
| Market concentration | : | The market share commanded by a small group of firms, enterprises, suppliers or exporter countries within a specific goods market. Larger market shares commanded by a small group indicates higher market concentration; whereas lower market shares indicate that market control is spread out between various competitors.<br>*Source: OECD (2008)* |

## GLOSSARY

| | | |
|---|---|---|
| Modern Services | : | Modern Services include information and communication; financial and insurance/takaful activities; real estate activities; and professional, scientific and technical activities.<br>*Source: Adapted from KRI (2024c), KRI (2020a) and Ng et al. (2018)* |
| Non-communicable diseases (NCDs) | : | Chronic diseases that are not directly transmissible and are the result of a combination of factors including diet, genetics, lifestyle and physical environment.<br>*Source: WHO (2025b); Donkin et al. (2018)* |
| Objective wellbeing | : | Observable material and social conditions such as income, health outcomes and educational attainment, measured using external indicators to understand wellbeing.<br>*Source: Stiglitz et al. (2009)* |
| Own-account worker | : | A person who operates his own farm, business or trade without employing any paid workers in the conduct of his farm, trade or business.<br>*Source: DOSM (2025b)* |
| Physical activity / inactivity | : | Based on Global Physical Activity Questionnaire (GPAQ) guidelines, individuals are classified as physically active if they meet at least one of the following: 30 minutes of moderate activity (or walking) on ≥5 days per week, 25 minutes of vigorous activity on ≥3 days per week, or a combination of activities totalling at least 600 MET-minutes per week.<br>*Source: WHO (n.d.)* |
| Poverty line income (PLI) | : | The minimum income needed by a household to meet the basic needs of food and non-food for each of its members. The food PLI is the amount needed to meet their daily nutritional requirements as determined by the Ministry of Health (MOH). The non-food PLI is the amount needed to meet the minimum requirements clothing, housing, transport and other non-food needs, and is based on the expenditure patterns of low-income households.<br>*Source: DOSM (2025k)* |
| Preventable premature mortality / Treatable mortality | : | Preventable premature mortality is defined as death that "can be mainly avoided through effective public health and primary prevention interventions", whereas treatable mortality is death that "can be mainly avoided through timely and effective healthcare interventions".<br>*Source: OECD (2026b)* |
| School enrolment rate | : | In Malaysia, it is calculated by dividing the number of students enrolled in schools by the estimated population derived from live births.<br>*Source: DOSM (2024c)* |
| School completion rate | : | In Malaysia, it is calculated by dividing the number of students who complete the last grade of an education level in a particular year, by the number of students enrolled in the first grade of the same cohort five years earlier (for primary education) or four years earlier (for secondary education).<br>*Source: DOSM (2024c)* |

## GLOSSARY

| | | |
|---|---|---|
| Self-sufficiency ratio (SSR) | : | Measures the extent to which a country's supply of agricultural commodities to meet domestic demands. A value near 100% or more indicates production is sufficient to meet domestic needs.<br>*Source: DOSM (2025p)* |
| Social Services | : | Social Services include public administration and defence; compulsory social security; education; human health and social work activities; electricity, gas, steam and air conditioning supply, and water supply; and sewerage, waste management and remediation activities.<br>*Source: Adapted from KRI (2024a), KRI (2020a) and Ng et al. (2018)* |
| Subjective wellbeing | : | Individuals' own evaluations of their lives, encompassing life satisfaction, emotional experience and a sense of purpose, to measure wellbeing.<br>*Source: Diener (1984); Kahneman and Krueger (2006)* |
| Traditional Services | : | Traditional Services include wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food and beverage service activities; arts, entertainment and recreation; administrative and support service activities; and other services.<br>*Source: Adapted from KRI (2024a), KRI (2020a) and Ng et al. (2018)* |
| Underemployment | : | Underemployment is divided into two categories: Time-related underemployment refers to those employed less than 30 hours during the reference week because of the nature of their work or due to insufficient work yet are able and willing to accept additional hours of work. Skill-related underemployment refers to those with tertiary education and working in semi- or low-skilled occupations.<br>*Source: DOSM (2025b)* |
| Unemployment | : | Refers to those who did not work during the reference week. The actively unemployed include all persons who were available for work and were actively looking for work during the reference week. Inactively unemployed persons include those in the following categories:<br>a. Did not look for work because they believed no work was available or that they were not qualified.<br>b. Would have looked for work if they had not been temporarily ill or had it not been for weather condition;<br>c. Had looked for work prior to the reference week and were waiting for result of job applications.<br>*Source: DOSM (2025b)* |
| Unpaid family worker | : | A person who works without pay or wages on a farm, business or trade operated by another member of the family.<br>*Source: DOSM (2025b)* |

# EXECUTIVE SUMMARY

## INTRODUCTION

*From Income to Wellbeing: The State of Households (SOH) 2026:* is the sixth edition of KRI's flagship report analysing the state of Malaysian households. As with previous SOH editions, this biennial report is done in conjunction with Department of Statistics Malaysia's (DOSM) Household Income and Expenditure Survey (HIES).

This year's SOH draws mainly on data from 2024 complemented by indicators from other years. The report goes beyond the 2024 HIES report and incorporates data from other DOSM sources, such as the Labour Force Survey, the Economic Census, MyLocal Stats, the Malaysian Well-Being Index (MyWI) and the Malaysia Happiness Index (MHI). It also draws on data from the Ministry of Education and the Ministry of Health. This broad data sourcing is in line with the report's theme of understanding wellbeing as a complex and multidimensional concept that extends beyond income and expenditure.

The report makes the case that wellbeing encompasses many aspects of life, such as working life, health and education. Defined by psychologists as feeling good and functioning well, wellbeing is shaped by many intersecting factors, such as household circumstances, access to infrastructure, services and opportunities, and the risks of unexpected events.

This analysis of wellbeing is done in the wider context of Malaysia's development. Malaysia has undergone rapid urbanisation over the decades, with the share of the urban population rising from 29.4% in 1970 to 76.9% in 2024. Peninsula Malaysia's rate of urbanisation is in excess of 80% with five states; Kuala Lumpur, Putrajaya, Selangor, Pulau Pinang and Melaka registering over 90% urbanisation. The population of Klang Valley alone is more than a quarter of the national population.

Urbanisation has gone hand-in-hand with agglomeration. As people moved to urban areas in search of better opportunities, economic activity increased in these spatially concentrated urban areas. An urban-rural divide remains one of the clear differences seen when analysing household income and expenditure.

However, despite their importance, income and expenditure alone do not capture how different circumstances, access and risks experienced by households affect wellbeing.

This analysis sheds light on why households with similar incomes may have different levels of wellbeing, depending on circumstances such as their age and health or on their access to housing and essential services. It also helps to explain why improving wellbeing requires more than increasing income. Understanding the many components of wellbeing and the factors that affect wellbeing allows policy to be more targeted and contextually driven in addressing challenges faced by households.

That is the theme of SOH 2026, which addresses two central questions: how are households doing and what factors shape household wellbeing in Malaysia?

## KEY FINDINGS

### Malaysian wellbeing and happiness are improving overall, despite challenges

#### Malaysia has made progress across several dimensions of wellbeing and Malaysians are generally happy

**Wellbeing in Malaysia has generally improved from 2000 to 2024.** According to the MyWI, which tracks trends in wellbeing and quality of life using objective measures of three sub-composites: economic, social and environmental, overall economic and social wellbeing have steadily improved since 2000. Environmental wellbeing experienced a drop between 2005 and 2008 but has been recovering since. This suggests that Malaysia is making progress.

**Malaysians are generally classified as 'happy'.** The MHI measures subjective wellbeing and life satisfaction using self-reported perception surveys across dimensions that overlap with the components of the MyWI. These surveys have been done twice, first in 2021 and then in 2024. The overall MHI score improved from 6.48 in 2021 to 7.60 in 2024, indicating that Malaysians are classified as 'happy' and that their happiness has increased. This is likely due to improving perceptions mid- and post-Covid-19 pandemic.

**On the whole, median household income and labour indicators improvements suggest strong post-pandemic economic recovery.** The 2024 HIES showed that median household income continued to recover following the pandemic, with the median monthly income reaching RM7,017 in 2024. This reflects a compounded average growth rate (CAGR) of 5.1% from the previous HIES of 2022 (in nominal terms), faster than the 2.5% over 2019–22 and 3.9% over 2016–19.

Meanwhile, the labour force participation rate (LFPR), which measures the share of people working or looking for work, was 70.6% in 2024, increasing from 69.3% in 2022 and 68.7% in 2019 pre-pandemic. These are generally positive economic indicators at the national level.

#### Spatial concentration of economic activities drives spatial variations in income, with income levels in the central region remaining ahead of other states

**Wages contribute 62.9% to household income**, with higher incomes occurring in areas with higher-paying jobs. DOSM's 2024 Salaries and Wages Survey showed that median urban and rural wages were RM2,851 and RM1,698, respectively, in 2024. Rural median wages were 59.6% of urban median wages.

This translates into a significant difference between urban and rural median household incomes, amounting to RM3,551 in 2024. Rural median household income was just 56.4% of urban median household income, but the growth of urban and rural median household incomes has been similar since 2022, at a CAGR of 5.8% and 5.7% respectively (in nominal terms).

The spatial concentration of economic activities in Malaysia provides some context for the urban-rural gap. For example, business establishments are mostly concentrated in the central region, where median wages are higher than other regions. Putrajaya had the fastest wage growth, rising from just over RM2,700 in 2010 to more than RM4,500 in 2024 (in real terms).

Reflecting this spatial concentration, almost half (46.2%) of Malaysian households live in the 22 out of 166 districts that recorded median household income above the national median of RM7,017 in 2024.

**Conversely, in 2024, 111 of Malaysia's 166 districts had poverty rates higher than the national rate of 5.1%**, with 66 districts having rates at above double the national poverty rate, i.e., over 10.2%. The highest rate was recorded at 50% at Pitas, Sabah while 20.2% in Kuala Krai, Kelantan was the highest rate for Peninsular Malaysia. These figures reflect the share of households unable to afford basic needs such as food, shelter and clothing, limiting their wellbeing.

### Household expenditure continues to grow, limiting residual income and pressuring lower-income households

Overall, **median household expenditure grew by a CAGR of 5.3% over 2022–24**, faster than the 5.0% during 2019–22 and the 3.3% over 2016–19 (in nominal terms). In 2024, the median household expenditure stood at RM4,758 per month.

**Cumulatively between 2019 and 2024, household expenditure rose by more than 15% for the lower 70% of the income distribution, while barely changing for the top 10%.** The increase was as high as 21.3% for households in the bottom 10%. Even in absolute terms, the increase of RM384 for these households is much greater than the mere RM65 increase for households in the top 10%. Much of the increase occurred over 2019–22 rather than over 2022–24.

**These increases in expenditure resulted in lower residual income in 2024 compared to 2019.** Households in the bottom 10% of the income distribution retained only 1.9% of their gross incomes after covering their consumption expenses, down from 10.8% in 2019. This residual does not account for other payments such as taxes, remittances to other households or loan repayments. These would further reduce the amount remaining for savings. As might be expected, households in the bottom 10%, with a monthly gross income of RM2,227 in 2024, had little room to absorb rising living costs—modest increases in expenditure took up significant shares of their income.

## Wellbeing encompasses many aspects of life beyond income and expenditure, including but not limited to health and access to basic amenities

### Evolving food environment and lifestyles affect health; more than half the adult population is above a healthy weight range

**In 2024, households spent more on eating out than on food at home**, averaging RM902.70 per month for eating out compared with RM875.80 for food at home.

From 2019 to 2024, households across the entire income distribution increased their spending on eating out. However, the increase was more substantial among the bottom 80% of households, with average spending increasing by nearly 1.5 times cumulatively between 2019 and 2024. For the top 20%, the increase was less than 1.3 times.

Possible explanations for this continued increase in eating out expenditure may be both higher living costs and evolving lifestyle behaviours. These may have implications for public health outcomes. Eating out has been linked to poor diet quality, which in turn raises the risk of obesity and NCDs.

**Diabetes has emerged among the top five causes of death across most states in just two years between 2022 and 2024.** Many states have higher prevalences of diabetes, hypertension and high cholesterol compared with the national averages in 2023.

Between 2019 and 2023, physical activity declined. Urban areas recorded less physical activity, reflecting differences in occupations, transportation modes, lifestyles and living environment. Meanwhile, a large share of Malaysians did not meet recommended fruit and vegetable intake levels in 2023.

The shares of the population considered overweight and obese, which are key risks for NCDs, rose between 2019 and 2023. In 2023, 32.6% of Malaysian adults were overweight and 21.8% were obese, meaning **more than half the adult population (54.4%) is above a healthy weight range**.

### Nearly 100% of households have access to essential services, schools and health facilities

**Access to basic amenities across the country has improved over the last decade,** despite economic inequalities. Household access to essential services, such as treated piped water, electricity and telecommunications, improved between 2014 and 2024, with nearly 100% of households having access to such services at national and state levels.

**Household access to social infrastructure, such as health facilities and schools, has also improved at the national level**. 97.8% of households were within 5km of a public health facility in 2024, compared to 86.5% in 2014. Meanwhile, in 2024, 98.7% of households were within 5km of a primary school and 95.9% within 5km of a secondary school, compared with 96.5% and 88.7% in 2014, respectively.

However, basic provision of services and infrastructure does not guarantee improved wellbeing, nor does higher income by itself guarantee greater happiness. This suggests that improving wellbeing involves more than improving job and income opportunities and access to basic amenities; it involves addressing other factors that affect wellbeing, such as household circumstances and risks.

## Households' ability to improve their wellbeing is shaped by many intersecting factors, loosely categorised into circumstances such as age and gender, access to opportunities and risks such as disruption to global supply chains

### CIRCUMSTANCES such as age and gender can influence health, working life and income; Malaysia has an unevenly distributed ageing population and women tend to earn less than men

The report makes the case that wellbeing is not solely the result of individual choice and effort but is also influenced by circumstances that households do not choose such as age and gender. Malaysia's population is living longer, but not necessarily healthier.

**The speed of this transition towards an ageing population is uneven across states.** Perak, with the highest share of households with at least one older person (41.7%), also recorded the largest increase of such households from 35.5% 2022 to 41.7% 2024. Additionally, more than a quarter of households in Perak (25.6%) were headed by an older person, followed closely by Pahang (22.2%), Negeri Sembilan (20.8%) and Perlis (20.7%).

**The prevalence of non-communicable diseases (NCDs) such as diabetes, high blood pressure and high cholesterol increases with age.** The risk of poorer health in later years may place financial strains on older person-headed households, requiring curative, nursing or palliative care, thus impacting wellbeing. Meanwhile, in 2024, households headed by persons over 65 years of age recorded a median income of just over half the national median.

**Women continue to have lower LFPRs than men, especially in rural regions** where there may be a lack of formal employment opportunities compatible with women's caregiving responsibilities. As their educational attainment improves, women are more likely to participate in the labour market. However, a gender wage gap persists across the working-age life course. Wages for men and women tend to peak around 40–44 years old before declining after 60. However, men's wages are marginally higher at their peak and decline less sharply.

Given the care needs of an ageing population and the care responsibilities typically shouldered by many women, investments in accessible, comprehensive and affordable care services may be a means of addressing challenges arising from these household circumstances.

## ACCESS to decent work provides job satisfaction and social protection; wages are important but so are other aspects of employment quality

Paid employment remains the primary contributor to household income, underscoring the centrality of decent work for wellbeing.

Decent work is not just a function of wages but also of other aspects of employment quality, such as working in jobs commensurate with one's skills or qualifications. Skill-related underemployment occurs when people with tertiary education are working in semi- or low-skilled jobs. **Kuala Lumpur had the lowest rate at 18.6% in 2024**, followed by Pulau Pinang at 26.5%. Combating underemployment has the potential to improve job satisfaction and productivity.

Another aspect of employment quality found in formal employment is strong social protections for workers. **Formal employment opportunities are concentrated in urban areas, while rural regions have more informal work arrangements.** Households relying on informal work arrangements face greater risks relating to job safety and precarity and have reduced access to employment-related benefits and protections. Broader social protection coverage for workers, both formal and informal, could mitigate risks faced by workers.

## RISKS to wellbeing that arise from international pressures are uneven; Malaysia's food security is sensitive to disruptions in global supply chains

Through the lens of food security, the report also explains how household wellbeing is subject to risks from international pressures. It suggests that innovative strategies are required to build national resilience, for example by diversifying import sources, strengthening regional trade relationships and making contingency arrangements amidst geopolitical uncertainties.

**Malaysia imports a lot of its food from only a few supplying countries.** Nearly three-quarters of the country's beef imports come from India and two-thirds of its vegetable imports from China. Much of the imported food supply comes from climate-vulnerable countries, adding another layer of risk. A crisis disrupting food supply and distribution could lead to price hikes or supply shortages, impacting household wellbeing unevenly.

**Lower-income households devote a much larger share of their expenditure to food than higher-income households**—38.3% for households in the bottom 10% of the income distribution compared to 24.5% for the top 10%.

Because lower-income households have less disposable income to start with, the same increase in food prices would impact a larger share of their budget. This would leave them with less room to absorb higher prices without cutting other expenditures, drawing down savings or switching to cheaper foods. In other words, in the event of a crisis, households with smaller financial cushions are likely to absorb more of the shock.

## CONCLUSION

SOH 2026 is intended to provide a baseline body of evidence on the current state of households in Malaysia, informing discussions on policy, development and wellbeing. Rather than seeking to provide policy solutions, its broad scope is intended to surface further questions, sharpen the issues that warrant closer attention, and spur public and policymaking discourse on these pressing national concerns.

The report finds that household wellbeing is improving at the national level. However, a closer look at state and district level data reveals that households' ability to turn economic progress into wellbeing remains highly uneven, especially when considering differences in demographics, location and access to basic amenities and economic opportunities.

The implications of this finding should be viewed in the context of Malaysia's development, which has occurred in spatially concentrated urban areas. This has resulted in population concentrations that may partially account for uneven wellbeing outcomes and that may raise new challenges for households. However, it does not remove the need to address disparities. Typical assessments of inequality along urban-rural lines may need to be complemented by more nuanced investigations along the intersections of regional, occupational and demographic lines.

Another key finding of this report is that, unlike regional differences in income and wages, access to basic amenities is high across states. Development spending is an important part of fiscal policy. The fact that Malaysia has high access to basic amenities is a testament to past investments in public infrastructure and services. New infrastructure such as digital infrastructure as well as those specific to an ageing population are becoming important. As these are enablers of wellbeing, this finding emphasises the value of continued public investments in the provision of infrastructure and services.

These findings suggest that the provision of cash aid and subsidies that address short-term needs should be complemented by investments in infrastructure and services with long-term benefits. Interventions should be based on local context and needs, incorporating wellbeing outcomes, such as mobility, public safety and social participation, into any policy programme. Continued agglomeration can spur further growth while spatial dispersion of development and opportunities can address inequalities.

# INTRODUCTION & CONCEPTUAL FRAMEWORK


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# INTRODUCTION

The State of Households (SOH) report is Khazanah Research Institute's (KRI) flagship report. It presents a detailed picture of the state of households in Malaysia. Drawing primarily on data from the Department of Statistics Malaysia's (DOSM) Household Income and Expenditure Survey (HIES) reports, SOH is an effort to dig deeper into what is happening behind the numbers and statistics collected and presented by DOSM. In this 2026 edition of the SOH report, we also draw on data shared with us by the Ministry of Education (MOE) and the Ministry of Health (MOH).

Where national economic reporting tends to focus on macro statistics such as Gross Domestic Product (GDP) and Gross National Income (GNI), SOH serves a complementary function by detailing household income and expenditure, examined at the state and strata (urban/rural) level. More recently, SOH reports have also examined households at the district level.

Breaking national statistics down into detail adds value to DOSM's data by uncovering the underlying processes that may not be evident from macro statistics. For example, the national median household income in 2024 was RM7,017[1] but an income analysis by district reveals the unevenness of the income distribution across the nation. A discussion of differences in regional labour markets adds insight into this uneven income distribution.

*From Income to Wellbeing: The State of Households 2026* marks the sixth edition of this report and further advances KRI's efforts to understand the state of Malaysian households. Each previous edition has taken steps forward in both deepening and broadening an overall understanding of society in Malaysia. Earlier reports have typically opened with a section discussing household income and expenditure before delving into specific topics worthy of policy attention. These topics have ranged from women's participation in the labour force, population ageing, social inequalities and health to the ways in which technology is adopted in education and healthcare.

The progression and expansion of these topics reflect the progression and expansion of the institute's interests and expertise over the years. In SOH 2026, we pivot from highlighting specific themes. Instead, we offer an analysis of multidimensional household wellbeing through the lens of the constraints households face in improving wellbeing, offering insight into the role of public policy in addressing these constraints. In doing so, we recentre the report on KRI's mission and research objectives.

> *"Khazanah Research Institute (KRI) is a research institute dedicated to advancing evidence-based policy for a better Malaysia. Our core mission is to shed light on the nation's most pressing economic, social, and structural issues that affect the daily lives of the rakyat. By transforming rigorous research into policy recommendations and actionable insights, we aim to inform policies that strengthen Malaysian families, uplift communities, and drive inclusive national progress."*[2]

[1] DOSM (2025j)—HIS
[2] KRI (2026)—About KRI

We start with the unspoken yet implicitly accepted premise that improving wellbeing is a worthwhile policy objective. Defined by psychologists as "feeling good and functioning well"[3], wellbeing as a policy objective takes on an ambitious yet often ambiguous aim of doing more than meeting basic needs. For example, wellbeing in the workplace could involve going beyond setting minimum wages to establishing adequate support systems that meet the care demands faced by working adults.

The ambiguity in the definition of wellbeing means that it is not easy to accurately define and measure various components of wellbeing, such as social participation and culture. Nonetheless, this report discusses key components of wellbeing for which disaggregated data are more widely available, namely income, working life, basic amenities, education and health.

Next, we highlight another unspoken premise, namely that household wellbeing is often constrained by factors beyond the control and efforts of the household itself. In other words, households often find themselves in conditions that they did not choose and cannot change on their own yet must act within the limits of these conditions. These conditions have real impacts on their opportunities and capabilities and thus on their wellbeing. For example, households and communities that lie in flood-prone areas already face climate risks. They may also find that job opportunities around them are limited because their area also poses an investment risk that dampens economic development.

In SOH 2026, we turn our focus towards the various factors affecting household wellbeing that households themselves may find a challenge to manage. This is where public policy interventions can have an impact. It is often said that policy is not 'one size fits all'. To better explain why that is the case, we discuss how circumstances, access and risks affect household wellbeing. We consider why these different factors cannot be 'treated' using the same type of policy intervention and why an understanding of context and community needs is an important determinant of policy success.

## Structure of the Report

The report begins with an introduction to our conceptual framework of factors shaping wellbeing, namely circumstances, access and risk.

Part 1—*How Households Are Doing*—then opens with a section that introduces DOSM's two measures of wellbeing, the Malaysian Well-Being Index (MyWI) and the Malaysia Happiness Index (MHI).

Each of the sections that follow discusses an aspect of wellbeing included in these two indices, namely income, working life, education and health.

Sections 2 and 3 represent the core of every SOH report produced by KRI, namely an analysis of household income and expenditure. The income analysis, done at various levels of detail, describes trends in household income distribution and growth, breaks down income sources, and examines trends in inequality and poverty. The expenditure analysis, also done at various levels of detail, reveals the spending priorities of households and highlights eating out as a growing share of household expenditure.

[3] Ryan and Deci (2001); Huppert and So (2011)

Section 4 sheds light on the labour force. It presents an overview of Malaysia's workforce relative to its population by examining labour force participation rate and unemployment. It also considers quality of employment in terms of formal and informal employment, skill level and wage distribution across the country.

Section 5 offers insight into education at preschool, primary, secondary and tertiary levels in the form of enrolment and completion rates at these different tiers as well as learning outcomes.

Finally, Section 6 is an overview of public health in Malaysia. It describes the prevalence of non-communicable diseases and disabilities, examines the causes of mortality, and considers whether Malaysians are practising healthy lifestyle behaviours and eating a healthy diet.

Part 2—*How Wellbeing Is Shaped*—opens with a section that restates the framework for our categorisation of the factors affecting wellbeing, explaining our conceptualisation of circumstances, access and risk.

Section 7 takes a deeper look at the circumstances that affect wellbeing through the lens of demographics, specifically age and gender.

Section 8 examines access to infrastructure, services and opportunities as key mediators for household wellbeing. An analysis of basic amenities in Malaysia highlights the importance of decent living standards for household wellbeing. Meanwhile, an analysis of the distribution of job opportunities highlights how household wellbeing is shaped by where people live and the types of jobs they can access.

Section 9 is a timely reflection on how risk in the form of structural dependencies within Malaysia's food system may shape household wellbeing by affecting food availability and affordability.

In preparing SOH 2026, we had two objectives in mind. The first, as with every SOH report, was to stimulate public discourse on the state of households in Malaysia by offering analysis and insights into public data. It is KRI's intention that our research should bring into focus pressing national issues for further reflection, discussion and action.

Our second objective was to highlight the complexity and interconnectivity of modern society as a policy consideration, along with the need to understand the underlying needs of different target populations. Research and policy cannot afford to address national issues in isolation or without context.

Households are part of networked social ecosystems. In making explicit different aspects of wellbeing and how they are shaped, we do not intend to leave readers or policymakers overwhelmed by analysis paralysis. Instead, by careful assessment of the complexities of wellbeing and a deeper discussion of the factors that shape household wellbeing, we hope to inform and influence public policy that can have real impact in improving the state of Malaysian households.

# CONCEPTUAL FRAMEWORK

Part 1 of this report explores how Malaysian households are faring across certain dimensions of their wellbeing. Part 2 looks beyond the household for an explanation of these outcomes.

Part 2's central argument is that much of what shapes a household's wellbeing lies beyond the household's immediate doing. Households exercise agency, but that agency is bounded by the circumstances they are born into, by the access they have to opportunities or basic needs, and by unforeseen events that could disrupt their everyday lives.

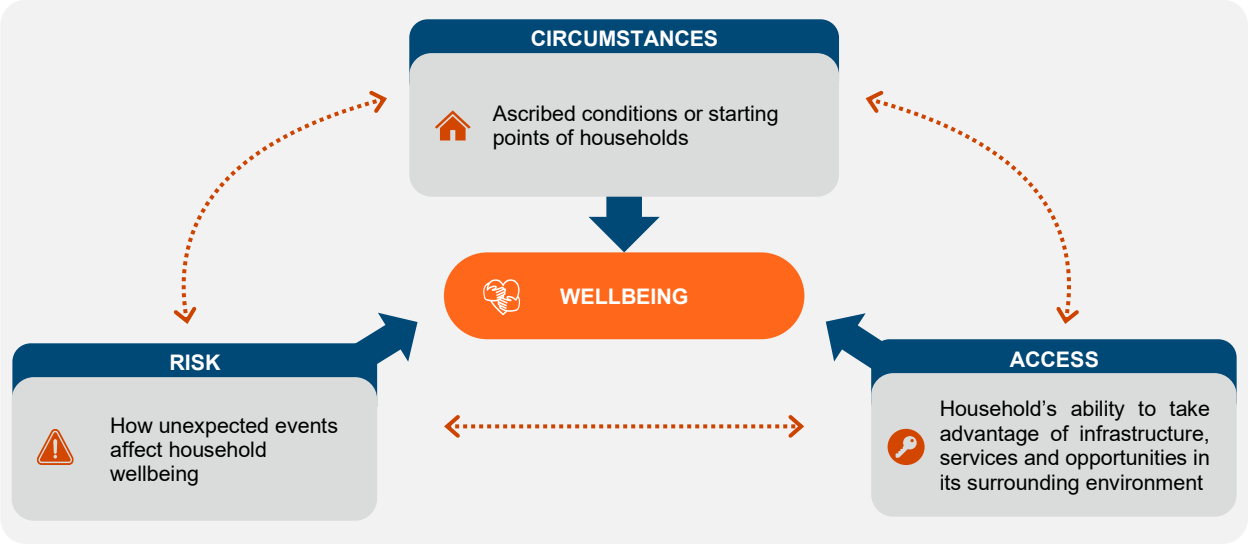
First, household wellbeing is not solely a product of effort and choice but is profoundly shaped by the **circumstances** the households are born into or inhabit. Circumstances are defined as starting points or ascribed conditions such as age and gender, which are not matters of choice, but which shape the range of choices that affect household wellbeing. These circumstantial starting points create differentiated trajectories that could compound over time and generations.

Second, **access** is defined as a household's ability, or lack thereof, to take advantage of infrastructure, services and opportunities in its surrounding environment, which depends on these resources being available in the first place. It is a function of location and often the result of policy and development decisions that persist in local communities over time.

A third factor shaping household wellbeing is **risk,** defined as the extent to which household wellbeing is affected by unexpected events. They can take many forms, ranging from loss of employment, flooding in the neighbourhood or the trickle-down effects from geopolitical actions of other countries.

Together, these three: circumstances, access, and risk form the framework of Part 2. This is the nested framework set out in Figure 1.

**Figure A: Framework of factors shaping wellbeing**




Source: KRI visualisation

These three factors are neither parallel nor independent. They should not be treated as static, mutually exclusive categories as they can intersect, interact or compound one another in shaping household wellbeing.

Categorising the factors shaping wellbeing or building a rigid typology is not the aim of this report. Rather, the report seeks to highlight the complexity of household wellbeing, offering an alternative perspective on how wellbeing can be understood. Ultimately, designing effective policy requires thinking about what outcomes would meaningfully improve household wellbeing (see Box A for further discussion).

**Box A: Locating the boundaries of household agency and the capability architecture**

The conceptual framework for Part 2 is informed by a body of work spanning economics, sociology and psychology. These disciplines have grappled with the same problem from different perspectives: how to account for the conditions that shape human wellbeing that lie outside the individual's own choosing.

John Roemer's theory of equality of opportunity separates the determinants of a person's situation into two kinds: *circumstances*, which lie beyond their control, and *effort*, for which they can reasonably be held responsible[4]. The normative weight of the distinction rests on a simple intuition: inequalities rooted in features no one chose (such as the household one is born into, one's gender, or where one is raised) raise questions of fairness. Inequalities arising from choice, by contrast, do not raise the same questions of fairness. Roemer uses *circumstances* as anything beyond household control and dwells on normative arguments for an equitable society.

Nevertheless, this report moves beyond Roemer to examine the mechanism by which circumstances become outcomes. This is where Sen's Capability Approach proves insightful, as Sen delineates the mechanism through personal, social and environmental conversion factors, by which resources are converted into functionings and, in turn, wellbeing[5].

It is worth noting that, according to the political philosopher Cohen, access to advantage, i.e. the ability to convert an opportunity into something of value, has to be recognised as a determinant of wellbeing outcomes in its own right[6]. This distinction between opportunity as formally available and opportunity as genuinely convertible is what motivates Part 2's treatment of 'access' as a separate analytical category from 'circumstance'.

Sen's Capability Approach defines functionings as the actual states of being and doing that make a life valuable (e.g. being in good health or adequately nourished). Drawing from Hausman, Sen defines capability as the set of alternative functioning combinations a person could choose from and their real freedom to achieve one of those combinations (e.g. the ability to be well nourished, well sheltered, or escaping avoidable morbidity)[7]. The distinction matters as two households with the same income can have different capabilities, taking into account where they live, their household composition or the level of basic services they can access where they reside.

[4] Roemer (1998)
[5] A. Sen (1999)
[6] Cohen (1989)
[7] Hausman (2008)

What determines whether a household can convert a given means into a functioning is what Sen and later Robeyns, coined as conversion factors. A good has certain characteristics that make it useful, but whether those characteristics can be converted into a functioning system depends on the conditions surrounding the household. Robeyns systemised this through three categories of personal, social and environmental conversion factors[8].

Robeyns illustrates using a mobility analogy of riding a bicycle where personal conversion factors could be thought about as physical condition, health and skill. These determine whether a person can physically ride a bicycle. Social conversion factors, such as social norms, public policy and whether cycling is culturally permitted for someone in that position, determine whether they are allowed to use it. Environmental conversion factors such as paved roads, terrain and climate determine whether the physical setting supports its use. The same bicycle, in other words, produces different degrees of mobility depending entirely on factors that lie outside the good itself.

The framework this report puts forth does not remove agency from the household, but rather to identify what other factors could influence household choices that would eventually shape their wellbeing outcomes. Agency, understood as the freedom to pursue goals that a household values, falls outside this report's scope, though its importance is not to be dismissed. Choices can be acted upon and adaptable depending on the circumstances, degree of access and risk a household face.

The value of this framework is that it reframes wellbeing as a question of conversion to capabilities, not just possession. A household is not simply constrained by what it has, but by whether the conditions around it allow that resource to become something of value. In the context of this report, we do not adopt Robeyn's conversion factors as a fixed template. Rather, the architecture and the broader body of work discussed previously are used to inform our own understanding of what lies beyond households that affect their wellbeing. Consequently, this report identifies three areas of focus, namely circumstances, access and risk. They reflect the report's own reading of what shapes household wellbeing beyond the household's direct control.

[8] Robeyns (2005)

# PART

# 01

**HOW HOUSEHOLDS ARE DOING**


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# 01


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SECTION 1
# WELLBEING

## 1.1 Introduction

Wellbeing broadly refers to the overall quality of human life and the conditions that allow individuals to live good and fulfilling lives. Understanding wellbeing requires us to look beyond monetary measures such as income and gross domestic product (GDP) per capita (see Box 1.1). It is recognised as a complex and multidimensional construct, reflecting different aspects of human experience but with no universally agreed definition or measurement method[9].

One approach to measuring wellbeing is to consider objective wellbeing and subjective wellbeing. Objective wellbeing refers to observable material and social conditions such as income, health outcomes and educational attainment, measured using external indicators[10]. Subjective wellbeing, by contrast, refers to individuals' own evaluations of their lives, encompassing life satisfaction, emotional experience and a sense of purpose[11]. Neither alone is sufficient: objective indicators may miss the lived experience of households, while subjective measures may be influenced by shifting individual expectations.

The Organisation for Economic Co-operation and Development's (OECD) wellbeing framework exemplifies this integrated approach, combining economic, social and environmental indicators with subjective measures of life satisfaction and emotional experience[12]. In Malaysia, the Department of Statistics Malaysia (DOSM) has operationalised this dual approach through two complementary instruments: the Malaysian Well-Being Index (MyWI), which tracks objective living conditions across economic, social and environmental dimensions; and the Malaysia Happiness Index (MHI), which captures subjective wellbeing through self-reported life satisfaction across social, economic, emotional and spiritual domains. Together, they provide a more complete picture of wellbeing than either GDP or any single measure could offer.

**Box 1.1: A brief background of the development of wellbeing as a policy goal**

The critique of GDP as a sufficient measure of progress emerged as early as the 1960s when scholars challenged the assumption that economic output alone reflects human welfare. The Easterlin Paradox showed that sustained increases in income were not accompanied by corresponding rises in happiness, contradicting the assumption that economic growth alone enhances societal welfare[13]. This gave rise to the development of formal wellbeing measurement frameworks by international organisations and governments.

The literature draws on several distinct conceptual approaches that inform how it is measured in practice. The eudaimonic approach defines wellbeing in terms of "functioning well", which emphasises positive psychological functioning, optimism and a sense of meaning or purpose[14].

[9] Dodge et al. (2012); Huppert (2017)
[10] Stiglitz et al. (2009)
[11] Diener (1984); Kahneman and Krueger (2006)
[12] OECD (n.d.)
[13] Briguglio et al. (2025)
[14] Diener et al. (2010); Ryff (1989); Waterman et al. (2010)

The hedonic approach, on the other hand, defines wellbeing as "feeling good" by emphasising happiness, pleasure attainment and avoiding pain[15].

In parallel, Sen's Capability Approach defines wellbeing in terms of actual freedoms individuals possess to achieve valued ways of living, drawing attention to the role of social and institutional conditions outside of the individual's control in shaping their outcomes[16]. Sen distinguishes between freedoms that are intrinsically valuable, ones that constitute a good life in themselves, and freedoms that are instrumentally valuable, ones that expand other freedoms[17]. Education, for example, falls into both categories: it is intrinsically valuable, while also expanding economic opportunity and political participation. These approaches are not mutually exclusive, policy-oriented research have adopted definitions that combine functioning and feeling dimensions alongside objective conditions of life[18].

However, the lack of a clear and standardised definition of wellbeing remains a challenge[19]. Despite its strengths in considering multiple aspects of society, wellbeing is not easily measured and is difficult to translate into policy objectives, as different institutions operationalise wellbeing depending on their cultural context. For instance, dominant wellbeing frameworks such as the OECD's have been criticised for reflecting Western conceptions of the good life that prioritise individual happiness and life satisfaction over social and relational wellbeing[20]. This is reinforced in a recent OECD review, which found that its own wellbeing framework relied heavily on evidence from wealthier countries and called for the development of more globally inclusive measures[21].

## 1.2 Malaysian Well-Being Index

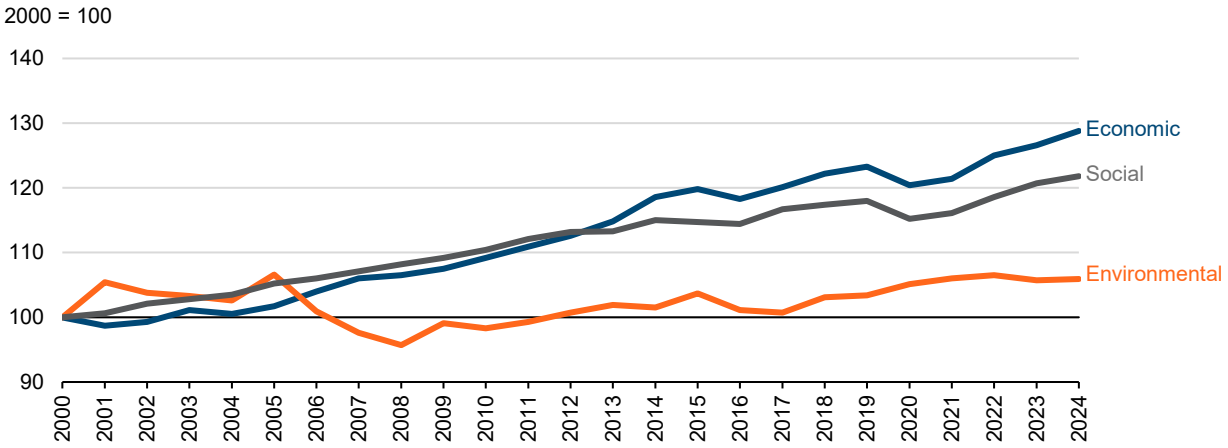
The MyWI aims to track long-term trends in wellbeing and quality of life using objective outcomes. It breaks wellbeing down into three sub-composites: economic, social and environmental, each comprising multiple components and underlying indicators (Appendix A). They all add up to get the final wellbeing score, indexed to the year 2000 as the base year for national level and tracked every year since. State-level indicators were indexed to the year 2010. The index tracks changes in total wellbeing and its components over time.

### The Malaysian Well-Being Index shows steady improvement

Since 2000, Malaysia's economic and social wellbeing have been steadily improving (Figure 1.1). In 2020, there was a slight dip coinciding with the pandemic, which may have affected components such as transportation, income and entertainment/recreation. However, shortly after, both aspects continued to improve. Environmental wellbeing, on the other hand, is marked by a lag in growth, indicated by a large drop beginning in 2005. However, it has been slowly recovering ever since.

[15] Diener (1984); Kahneman and Krueger (2006)
[16] A. Sen (1999); Nussbaum (2011)
[17] A. Sen (1999)
[18] Huppert (2017); Ryan and Deci (2001)
[19] Dodge et al. (2012)
[20] Smith et al. (2025)
[21] Smith et al. (2025)

**Figure 1.1: Malaysian Well-Being Index, by sub-composite, 2000 – 2024**



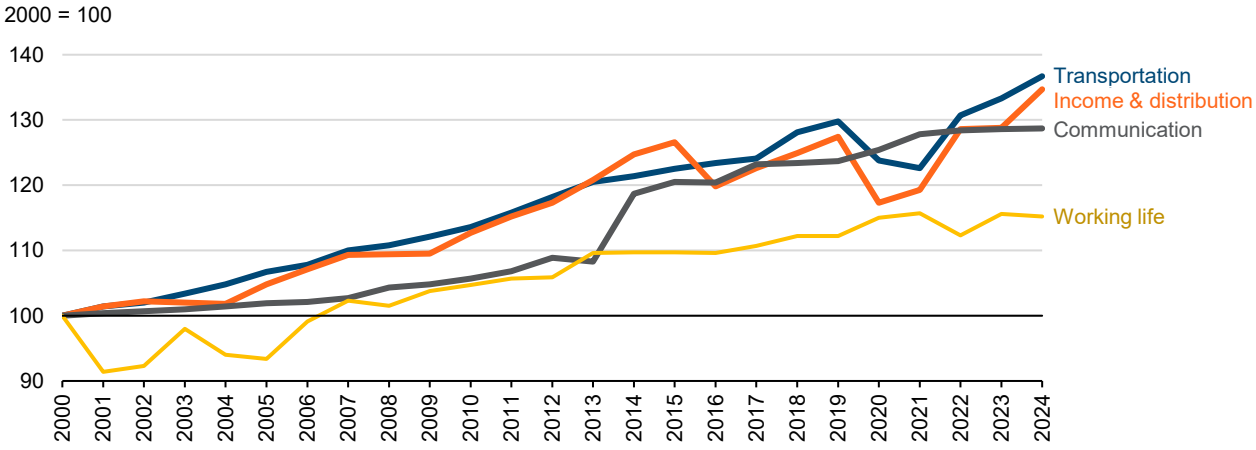

Source: DOSM (2025m)—MyWI

## Economic components all show consistent improvements

Considering each sub-composite individually, the economic wellbeing index is composed of transportation, communication, income and distribution, and working life. All four components are meant to represent the economic development of Malaysia. The social aspect looks at education, housing, entertainment/recreation, public safety, social participation, governance, culture, health and family. These are components that are necessary in understanding the wellbeing of households beyond monetary concerns. The environmental aspect looks at air quality, water quality and access to clean water, and biodiversity resources.

The economic sub-composite shows general improvements across all four components. Transportation improvements were driven by growth in the number of railway passengers and the quality of road development (Figure 1.2)[22]. Communication growth in 2024 was driven by a higher percentage of individuals using internet and mobile phones[23].

**Figure 1.2: Economic wellbeing index, by component, 2000 – 2024**




Source: DOSM (2025m)—MyWI

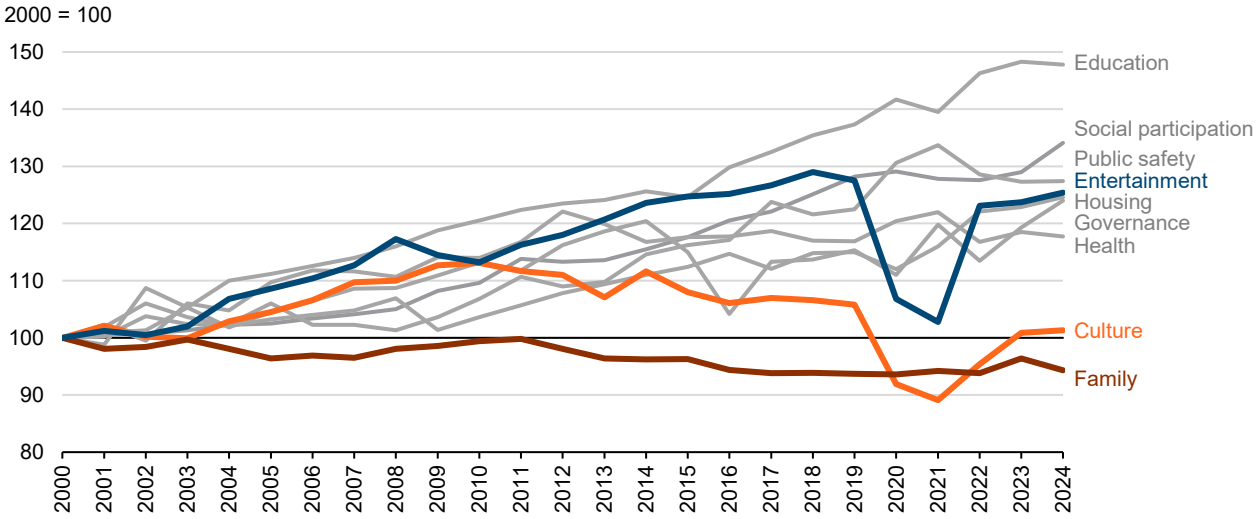
[22] The quality of road development is measured using the Road Development Index or RDI. It considers the length of the road network, land area and population size. Source: DOSM (2025m)—MyWI
[23] DOSM (2025m)—MyWI

## Social components show mixed improvements

The social sub-composite also shows steady improvements across most components except for family and culture (Figure 1.3). Indicators measuring the family component experienced a slight decline, with recent change being caused by increases in household debt per capita, divorce rates and domestic violence cases[24]. There was a large drop in entertainment and recreation during the pandemic, followed by a rebound the year after, with recent increases driven by higher numbers of hotel guests and visitors to recreational parks[25].

Lastly, the culture index went down in 2020, where the component looks at the number of visitors to local and national libraries, museums and Istana Budaya. Unlike entertainment and recreation, there is no recovery back to pre-Covid levels.

**Figure 1.3: Social wellbeing index, by component, 2000 – 2024**




Source: DOSM (2025m)—MyWI

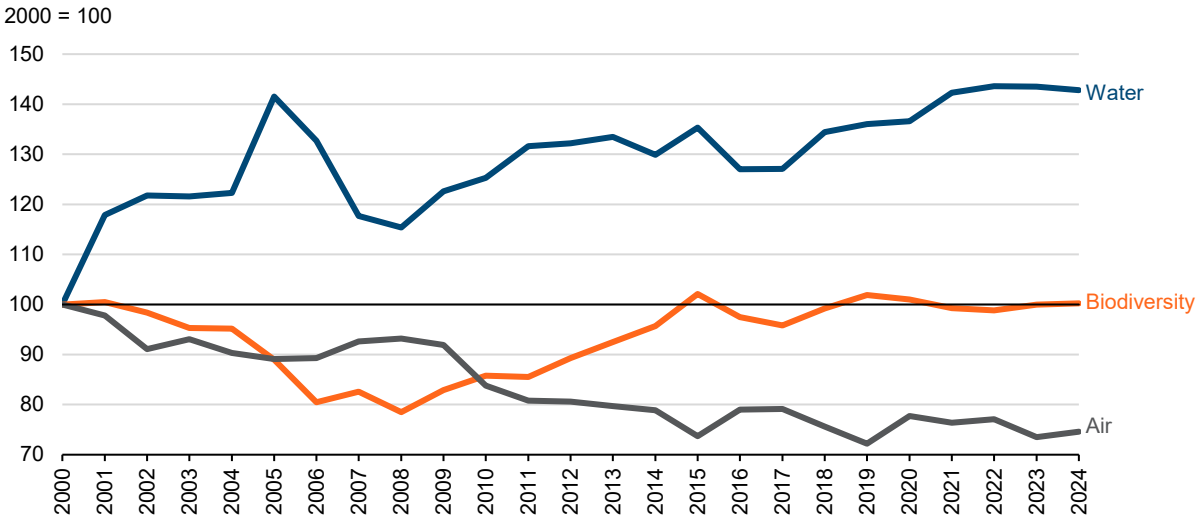
## The environmental index is dragged by air quality

For the environmental aspect, there was a deterioration in air quality, improvements in water quality and access to treated piped water, and a drop and subsequent recovery of biodiversity resources (Figure 1.4).

Overall, we see general improvements in our economic and social components, indicating a general upward trend in the nation's wellbeing based on objective measures. However, certain social components such as family and culture warrant further investigation based on their indicators due to the limitations of the indicators themselves in accurately measuring wellbeing. With respect to environmental wellbeing, the deterioration in air quality can be presumed to have an impact on overall wellbeing and warrants further study.

[24] DOSM (2025m)—MyWI
[25] DOSM (2025m)—MyWI

**Figure 1.4: Environmental wellbeing index, by component, 2000 – 2024**




Source: DOSM (2025m)—MyWI

## 1.3 Malaysia Happiness Index

Complementary to the MyWI, DOSM has also attempted to understand wellbeing based on subjective and lived experiences using the Malaysia Happiness Survey. The MHI measures wellbeing and satisfaction across 13 components that cover social, economic, emotional and spiritual aspects of life. It captures self-reported perceptions of wellbeing on a scale of 1 – 10 through surveys, beginning in 2021 as part of the National Household Indicators survey and was repeated in 2024. As an example, to gauge participants' happiness on their social participation, the survey asks them to rate from 1 – 10 their satisfaction with their community support and level of social engagement (see Appendix B for the full details).

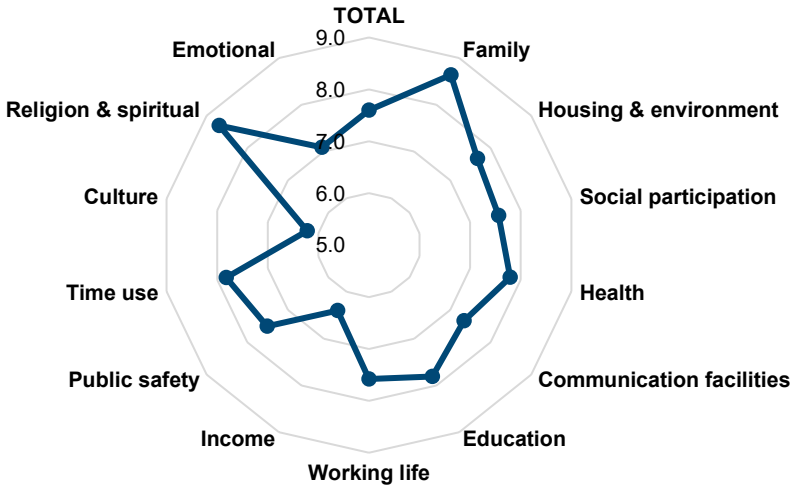
### Malaysians are generally happy but have reservations about culture and income

Figure 1.5 shows the relative ratings of happiness as a whole and by each component at the national level in 2024. The total score was 7.6 which indicates that Malaysians are generally happy with their economic, social, emotional and spiritual circumstances. Religion and spirituality scored the highest at 8.69, followed by family at 8.64.

On religion and spirituality, respondents were asked whether religious/spiritual practices, activities with the community and respect for the diversity of practices of other communities affect their level of happiness[26]. This implies that a high rating indicates that they value religious and spiritual practices and that it influences their subjective view of happiness[27]. On all other components, they were asked if they were happy with the level of that component. For example, for family, they were asked to rate their happiness with their family relationships, financial stability and safety, rather than if those things affected their happiness[28].

[26] DOSM (2025f)—MHI
[27] As the questions for religion and spirituality, and culture are framed around whether these indicators affect happiness rather than satisfaction with them, scores on these components are not directly comparable to other components.
[28] DOSM (2025f)—MHI

**Figure 1.5: Malaysia Happiness Index rating, by component, 2024**




Source: DOSM (2025f)—MHI

On the other hand, culture and income scored lowest relative to all other components, at 6.22 and 6.4 respectively. On culture, they were asked whether arts and cultural activities affect their level of happiness, providing examples such as *Dikir Barat*, *Zapin* Dance and *Wau Bulan* Festival[29]. The lower score suggests that Malaysians do not think these activities affect their happiness to the extent of religious/spiritual practices. On income, the survey asked them to rate their level of satisfaction with the income from their main job or extra/part-time/side jobs, whether the income paid is commensurate with cost of living, whether salary/wages are commensurate with number of hours worked and their debt burden[30]. The lower score may reflect relative dissatisfaction with level of pay despite the improvements in median and mean income over time. However, based on the methodology of the survey, a score between 6 – 8 is still considered happy.

## Happiness levels have improved since 2021

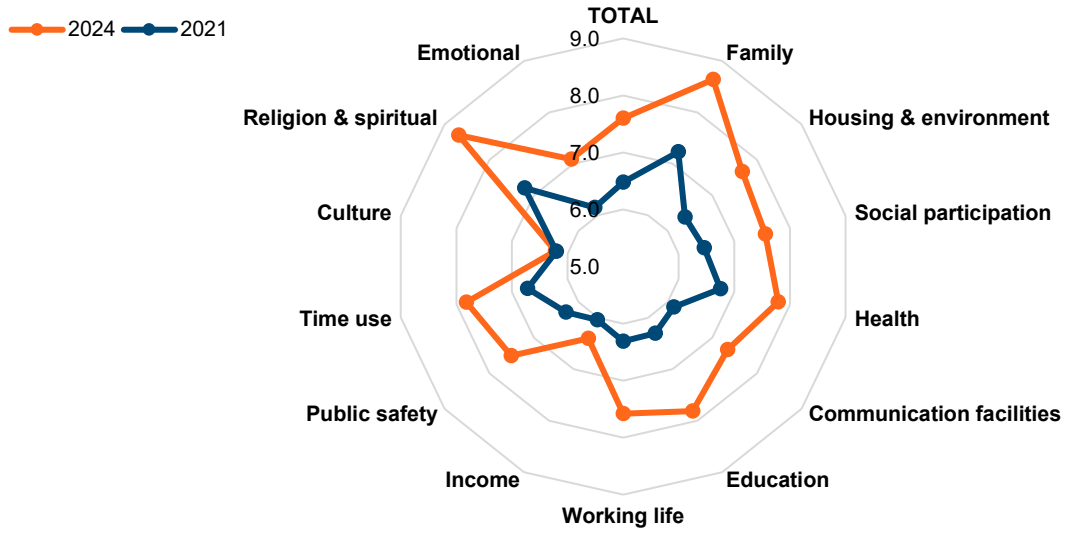
The MHI scores in 2024 and 2021 show similar patterns in their component ratings (Figure 1.6). For example, religion/spirituality and family continued to score the highest with culture and income scoring the lowest, alongside emotional experience and communication facilities. Despite the subjective nature of the reporting and variability in people's perception of happiness, the consistent pattern across both years may signal an interesting insight, that people value religion/spirituality and are happy with aspects associated with family wellbeing more so than other components.

As components tend to be positively correlated, improvements in one component may be associated with improvements in another. In spite of general improvements, we see that culture has not moved much between the two years, improving marginally from 6.20 to 6.22. People's perception of traditional cultural activities and its impact on happiness has not changed across both years.

Comparing 2024 and 2021, there are visible improvements in the total MHI, growing from 6.48 to 7.6 overall, and across almost all components. This improvement may be attributed to the lifting of lockdowns after the pandemic. Further observations in subsequent surveys are needed to better assess trends (see Box 1.2 for a discussion on happiness and material conditions).

[29] DOSM (2025f)—MHI
[30] DOSM (2025f)—MHI

**Figure 1.6: Malaysia Happiness Index rating, by component, 2021 and 2024**




Source: DOSM (2022a) and DOSM (2025f)—MHI

**Box 1.2: Linking subjective wellbeing perceptions and objective wellbeing indicators**

To better understand how happiness varies across Malaysian districts, this section explores patterns between the MHI and selected socioeconomic indicators. The two indicators considered are median household income (a commonly used proxy for material living standards) and access to basic amenities (a measure of foundational infrastructure). These variables are included in indicators captured by objective wellbeing frameworks such as the MyWI. The aim is to assess whether districts with better material conditions also report higher happiness.

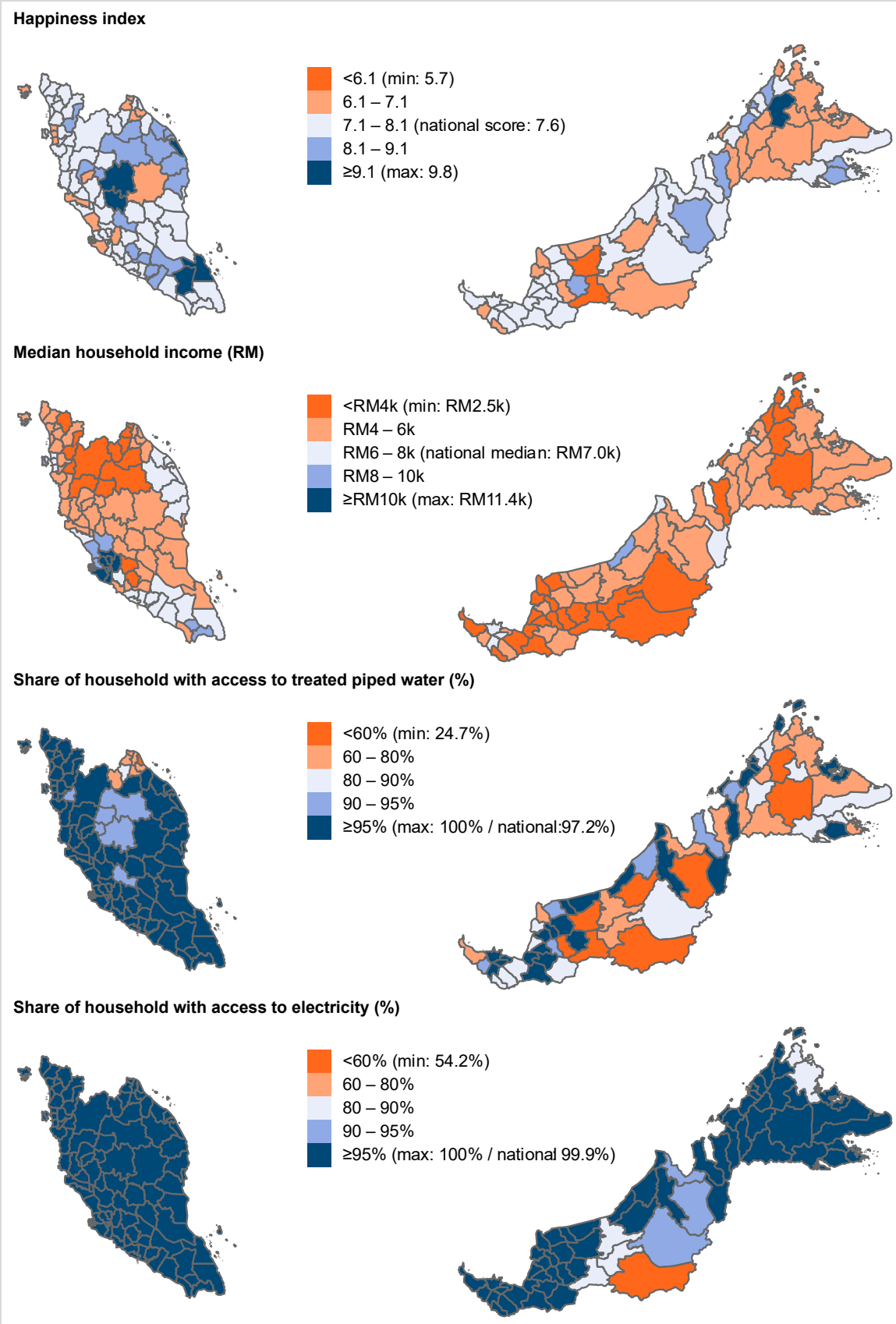
Bivariate correlations between the MHI and median income at the district level are not statistically significant. A mapping of the MHI and median income at the district level also suggests that there does not seem to be a pattern between the two variables (Figure 1.7).

However, comparing the MHI with household access to essential services (namely treated piped water and electricity), we see that among districts that have full access, there is still a variation in levels of happiness. This suggests that fulfilment of essential services does not guarantee higher levels of happiness. However, amongst districts that do not have full access such as those in East Malaysia, we see visibly lower levels of the MHI.

This lines up with wellbeing literature, as additional material improvements amongst higher income districts contribute progressively less to subjective wellbeing due to diminishing marginal returns to income[31]. For districts with less access to essential services, there is a more pronounced effect on the MHI, suggesting that material conditions are necessary but not sufficient for higher happiness.

[31] Briguglio et al. (2025)

**Figure 1.7: Malaysia Happiness Index versus selected household indicators, by district, 2024**




Source: DOSM (2025f)—MHI, DOSM (2025j)—HIS and DOSM (2025g)—BA

## 1.4 Critique of Wellbeing Indicators

While the MyWI and the MHI together offer a more complete picture of Malaysian wellbeing than GDP alone, both instruments carry methodological limitations that affect how their findings should be interpreted.

Some instrument-specific limitations reflect broader critiques in the wellbeing literature, firstly being the aggregation of different indicators into a composite figure. This has certain advantages as Stiglitz, Sen and Fitoussi (2009) acknowledge the communicative value of a single headline, which allows for comparisons over time and across countries. However, it creates trade-offs between indicators, whereby strong performance in one area can compensate for poor performance in another, implying that indicators such as economic growth and environmental quality are substitutable[32].

Separately, subjective wellbeing measures carry their own limitations. Self-reported happiness scores are sensitive to temporary emotional states, including respondents' mood at the time of the survey, rather than reflecting stable evaluations of life as a whole[33]. They are also susceptible to hedonic adaptation, whereby individuals tend to return to a baseline level of reported wellbeing over time, following both positive and negative life events[34].

For the MyWI, one of the key constraints is the choice of data included in the indicators, which may not be representative of overall wellbeing. Culture, for example, is proxied by visitor counts to libraries, museums and Istana Budaya. As shown in Figure 1.3, the culture component has not recovered to pre-pandemic levels, yet it is difficult to determine whether this reflects a deterioration in cultural wellbeing or simply reduced physical visits to libraries and museums.

A second limitation is the equal weighting of components. This means a decline in housing receives the same weight as a decline in education or family (see Box 1.3 for a discussion on housing satisfaction). As with composite indices more generally, this gives rise to the trade-offs discussed above, where the composite score can mask diverging trends within the total MyWI. Alternative approaches such as the OECD Better Life Index address this by presenting component scores separately and using an interactive dashboard to allow users to decide the weightage themselves.

For the MHI, one limitation is low measurement frequency. With observations only in 2021 and 2024, the index cannot distinguish improvements due to the pandemic recovery or structural changes. This is reinforced by the subjective wellbeing limitations discussed above, as self-reported happiness scores may shift with respondents' mood at the time of the survey. The large improvement in the total score from 6.48 to 7.6 may therefore reflect the lifting of movement restrictions and a shift in respondents' mood rather than a sustained improvement in lived experience.

[32] Greco et al. (2019)
[33] Schwarz and Strack (1999)
[34] Lyubomirsky (2011)

Additionally, the MHI aggregates scores into a single composite, which risks masking differences across households. By contrast, Bhutan's Gross National Happiness Index starts with each person and assesses whether they have achieved a sufficient level in an indicator. A person is considered happy only if they meet sufficiency thresholds in a certain number of indicators. The remainder are categorised as not-yet-happy and become the focus of policy. The result is a measure that is sensitive to those at the bottom: once a citizen crosses the sufficiency threshold in a given domain, additional gains in that domain no longer raise the index, directing policy attention toward whoever still falls short. The MHI's averaging approach does not offer this distributional sensitivity, meaning a high national score can mask areas of unhappiness among certain households.

**Box 1.3: Measuring housing satisfaction as a component of wellbeing**

Housing fulfils the basic human right for shelter and is "the basis of stability and security for an individual or family"[35]. Some decent living standards, measured via housing components, are taken into account in both the MyWI and the MHI.

The MyWI takes into account access to basic utilities, number of persons per room and affordability. However, only an aggregated score is available for these measures, limiting the degree to which housing satisfaction can be assessed. Furthermore, physical markers such as gross floor area, ventilation and daylight are not included.

The MHI surveys residents' satisfaction with facilities, cleanliness, pollution and rent subjectively in its housing and environment components. It also considers relationship with community, neighbourhood and community activities in the social participation component. However, there are no questions on indoor environmental quality. As with the MyWI, the MHI does not include granular responses to these indicators, only scores for the housing and social participation components.

Both indices show snapshots of component scores at the national and state levels rather than by household. They provide useful aggregate trends, but not sufficient and granular information needed to evaluate adequate housing standards.

[35] UN (n.d.)

## 1.5 Wellbeing in Context

Overall, the MyWI shows that Malaysia has been improving when it comes to measures of wellbeing that can be observed, namely its economic and social sub-composites. There are components that do not follow that trend such as family, culture and air quality. The MHI, on the other hand, shows a different aspect to wellbeing, through subjective experiences, noting that there are other components that can't be measured as easily, such as religion/spirituality and emotional experience, that are also important when it comes to wellbeing. It also shows that states with higher MHI score may not necessarily have the highest economic growth, income or rate of urbanisation, indicating that wellbeing goes beyond just GDP per capita or income and requires a more holistic approach accounting for cost of living, labour, factors of health and education.

While these two indices provide a high-level view of Malaysian wellbeing, aggregated numbers can sometimes gloss over what is happening on the ground. The rest of this report takes a closer look at several components of the wellbeing and happiness indices, using more granular government data, to obtain a more detailed understanding of the factors influencing Malaysian wellbeing.

Specifically, this report looks at four components that feature in both the MyWI and the MHI: income (and expenditure), working life, education and health. While there are other shared components, this report focuses on what have typically been public policy priorities for governments and households, namely having decent work and wages as well as quality education and good public health outcomes.

# SECTION

# 02


**HOUSEHOLD INCOME** 22

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SECTION 2
# HOUSEHOLD INCOME

## 2.1 Introduction: Household Income and Wellbeing

While household wellbeing encompasses much more than income alone, income remains one of its most important determinants. In considering household wellbeing, the importance of household income is commonly recognised because of its ability to afford households their basic needs, accumulate assets and withstand economic shocks[36]. Conversely, insufficient or unstable income can constrain consumption, increase vulnerability to poverty and limit social mobility[37]. While broader economic growth has historically been the larger concern of national development globally, calls have been made for greater attention to the increasing gap between what is measured by aggregate indicators like GDP and how they translate to household wellbeing[38].

At the same time, higher incomes at the national and household levels have been linked with improved living standards, better health outcomes, enhanced educational attainment and greater financial security[39]. Other than absolute income levels, the relative distribution of income within a society also matters for societal and household wellbeing, in consideration of fairness and social cohesion, as well as community participation in line with social conventions[40].

In the Malaysian context, household income has long served as a central indicator for assessing living standards, informing poverty measurement and guiding socioeconomic policies aimed at promoting inclusive development. Understanding the trends and distribution of household income, as sought by this section, is therefore essential for evaluating the progress of household wellbeing in Malaysia.

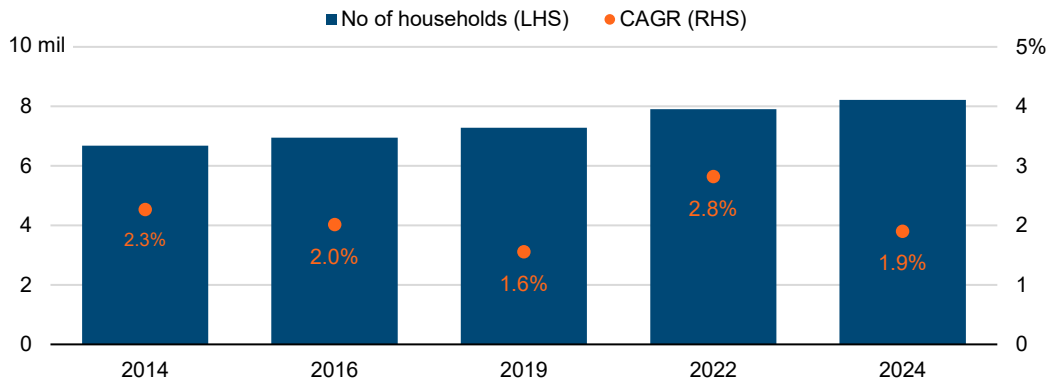
## 2.2 About Malaysian Households

### The number of households continues to grow but at a slower rate

Before discussing income trends, it's useful to consider the demographic profile of Malaysian households. Based on the latest household income survey (HIS) of 2024 by the Department of Statistics Malaysia (DOSM), there were a total of 8.2 million Malaysian households (Figure 2.1). This follows a slowdown in household formation growth, except for an uptick in growth between 2019 and 2022. Most households reside in urban areas, totalling 6.4 million households (equivalent to an urbanisation rate of 77.9%), while the number of households in rural areas remains unchanged at 1.8 million since 2022 (Figure 2.2). By state, Selangor recorded the highest number of households with 1.9 million households while Labuan recorded the least at 22.7 thousand. Hence, as the state with the most households, trends in Selangor tend to drive broader national trends relatively more than other states.

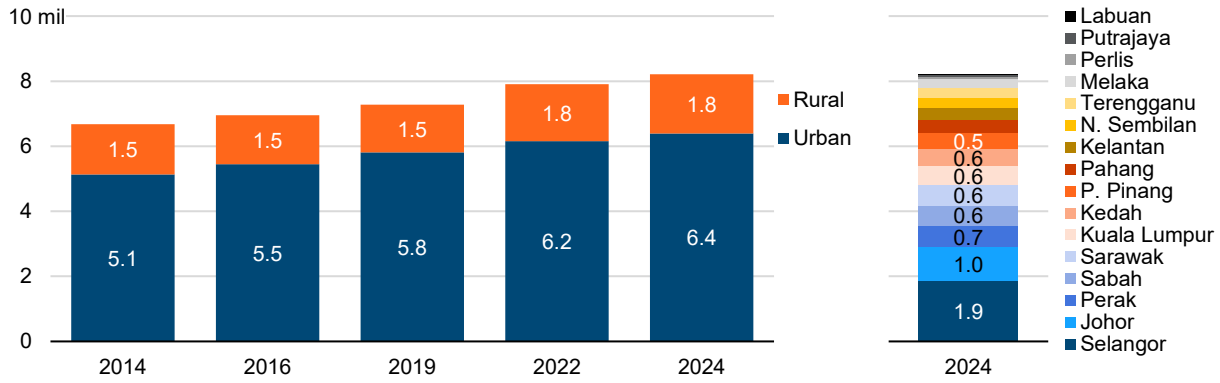
[36] A. Sen (1999); Posel and Rogan (2016); Hanlon et al. (2012)
[37] Hanlon et al. (2012); Wagmiller and Adelman (2009)
[38] Stiglitz et al. (2009)
[39] Dolan et al. (2008); Diener and Biswas-Diener (2002); MacKerron (2011); Aytemiz et al. (2024); Preston (1975)
[40] A. Sen (1999)

**Figure 2.1: Number of Malaysian households and CAGR, 2014 – 2024**




Source: DOSM (Various years -b)—HIS and KRI calculations

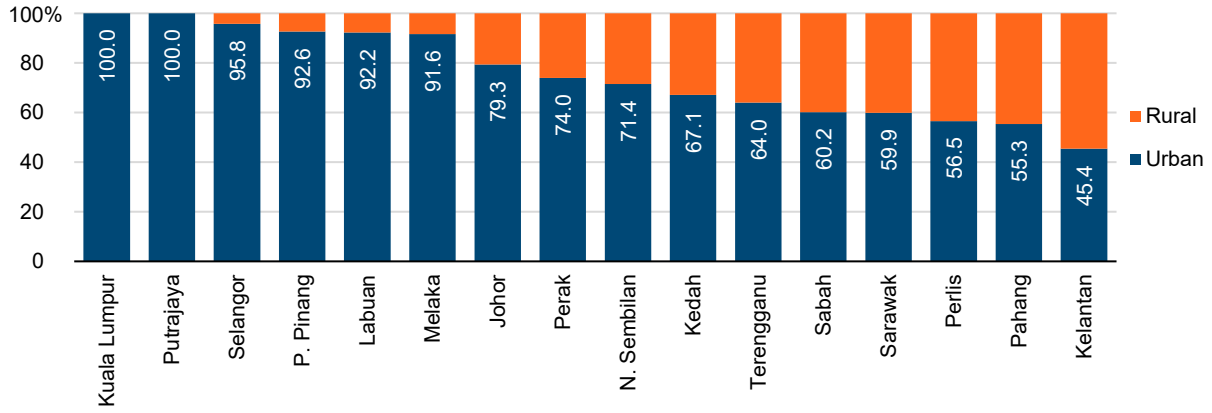
**Figure 2.2: Number of Malaysian households, by strata and state, 2010 – 2024**




Source: DOSM (Various years -b)—HIS

In terms of the urbanisation rate by state, apart from Kuala Lumpur and Putrajaya which are fully urbanised, four other states recorded urbanisation rates above 90% in 2024 (Figure 2.3). These were Selangor, Pulau Pinang, Labuan and Melaka, with Selangor reaching 95.8%. In contrast, some of the states with the lowest urbanisation rates were Kelantan and Pahang, at 45.4% and 55.3%, respectively.

**Figure 2.3: Percentage of Malaysian households, by strata and state, 2024**



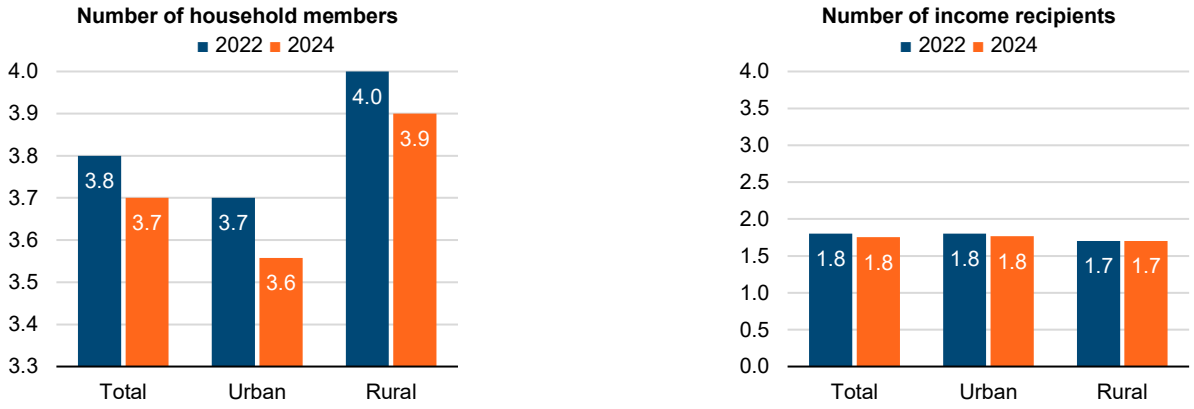

Source: DOSM (2025j)—HIS and KRI calculations

## Household size averages at 3.7 members

The average Malaysian household in 2024 consisted of 3.7 members (Figure 2.4), as households with three to four members comprised 42.2% of all households in Malaysia[41]. Households with five or more members comprised only 28.3% of households while single-member households made up even less at only 8.5%. Between districts, the smallest average size was 1.9 members in Bukit Mabong, Sarawak, while the largest was 5.3 members in Semporna, Sabah[42].

Between the different subgroups of households in 2024, households in rural areas recorded slightly larger average household sizes than in urban areas (3.9 vs 3.6). Meanwhile, Bumiputera households had the highest average number of members compared with Chinese households who have the lowest (3.9 vs 3.0). Differences between states were larger: Terengganu averaged the highest while Kuala Lumpur had the lowest (4.5 versus 3.0). Overall, compared with 2022, average household sizes in 2024 reduced across strata, ethnic groups and states.

**Figure 2.4: Average number of household members and income recipients, by strata, 2022 and 2024**




Source: DOSM (Various years -b)—HIS

## The average number of income recipients remains at 1.8 people

The average Malaysian household in 2024 comprised 1.8 income recipients (Figure 2.4). This is unchanged from 2022 nationally and across strata, ethnic groups and several states. Between urban and rural areas, urban households averaged a marginally higher number of income recipients (1.8 vs 1.7). Between ethnic groups, Bumiputera-headed households recorded the highest average number of income recipients (1.8), marginally higher than the other ethnic groups. Between states, Terengganu recorded the highest average (2.0), consistent with their larger household sizes, compared with the lowest in Pahang (1.6). Zooming in even further, between districts, Barat Daya in Pulau Pinang and Dungun in Terengganu recorded the highest average (2.2) while Bukit Mabong, Sarawak, has the lowest (1.1).

[41] DOSM (2025j)—HIS
[42] DOSM (2026a)—HIS data request

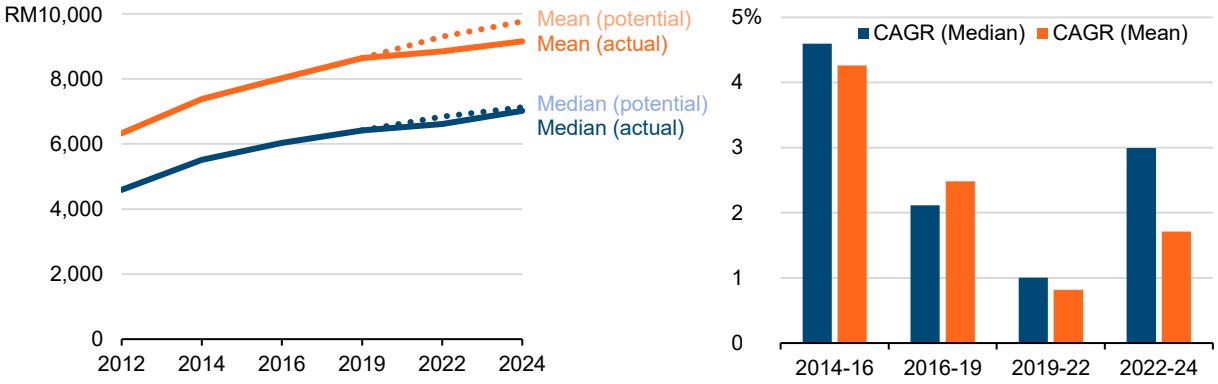
## 2.3 Household Income

### Household incomes continue to grow nationally

Based on the latest HIS of 2024 by DOSM, household incomes continued to recover since 2022 following the Covid-19 pandemic (Figure 2.5). Median and mean income were recorded at RM7,017 and RM9,155, respectively. Accounting for inflation, the 2022–24 period registered faster growth in mean and median income compared with the 2019–22 period that coincided closely with the pandemic. Median income growth over 2022–24 was also faster than the pre-pandemic period of 2016–19[43]. As a result, the median household income in 2024 is not far off from what it would have been if household incomes continued to grow at the pre-pandemic pace seen over 2016–19.

The 2022 to 2024 trend in household income also suggests inequality decreased, as median income grew considerably faster than mean income[44]. This is further corroborated by the drop in the Gini coefficient (see Section 2.5 where inequality is discussed in greater detail).

**Figure 2.5: Real mean and median household income and CAGR (2024 prices), 2014 – 2024**




Note: The estimated potential values for mean and median in 2024 are projections based on the 2016–19 CAGR.
Source: DOSM (Various years -b)—HIS and KRI calculations

### Regional disparities especially between states remain large

#### States in the central region remain far ahead of others despite slower recent income growth

Behind the national recovery in household incomes between 2022 and 2024, many states saw their median household income rebound. However, a considerable number of states lagged behind, reflecting persistent regional disparities that continue to be the main driver of inequality in Malaysia (Figure 2.6). We discuss income inequality further in Section 2.5 and the role of varying regional development in shaping economic opportunities in Part 2 Section 8.3.

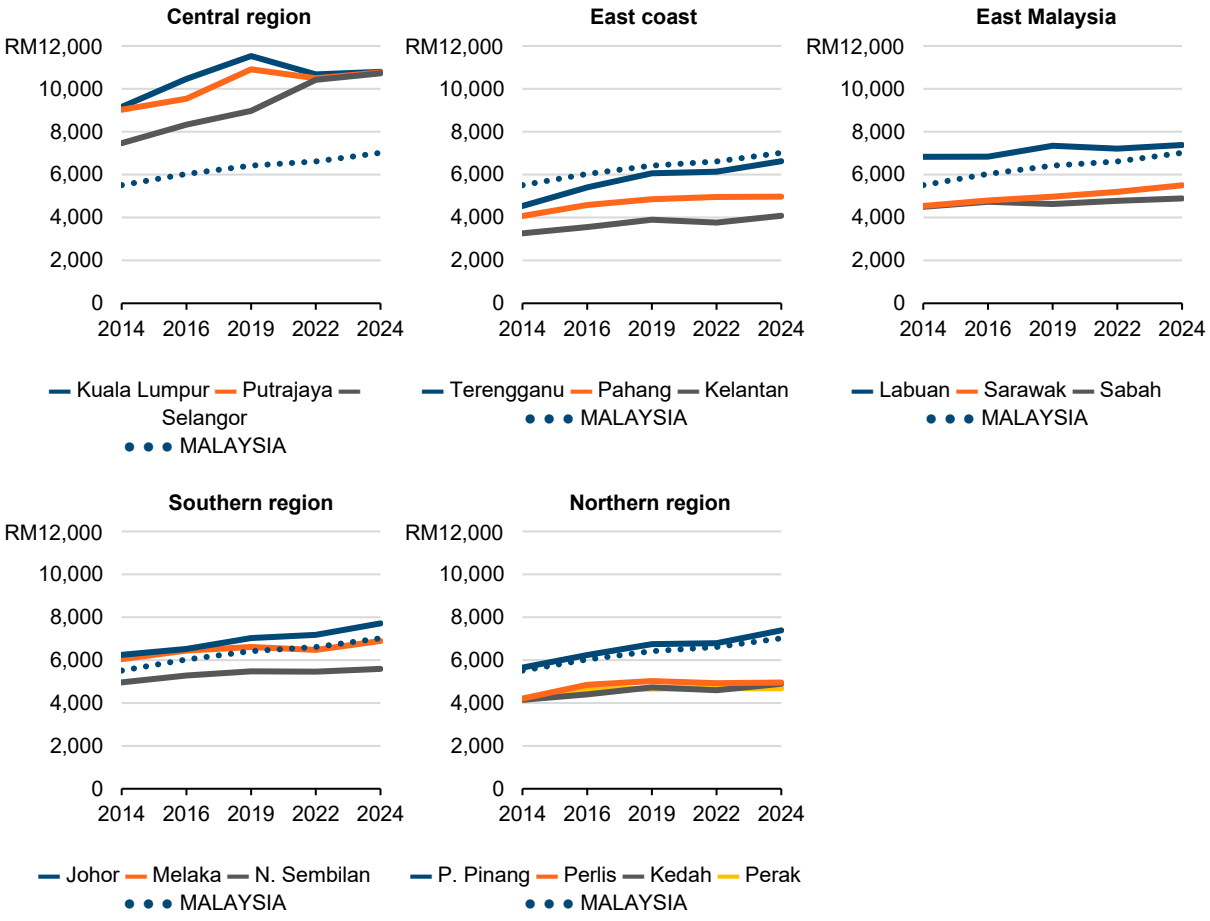
Generally, the central states and federal territories of Kuala Lumpur, Putrajaya and Selangor have long recorded median incomes that are well above the national median (Figure 2.6). Meanwhile, southern states (Johor, Melaka and Negeri Sembilan) have followed the national median more closely. In contrast, many of the other states in the northern, east coast and East Malaysia region have trailed behind.

[43] According to DOSM, the CAGR of median household income in nominal terms is 5.1% over 2022–24, 2.5% over 2019–22 and 3.9% over 2016–19. Source: DOSM (Various years -b)
[44] This is because the mean tends to skew upwards by extremely high values.

More specifically over 2022–24, several states experienced faster growth in median incomes compared with the national growth rate of 3% (Table 2.1). These were Pulau Pinang, Kelantan, Terengganu, Johor, Kedah and Melaka, representing a positive rebound following their negative to zero growth over 2019–22. However, the other remaining states experienced slower to non-existent growth over 2022–24, dampening overall inter-state convergence. This includes not only the high-income states of Putrajaya and Kuala Lumpur in the central region but also Negeri Sembilan, Perak, Perlis and Pahang in other regions of Malaysia.

It's also useful to compare 2022–24 growth against 2016–19 as another non-crisis period. In this aspect, while Malaysia, as a whole, over 2022–24 outperformed 2016–19 in terms of median household income growth, the same could not be said for all states. In the central region, Selangor, Kuala Lumpur and Putrajaya all experienced slower growth than before. On the east coast of Peninsular Malaysia, only Kelantan experienced better growth, while Pahang and Terengganu did not. In East Malaysia, Sabah and Sarawak performed better (though Sabah had negative growth before over 2016–19), while Labuan performed worse over 2022–24 than over 2016–19. As for the southern peninsular region, Negeri Sembilan registered similar growth, while Melaka and Johor performed better than before. In the north, Kedah and Pulau Pinang performed better than before but not Perak and Perlis.

**Figure 2.6: Real median household income (2024 prices), by state, 2014 – 2024**




Source: DOSM (Various years -b)—HIS and KRI calculations

**Table 2.1: Real median household income and CAGR (2024 prices), by state, 2014 – 2024**

| | Real (2024 prices, RM) | | | | CAGR (%)* | | | |
|---|---|---|---|---|---|---|---|---|
| Central | Selangor | Putrajaya | Kuala Lumpur | MALAYSIA | Selangor | Putrajaya | Kuala Lumpur | MALAYSIA |
| 2014** | 7,469 | 9,029 | 9,159 | **5,511** | 5.0 | 4.9 | 11.2 | **9.6** |
| 2016 | 8,332 | 9,543 | 10,463 | **6,029** | 5.6 | 2.8 | 6.9 | **4.6** |
| 2019 | 8,974 | 10,912 | 11,531 | **6,420** | 2.5 | 4.6 | 3.3 | **2.1** |
| 2022 | 10,419 | 10,495 | 10,681 | **6,615** | 5.1 | -1.3 | -2.5 | **1.0** |
| 2024 | 10,726 | 10,769 | 10,802 | **7,017** | 1.5 | 1.3 | 0.6 | **3.0** |
| **East coast** | **Real (2024 prices, RM)** | | | | **CAGR (%)*** | | | |
| | **Kelantan** | **Pahang** | **Terengganu** | **MALAYSIA** | **Kelantan** | **Pahang** | **Terengganu** | **MALAYSIA** |
| 2014** | 3,264 | 4,073 | 4,540 | **5,511** | 6.4 | 2.4 | 8.7 | **9.6** |
| 2016 | 3,551 | 4,589 | 5,413 | **6,029** | 4.3 | 6.1 | 9.2 | **4.6** |
| 2019 | 3,895 | 4,853 | 6,061 | **6,420** | 3.1 | 1.9 | 3.8 | **2.1** |
| 2022 | 3,772 | 4,961 | 6,135 | **6,615** | -1.1 | 0.7 | 0.4 | **1.0** |
| 2024 | 4,083 | 4,975 | 6,627 | **7,017** | 4.0 | 0.1 | 3.9 | **3.0** |
| **East Malaysia** | **Real (2024 prices, RM)** | | | | **CAGR (%)*** | | | |
| | **Sabah** | **Sarawak** | **Labuan** | **MALAYSIA** | **Sabah** | **Sarawak** | **Labuan** | **MALAYSIA** |
| 2014** | 4,501 | 4,541 | 6,832 | **5,511** | 11.5 | 8.5 | 3.2 | **9.6** |
| 2016 | 4,740 | 4,801 | 6,836 | **6,029** | 2.6 | 2.8 | 0.0 | **4.6** |
| 2019 | 4,629 | 4,967 | 7,352 | **6,420** | -0.8 | 1.1 | 2.5 | **2.1** |
| 2022 | 4,777 | 5,195 | 7,206 | **6,615** | 1.1 | 1.5 | -0.7 | **1.0** |
| 2024 | 4,890 | 5,504 | 7,383 | **7,017** | 1.2 | 2.9 | 1.2 | **3.0** |
| | **Real (2024 prices, RM)** | | | | **CAGR (%)*** | | | |
| **Southern** | **N. Sembilan** | **Melaka** | **Johor** | **MALAYSIA** | **N. Sembilan** | **Melaka** | **Johor** | **MALAYSIA** |
| 2014** | 4,962 | 6,044 | 6,246 | **5,511** | 4.7 | 10.3 | 16.3 | **9.6** |
| 2016 | 5,281 | 6,444 | 6,518 | **6,029** | 3.2 | 3.3 | 2.2 | **4.6** |
| 2019 | 5,471 | 6,618 | 7,025 | **6,420** | 1.2 | 0.9 | 2.5 | **2.1** |
| 2022 | 5,454 | 6,481 | 7,180 | **6,615** | -0.1 | -0.7 | 0.7 | **1.0** |
| 2024 | 5,591 | 6,891 | 7,712 | **7,017** | 1.2 | 3.1 | 3.6 | **3.0** |
| | **Real (2024 prices, RM)** | | | | **CAGR (%)*** | | | |
| **Northern** | **Perak** | **Kedah** | **Perlis** | **P. Pinang** | **MALAYSIA** | **Perak** | **Kedah** | **Perlis** | **P. Pinang** |
| 2014** | 4,148 | 4,148 | 4,207 | 5,651 | **5,511** | 10.9 | 11.6 | 18.0 | 5.1 |
| 2016 | 4,620 | 4,395 | 4,848 | 6,238 | **6,029** | 5.5 | 2.9 | 7.4 | 5.1 |
| 2019 | 4,671 | 4,728 | 5,022 | 6,743 | **6,420** | 0.4 | 2.5 | 1.2 | 2.6 |
| 2022 | 4,690 | 4,594 | 4,919 | 6,786 | **6,615** | 0.1 | -0.9 | -0.7 | 0.2 |
| 2024 | 4,687 | 4,895 | 4,950 | 7,386 | **7,017** | 0.0 | 3.2 | 0.3 | 4.3 |

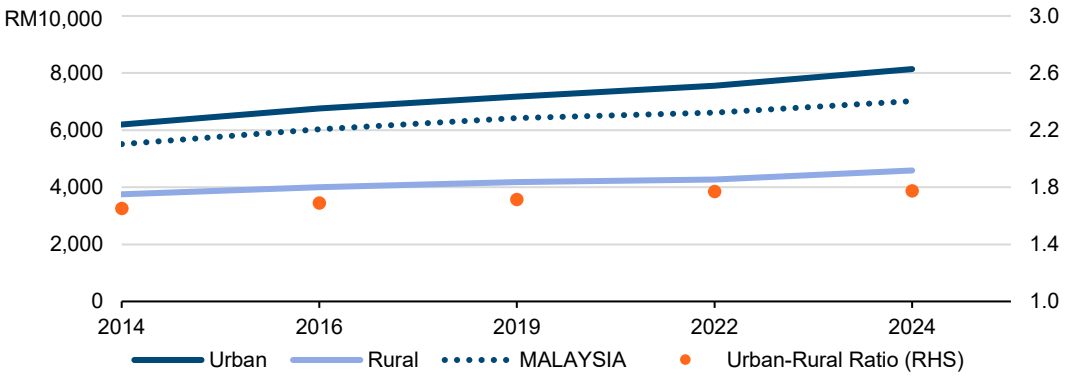
Note: *The CAGR value reported for a year in a row refers to the growth rate between that year and the year reported in the previous row.
**The CAGR reported in the 2014 row refers to the growth rate between 2014 and 2012.
Source: DOSM (Various years -b)—HIS and KRI calculations

## Urban-rural gaps remain but are largest between different states rather than within

Beyond disaggregating household incomes by state, regional disparities in Malaysian household incomes are often viewed via urban-rural lines. In this regard, the urban-rural gap has been persistent (Figure 2.7). After some convergence in the 2000s, it widened slowly since 2014. Nonetheless, more recently, between 2022 and 2024, the urban-rural gap remained unchanged as the median urban income is 1.77 times higher than rural.

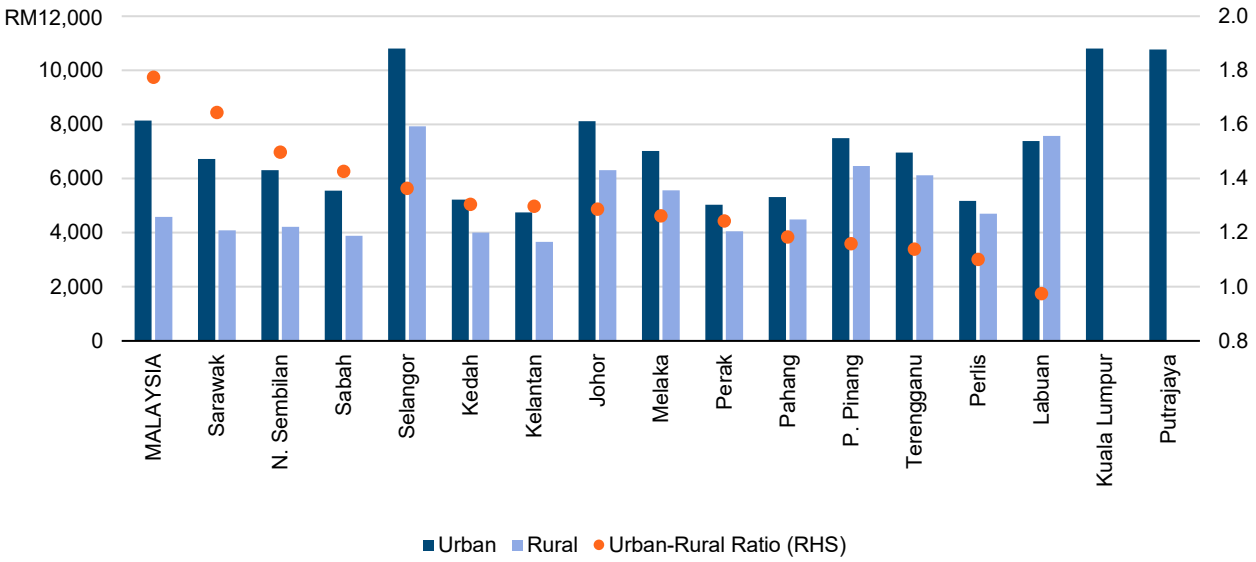
Household incomes can also be disaggregated further by both strata and state, offering a more nuanced view of regional disparities (Figure 2.8). In 2024, the urban-rural ratio within each state was lower than the national ratio, suggesting that the overall national urban-rural gap is driven by inter-state differences (e.g. urban Selangor versus rural Kelantan). The within-state urban-rural gap was widest in Sarawak (1.6) and lowest in Perlis (1.1). Compared with 2022, the ratios for states remained largely the same in 2024, as did the overall national urban-rural ratio.

**Figure 2.7: Real median household income (2024 prices), by strata, 2014 – 2024**




Note: A value above 1.0 for the urban-rural ratio denotes that the median income for urban areas is higher than rural areas.
Source: DOSM (Various years -b)—HIS and KRI calculations

**Figure 2.8: Median household income, by strata and state, 2024**



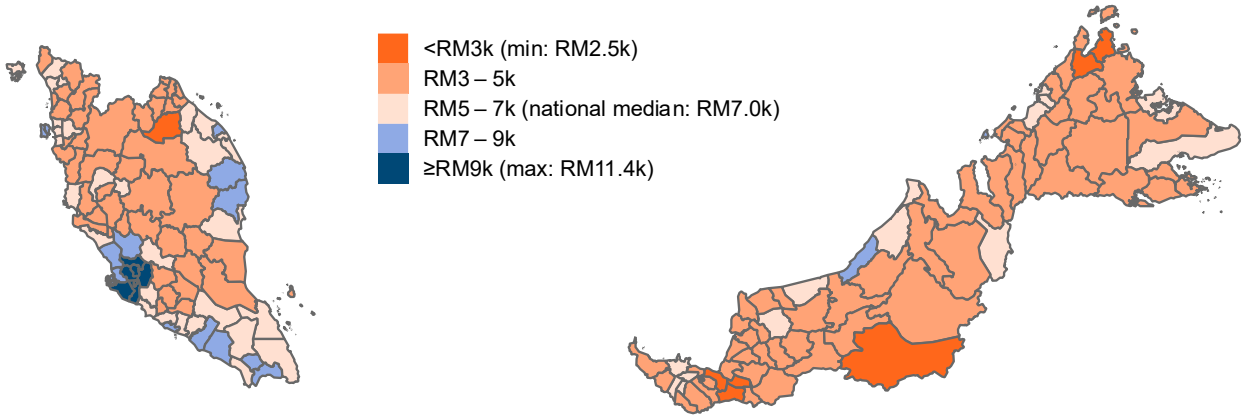

Note: A value above 1.0 for the urban-rural ratio denotes that the median income for urban areas is higher than rural areas.
Source: DOSM (2025j)—HIS and KRI calculations

## District disparities in income are stark

Taking a deeper perspective of regional variations in income by district, most districts (144 out of a total of 166 districts) recorded median incomes below the national median of RM7,017 in 2024 (Figure 2.9). These 144 districts made up 53.8% of all households in Malaysia but only 38.2% of total household income. Among these 144 districts, 24 had median incomes that were less than half the national median income in 2024. At the opposite end, 22 districts that had incomes greater than the national median comprised 46.2% of all households in Malaysia and 61.8% of total household income. Among the 22 districts, seven districts recorded median incomes more than 50% of the national median. These seven were located in the central region states of Selangor, Kuala Lumpur and Putrajaya.

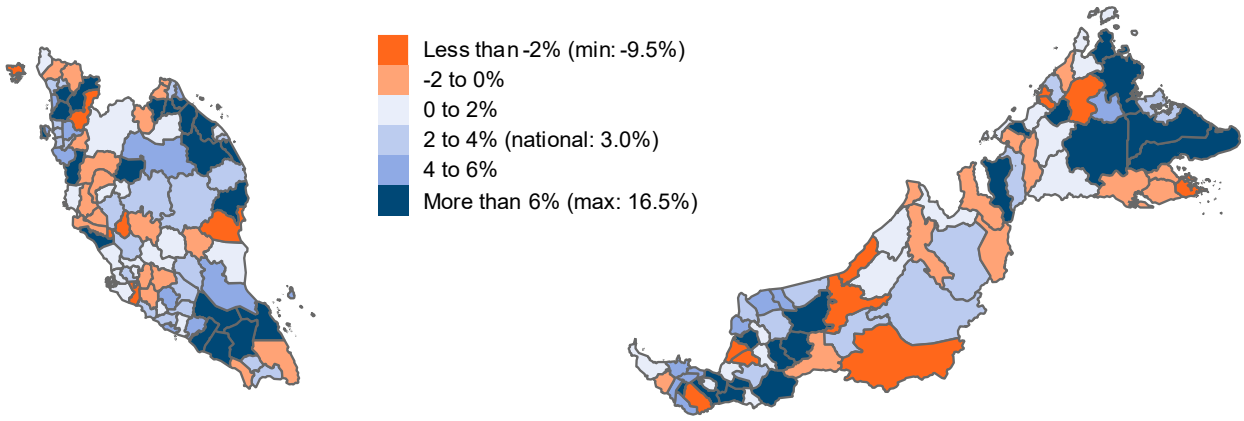
Between 2022 and 2024, over half of all districts in Malaysia (94 out of 160 districts) recorded growth rates in their median household incomes slower than the national median growth rate of 3%. Over a quarter of all districts (44 districts) experienced negative growth (Figure 2.10). While still less than the number of districts that experienced negative growth over 2019–22 (63 out of 158), it is comparable with 2016–19 (44 out of 144)[45]. The significant number of districts experiencing zero growth in all three periods shows persisting challenges that go beyond the pandemic.

**Figure 2.9: Median household income, by district, 2024**




Source: DOSM (2025j)—HIS

**Figure 2.10: CAGR in real median household income (2024 prices), by district, 2022 – 2024**




Note: Only 160 out of 166 districts are shown as 6 new districts were newly introduced in the 2024 data.
Source: DOSM (Various years -b)—HIS and KRI calculations

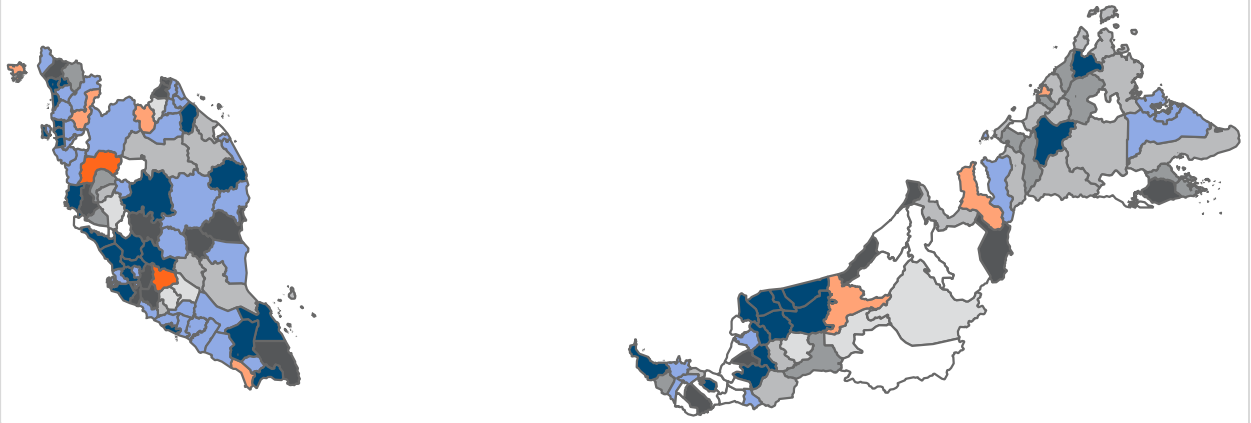
[45] The total number of districts by year varies as new districts have been established, from 144 in 2016, 158 in 2019, 160 in 2022 and 166 in 2024. Source: DOSM (Various years -b)—HIS

Taking a longer-term view of district income growth and stability, we compare the 2024 and 2016 median incomes by district. In total, 23 out of 144 districts (or nearly 16% of all districts) eventually registered lower median incomes in 2024 than in 2016. This further raises the concern of regional disparities in development and wellbeing.

This concern is further emphasised when considering the year-to-year growth trajectories of the different districts in Malaysia. Figure 2.11 provides a composite illustration of all districts in Malaysia by their growth rate consistency throughout the HIS periods (2016–19, 2019–22 and 2022–24). It shows that over half of all districts had either consistent growth throughout all three periods (35 out of 144 districts) or temporary pandemic setbacks (42 out of 144). Together, these districts make up 53.5% of districts in Malaysia. Very few districts have had consistent decline in median household income since either the pandemic (7 districts) or since 2016 (2 districts).

However, if we consider all the districts that experienced at least one period of decline since 2016, outside of the pandemic, (i.e. at least a single instance of negative growth in either 2016–19 or 2022–24), the number is quite significant: 67 districts or nearly half of all districts (46.5%)[46]. Overall, while this simplified analysis does not consider the magnitude of growth and contraction (as it would be difficult to clearly summarise in a single figure), it does signify the incidence of unstable income growth for many districts throughout the years and how they trail behind national median figures as shown earlier in Figure 2.10.

**Figure 2.11: Growth in real median household income (2024 prices), by district, 2016 – 2024**



Categorisation of districts by CAGR of real median income (2024 prices) between 2016–19, 2019–22 and 2022–24:

| CAGR | | | | |
|---|---|---|---|---|
| 2016-19 | 2019-22 | 2022-24 | Description | Number of districts |
| + | + | + | Consistent growth | 35 |
| + | - | + | Temporary pandemic setback | 42 |
| + | - | - | Persistent decline since pandemic | 7 |
| - | - | - | Persistent decline since 2016 | 2 |
| - | - | + | Other districts with at least one period of negative growth | 7 |
| - | + | + | | 23 |
| - | + | - | | 12 |
| + | + | - | | 16 |

Note: Only 144 out of 166 districts are shown as 144 was the number of districts in 2016.
Source: DOSM (Various years -b)—HIS and KRI calculations

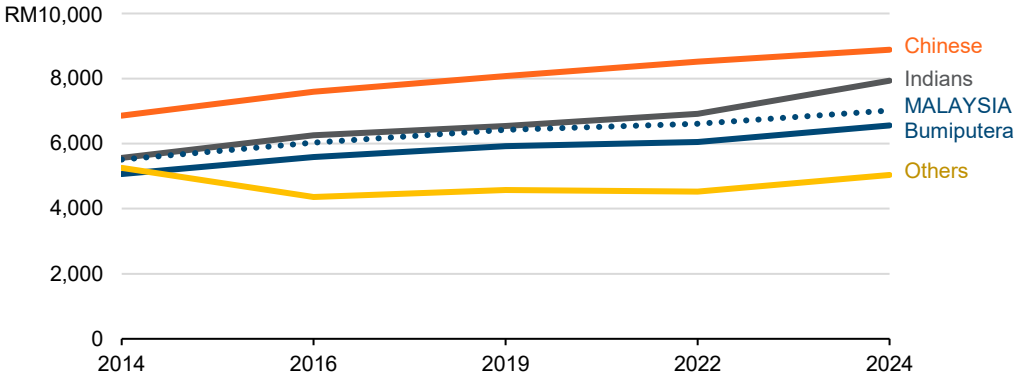
[46] These 67 districts are the sum of the last six rows in Figure 2.12 (7+2+7+23+12+16).

## Ethnic disparities remain but are not as wide as regional disparities

Another important form of income variation is by ethnic groups. Generally, Chinese households have recorded the highest median income, followed then by Indians, Bumiputera and Others (Figure 2.12). Nonetheless, ethnic disparities are not as wide compared with state disparities. In 2024, Chinese median household income was 1.3 times the national median. In contrast, the state with the highest median, Kuala Lumpur, was 1.5 times the national median (Figure 2.6). This affirms that household income inequality in Malaysia is largely driven by state differences rather than by ethnicity.

Household income convergence between ethnic groups has been consistent over time. More recently between 2022 and 2024, the gap narrowed between the Chinese and the other ethnic groups, as the latter experienced faster growth. This contrasts with the exceptional period between 2019 and 2022, when the gap widened as Bumiputera income growth came to a near halt.

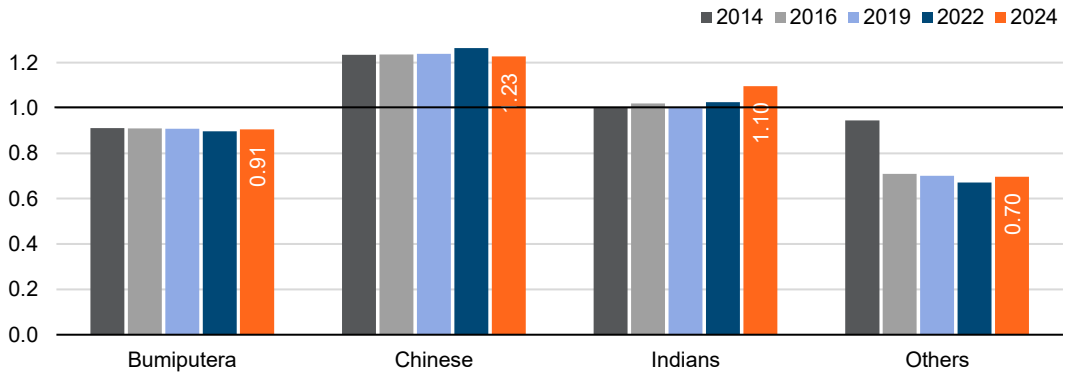
**Figure 2.12: Real median household income (2024 prices), by ethnic group, 2014 – 2024**




Source: DOSM (Various years -b)—HIS and KRI calculations

However, while ethnic differences may not seem as large as state differences, it's important to consider the population sizes of each ethnic group. As such, the income share of the Bumiputera has remained around 0.9 times their household share since 2012 (as far as data is publicly available) (Figure 2.13). In contrast, the Chinese income over household share has been around 1.23 to 1.27 times, with temporary uptick in 2022 followed by a reduction in 2024.

**Figure 2.13: Income share to household share ratio, by ethnic group, 2014 – 2024**

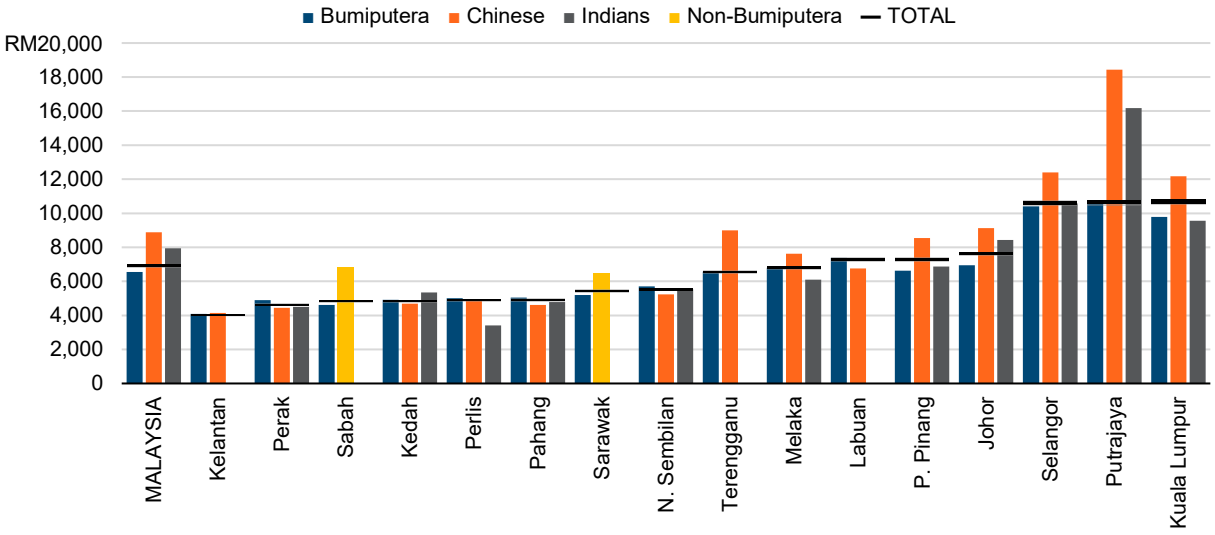



Source: DOSM (Various years -b)—HIS and KRI calculations

Delving further into the state and ethnic dynamics of household income, DOSM's HIS provides the breakdown of income across both dimensions simultaneously (Figure 2.14). Firstly, the data shows that Chinese households consistently record the highest median income, except in six states. Bumiputera households tend to be lower, while Indians tend to fall in between but with more variation.

Secondly, inter-ethnic variations within each state are small in most states at least between Bumiputera and Chinese. The exceptions are in the more urbanised and higher-income states of Pulau Pinang, Selangor, Putrajaya and Kuala Lumpur (but also in Terengganu), as Chinese median incomes are considerably higher than Bumiputera median incomes. This reinforces the importance of state and regional dynamics in Malaysian household income.

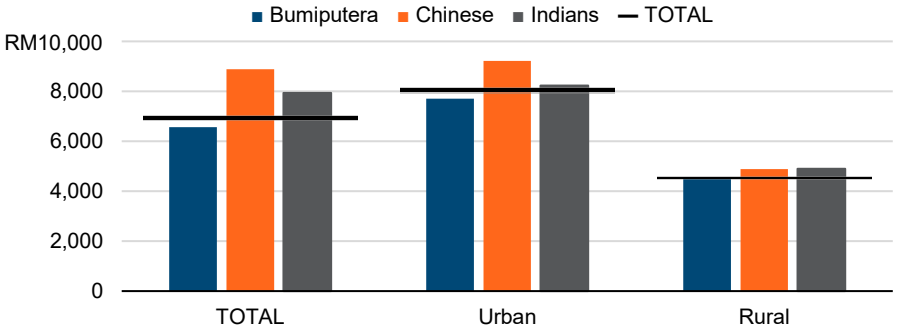
**Figure 2.14: Median household income, by ethnic group and state, 2024**




Note: Indian households show wider variation due to their smaller sample and population sizes, resulting in their median not being reported for Kelantan, Terengganu and Labuan. Data for Sabah and Sarawak are only available by Bumiputera and non-Bumiputera, with Chinese, Indians and others in the non-Bumiputera category. Data for other ethnic groups ('Others') are not reported at the state level.
Source: DOSM (2025j)—HIS

A similar conclusion can be made when comparing household income by both ethnicity and strata (Figure 2.15). There are larger variations within each ethnic group across different strata (intra-ethnic), compared to the variations between ethnic groups within each stratum (inter-ethnic).

**Figure 2.15: Real median household income, by strata and ethnic group, 2024**




Source: DOSM (2025j)—HIS

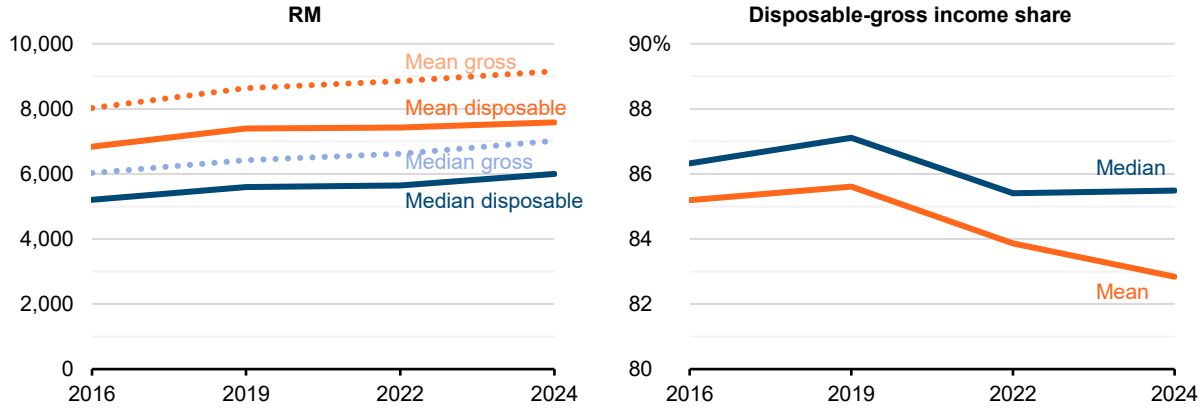
## Disposable income growth is moderating due to higher transfers

Thus far, the main discussion of household income in this report has focused on income in gross terms. However, since 2016, Malaysian household income data is also available in disposable terms, defined as a household's gross income after deducting current transfers paid such as direct taxes, contributions to other households, zakat payments, other current transfers paid and current transfers received in the form of in-kind. Hence, it may be a more reflective measure of household wellbeing and their purchasing power.

Since 2016, median household disposable income has risen steadily, with even faster growth recently over 2022–24 than both 2019–22 and 2016–19 (Figure 2.16). However, as a share of gross income, median disposable income has declined steadily since 2019. This indicates that households have been paying out higher shares of their gross income for current transfers, either as remittances to other households or taxes. Non-consumption expenditure data from the household expenditure survey (HES) affirms this by showing that mean transfer payments as a share of total consumption expenditure rose from 13.0% in 2019 to 16.2% in 2024, or from RM992 to RM1,418 in absolute real terms[47].

Nonetheless, while the reduction of disposable income as a share of gross income due to higher transfer payments in taxes and remittances to other households may limit the growth in take-home pay and purchasing power for households, this is not necessarily a problem. This is particularly if higher transfers for taxes and remittances are directed to other initiatives that also support households and improve income distribution.

**Figure 2.16: Real disposable household income (2024 prices), 2016 – 2024**




Source: DOSM (Various years -b)—HIS and KRI calculations

Exemplifying the large variation in disposable incomes, many districts in Malaysia recorded median disposable incomes well below the national median of RM5,999 in 2024, with Bukit Mabong, Sarawak registering the lowest at RM2,070. Most of the exceptions were concentrated in districts in the Klang Valley, along with districts in Pulau Pinang and Johor, with the highest in Putrajaya at RM9,681. As a share of their gross household income, the share of median disposable over gross income also ranged widely from 70% (in Kecil Lojing, Kelantan) to 98% (in Membakut, Sabah), with the average between districts at 86.6% in 2024. Nonetheless, many districts were around the national share of 85.5%, with the interquartile range between 83.9% and 89.6%.

[47] DOSM (Various years -a)—HES and KRI calculations. Data reported in mean as median is publicly unavailable.

## 2.4 Household Income Sources

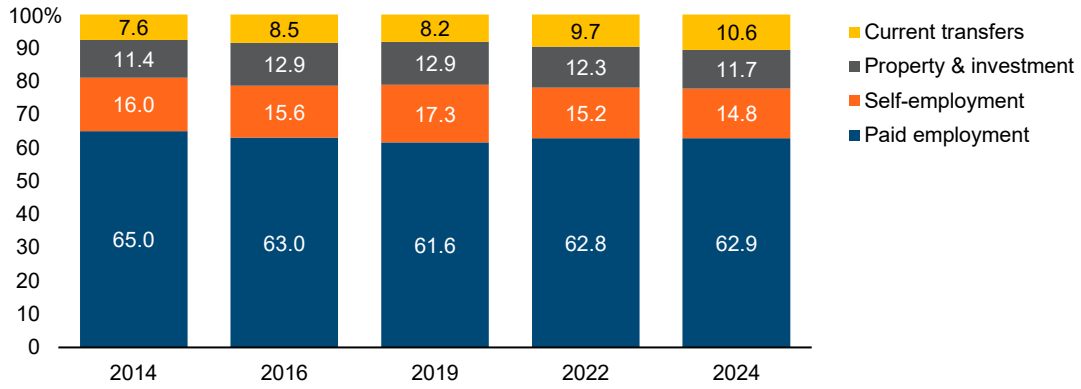
### Current transfers have consistently grown as a share of household income

What supported the recovery in household incomes between 2022 and 2024? The HIS broadly categorises household income sources into four categories: paid employment, self-employment, property and investment, and current transfers.

While most of household income was sourced from paid employment via salaries and wages, at 62.9% of mean household income in 2024, this share was not substantially higher than the 62.8% in 2022 (Figure 2.17). It was also lower than it was a decade ago in 2014 at 65%. Nonetheless, it was still higher in absolute RM terms (RM5,757 vs RM4,384 in 2024 prices). Section 4.4 discusses further the trends in salaries and wages.

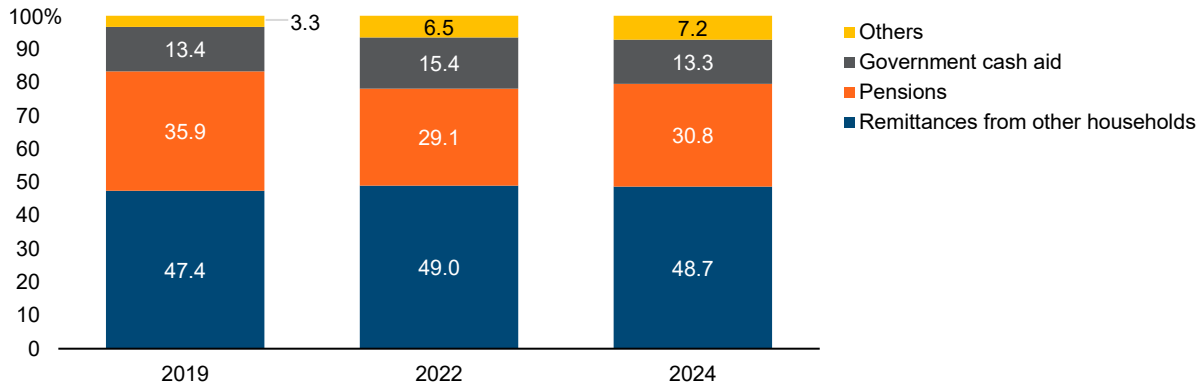
In comparison, there was a clear trend of current transfers consistently growing as a share of household income. The increase was driven by pensions and 'others', rather than government cash aid (Figure 2.18). Government cash aid had a temporary uptick in 2022, consistent with the rise in social assistance programmes delivered during the Covid-19 pandemic[48]. Remittances, despite not growing in share, still formed an important component of current transfers.

**Figure 2.17: Percentage of mean household income, by source, 2014 – 2024**




Source: DOSM (Various years -b)—HIS

**Figure 2.18: Percentage of mean household income from current transfers, 2019 – 2024**




Source: DOSM (Various years -b)—HIS

[48] Puteri Marjan et al. (2024)

Regarding self-employment, its relative importance reduced since 2014, with a large temporary uptick in 2019, its highest ever. A growing majority of self-employment income was sourced from the Services sector, consistent with how Services formed the primary sector in overall Malaysian employment and establishments (see SOH 2026 Part 2)[49].

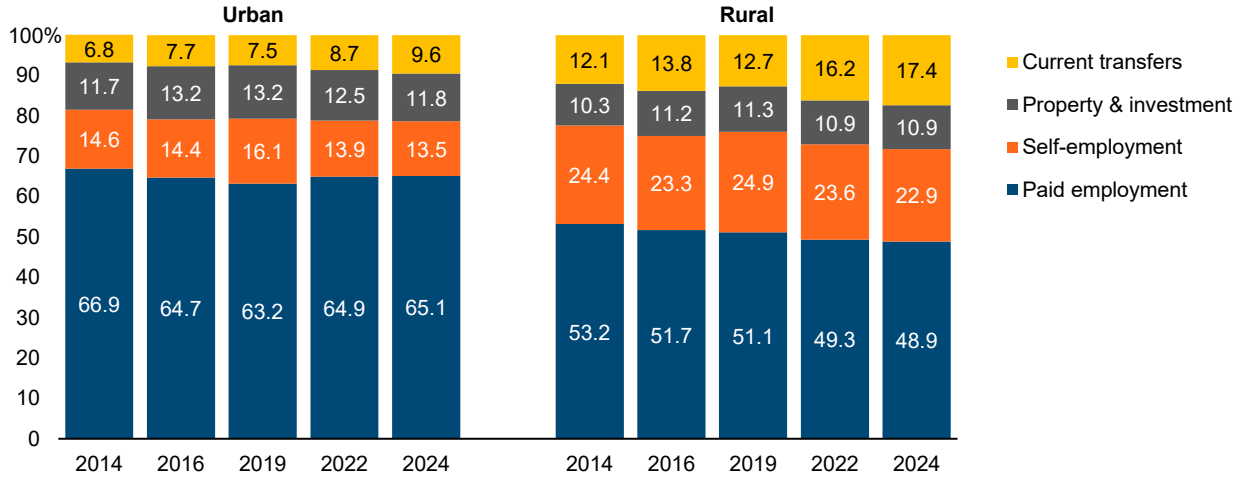
Lastly, property and investment income remained the second least important income component, with a mixed trajectory over the years. Disaggregating it further, property (rather than investment) formed the majority component, encompassing imputed rent of owner-occupied housing as well as rents received from other assets[50]. However, the inclusion of imputed rent may be problematic from a wellbeing point of view, as it is not actual income provided to households, but merely an imputed estimate proxied by rent of similar housing in a household's vicinity. A detailed discussion of what the implications are from the inclusion of imputed rent in the HIS and HES on households' balance sheet was raised in *The State of Households 2*[51].

## Regionally, the increase in current transfers has been consistent across all

### Between urban and rural areas, current transfers have consistently increased in both, though its increasing importance is greater for rural areas

Paid employment remained the primary component for both urban and rural households, with its contribution largely unchanged between 2022 and 2024 (Figure 2.19). However, the paid employment shares throughout the years were consistently lower for rural households than urban households. For rural households, current transfers and self-employment formed a more important component of household income. Nonetheless, the shares of current transfers increased consistently for both rural and urban households.

**Figure 2.19: Percentage of household income by source, by strata, 2014 – 2024**




Source: DOSM (Various years -b)—HIS

[49] The share of self-employment income from services has increased from 62.3% to 65.4% between 2022 and 2024. Source: DOSM (2025j)—HIS

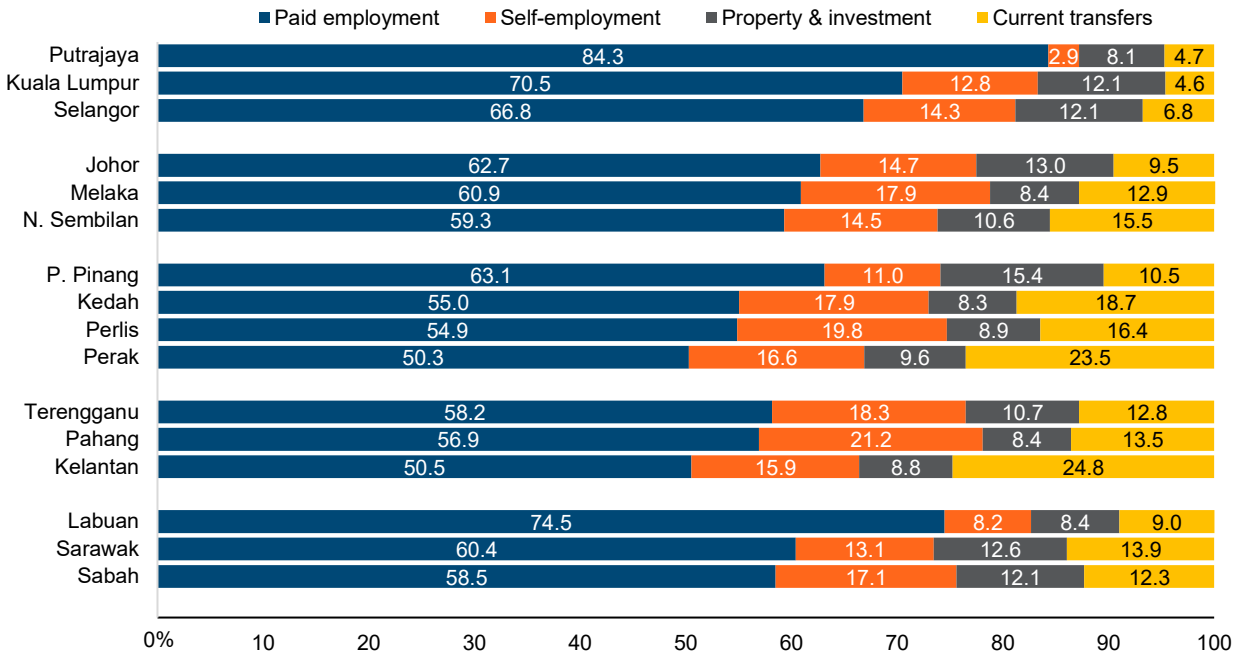
[50] Investment income includes dividends and interests from investments. Property income out of property and investment income grew from 72.5% in 2022 to 74.3% in 2024. Source: DOSM (2025j)—HIS.

[51] KRI (2016)—*The State of Households 2*

## Between states, current transfers have grown in importance across all states especially those outside of the central region due to slow growth in paid employment income

Taking a deeper regional view from strata to state, the more urbanised and higher-income states of Putrajaya, Kuala Lumpur and Selangor in the central region consistently have the highest shares of paid employment income (Figure 2.20). In comparison, most states in the other regions have higher shares of income from self-employment and current transfers.

**Figure 2.20: Percentage of mean household income by source, by state, 2024**



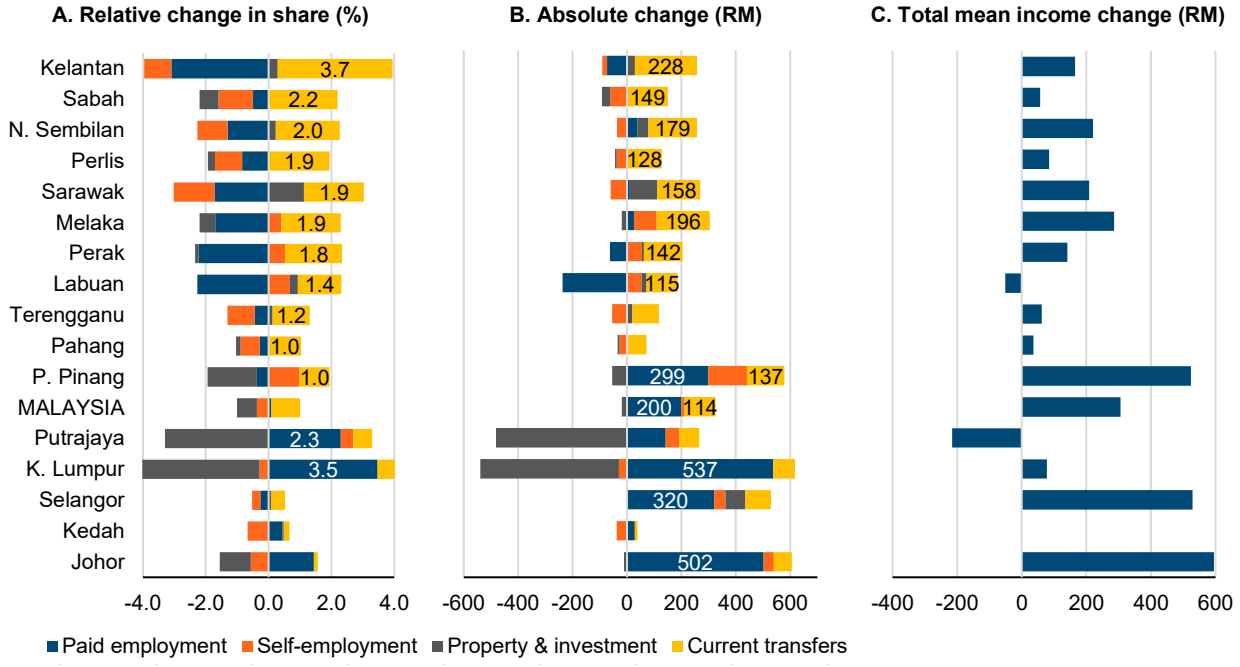

Source: DOSM (2025j)—HIS

In terms of the 2022–24 changes, all states saw increases in income shares from current transfers (Figure 2.21A). This increase was in place of lower shares from paid and self-employment income in all but four states, with it being most apparent in Kelantan as it rose by 3.7 percentage points. However, in absolute RM terms (in consideration of each state's mean income level and growth), the share increase in current transfers for Kelantan translated to an increase of only RM228 on average (Figure 2.21B). This is comparable to other states: Melaka, for example, saw an increase of RM196 on average despite its percentage point increase of just 1.9%.

Paid employment income, in contrast, reduced in share for 12 out of 16 states. This drop was as high as -3.1 percentage points in Kelantan. This coincided with a reduction of RM74 in absolute terms, comparable to many other states. Only four states saw increases in paid-employment income shares: Kuala Lumpur, Putrajaya, Johor and Kedah. Kuala Lumpur saw the highest increase by 3.5 percentage points while it rose by just 0.4 for Kedah. However, in absolute terms, paid-employment income growth was still positive for households in Selangor and Pulau Pinang, rising by RM320 and RM299, respectively, despite the shares dropping by 0.3 and 0.4 percentage points, respectively. Overall, Kuala Lumpur, Johor, Selangor, Pulau Pinang and Putrajaya experienced robust income growth from paid employment, between RM142 and RM537. This enabled Johor, Selangor and Pulau Pinang rank in the top three for overall mean income growth in absolute terms (Figure 2.21C). For Kuala Lumpur

and Putrajaya, despite robust paid-employment income growth, overall growth was dragged down by reduced income from property and investment. In contrast, the other states saw slow to non-existent growth in paid employment income (Figure 2.21B). Overall, the variation in paid employment income as reported in the HIS is consistent with the trends seen in DOSM's Salaries and Wages Survey (SWS), which we discuss in Section 4.4 (specifically based on Figure 4.13).

**Figure 2.21: Change in share of household income by source, by state, 2022 – 2024**



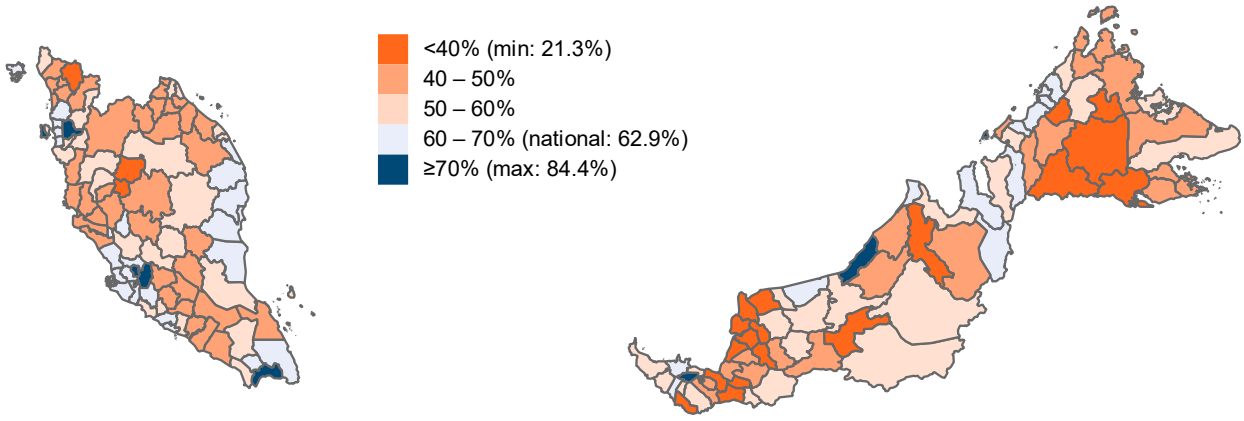

Source: DOSM (Various years -b)—HIS and KRI calculations

## Between districts, paid employment income remains limited as many rely on current transfers

Zooming in by district, the data illustrates even wider variations in household income sources. Paid employment remained the primary income source for most districts (155 out of 166 districts) in 2024 (Figure 2.22). However, compared with the national share of 62.9% of income sourced from paid employment, most districts (136 out of 166 districts) recorded lower shares. The lowest was recorded at 21.3% in Pantu, Sarawak. A small number of districts (30 districts) recorded higher shares, with the highest in Putrajaya at 84.3%, consistent with it being the seat of Malaysia's federal government. Overall, this large variation in paid-employment income shares by district explains why many districts record lower median income relative to the national median as shown earlier in Figure 2.9. The low contribution of paid employment in many districts can be explained by the variations in wages and job opportunities, as explored in Section 4.4 and Section 8.3.

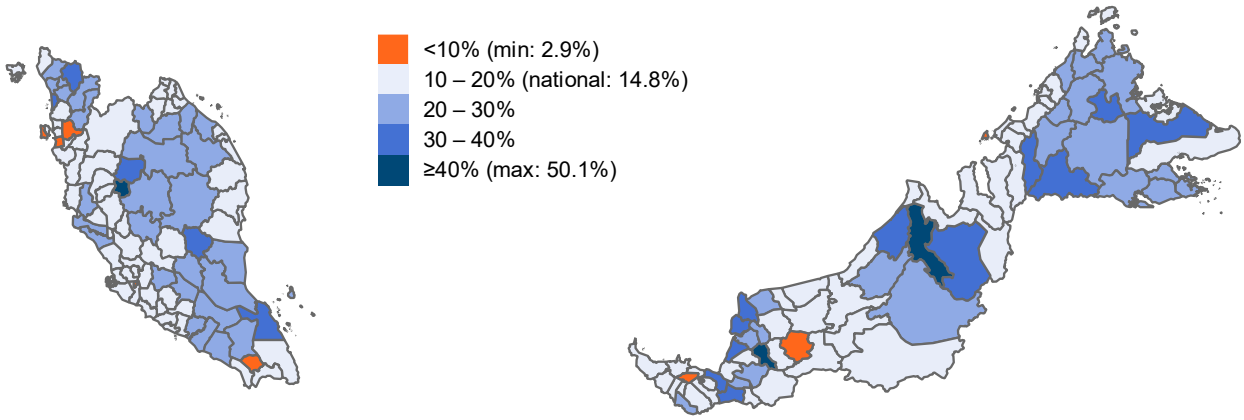
For self-employment, compared with the national share of 14.8% in 2024, most districts (117 out of 166 districts) recorded higher shares (Figure 2.23). The highest was 50.1% in Beluru, Sarawak. 49 districts recorded lower shares, with the lowest at 2.9% in Putrajaya. Self-employment was the primary source for 11 districts, but the shares were not considerably larger than paid-employment shares (with an average gap of just 7.2 percentage points with paid employment). Seven of these districts were in Sarawak, two in Sabah, and one in Kelantan and Pahang each. Beluru, Sarawak, which had the highest share of income from self-employment at 50.1%, recorded a gap of 21.2 percentage points with paid employment. Putrajaya had the largest gap of 81.5 percentage points.

**Figure 2.22: Percentage of household income from paid employment, by district, 2024**




Source: DOSM (2026a)—HIS data request

**Figure 2.23: Percentage of household income from self-employment, by district, 2024**

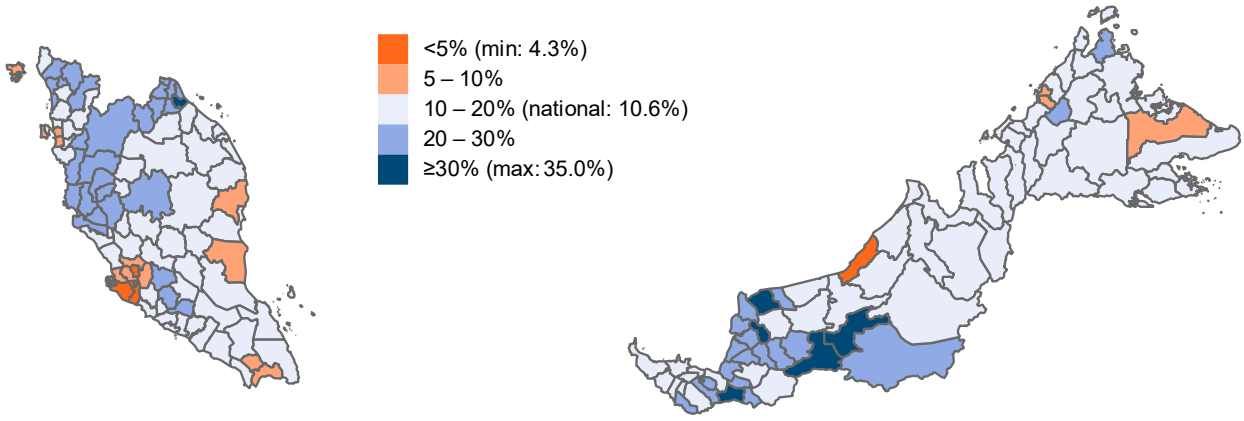



Source: DOSM (2026a)—HIS data request

For current transfers, compared with the national share of 10.6%, most districts (140 out of 166 districts) recorded higher shares in 2024, with the highest at 35% in Kapit, Sarawak (Figure 2.24). 26 districts recorded lower shares, with the lowest at 4.3% in Sepang, Selangor.

In terms of 2022–24 changes, most districts experienced increases in income shares from current transfers (121 out of 160 districts), while only 58 districts saw a rise in paid-employment income shares (Table 2.2). In fact, current transfers registered the greatest increase for the highest number of districts (77 districts), followed by paid employment (41), self-employment (26) and finally property and investment (16). While the changes in income source shares in most districts were minimal, current transfers still displayed a substantial rise in shares of at least 5 percentage points in the highest number of districts (22 districts) compared to the other income sources. The highest increase in income shares for current transfers was at 11.1 percentage points in Pasir Puteh, Kelantan, rising from 23% to 34.1%.

**Figure 2.24: Percentage of household income from current transfers, by district, 2024**




Source: DOSM (2026a)—HIS data request

In contrast, most districts experienced reductions in shares of income from paid employment (102 out of 160 districts[52]), while only 39 districts saw a drop in income shares from current transfers. In fact, paid employment registered the greatest reduction in shares for the highest number of districts (74), followed by self-employment (58), property and investment (17) and finally current transfers (11). The drop in paid-employment shares was substantial in 30 districts, reducing by at least 5 percentage points.

Overall, these changes are consistent with the changes seen at the state and national levels, in that there has been a general shift in income source composition from paid employment to current transfers.

**Table 2.2: Number of districts by the change in share of household income source, 2022 – 2024**

| | Paid employment | Self-employment | Property & investment | Current transfers |
|---|---|---|---|---|
| **Positive** | | | | |
| **> 0 pp** | 58 districts | 61 | 88 | 121 |
| **> +2 pp** | 37 | 29 | 26 | 68 |
| **> +5 pp** | 10 | 10 | 4 | 22 |
| **Highest** | 41 | 26 | 16 | 77 |
| **Negative** | | | | |
| **< 0 pp** | 102 | 99 | 72 | 39 |
| **< -2 pp** | 66 | 49 | 13 | 11 |
| **< -5 pp** | 30 | 16 | 0 | 4 |
| **Lowest** | 74 | 58 | 17 | 11 |

Note: "pp" stands for percentage point. "Highest" and "Lowest" refer to the count of districts where one particular income source demonstrated the highest/lowest rate of increase in household income share compared to other sources.
Source: DOSM (2026a)—HIS data request and KRI calculations

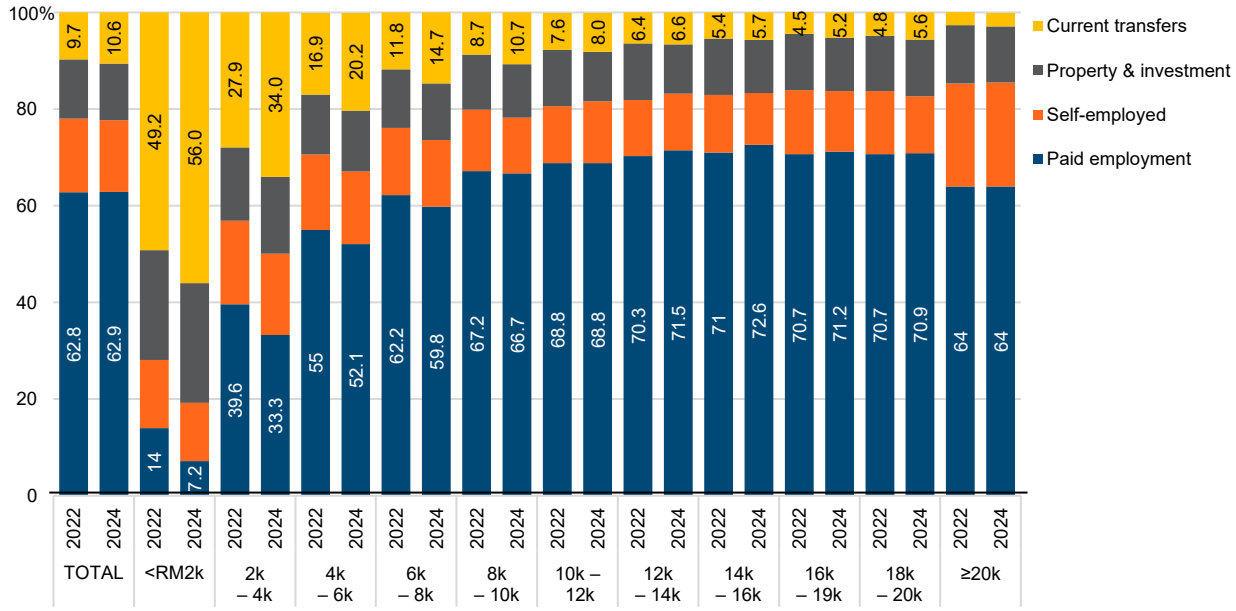
[52] The comparison is out of 160 districts, rather than 166 districts, as 6 new districts were newly introduced in the 2024 data.

## Between income groups, current transfers remain critical for the poor but have also grown in importance for others

The share of income from current transfers remains high among lower-income households: for households earning below RM2,000, it comprised over half of their income in 2024 (56%) (Figure 2.25). This is even higher than it was in 2022 (49.2%)[53]. The share was progressively lower for each subsequently higher income bracket, notably up to the RM8,000 bracket. Nonetheless, households in all income brackets experienced a rise in current transfer shares between 2022 and 2024, though by smaller margins.

In terms of paid employment, its contribution to income was greater among higher-income households, being progressively higher for the income brackets between <RM2,000 and <RM8,000. For households earning RM8,000 and above, their paid-employment shares were largely similar. In terms of the changes between 2022 and 2024, it was largely unchanged across all income brackets, except for the lower income brackets up to RM8,000 who instead displayed a notable decrease in paid-employment shares.

**Figure 2.25: Percentage of mean household income by source, by income class, 2022 and 2024**




Note: Income ranges are in nominal terms. Adjusting for inflation by expressing incomes in 2024 prices would raise the income estimates for earlier years.
Source: DOSM (Various years -b)—HIS

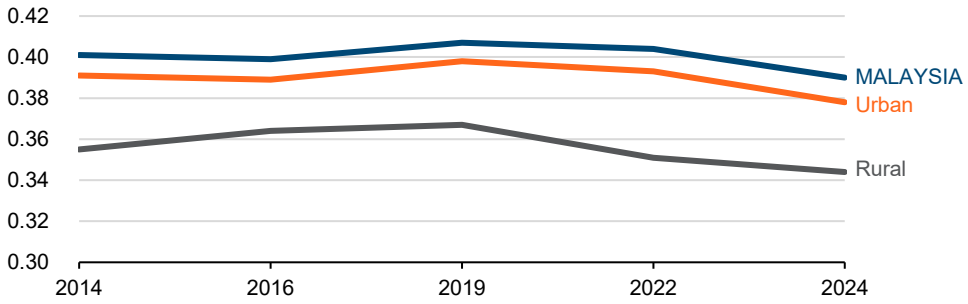
[53] Households with incomes below RM2,000 make up 3% of households in 2024 (2022: 4.9%). See Figure 2.27.

## 2.5 Income Inequality

### Various measures point to lower income inequality

According to the headline measure of income inequality, the Gini coefficient[54], income distribution improved in Malaysia between 2022 and 2024. Coinciding with the recovery in mean and median household income growth, the Gini coefficient dropped from 0.404 to 0.390 (Figure 2.26). This marks the lowest recorded level following modest reductions since the 1990s (including an uptick in 2019). Compared with other countries, Malaysia's Gini is on par with several ASEAN countries, but considerably higher than more advanced economies[55].

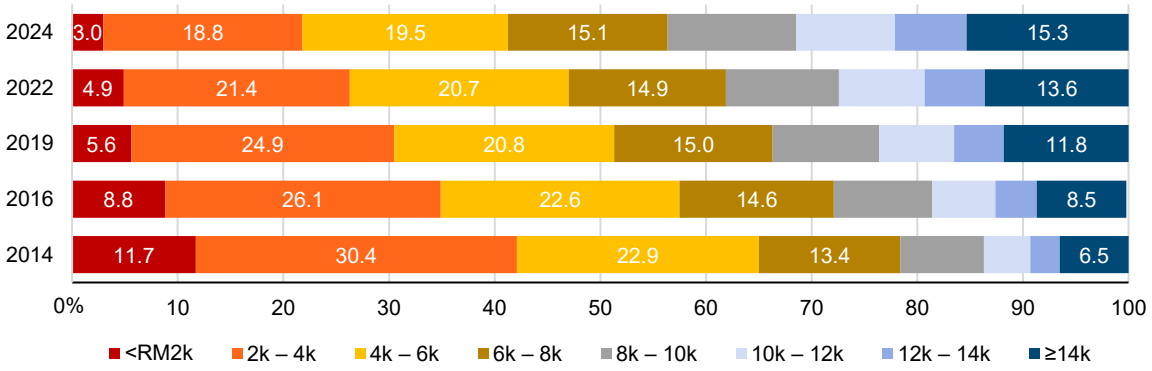
**Figure 2.26: Gini coefficient of gross household income, by strata, 2014 – 2024**




Source: DOSM (Various years -b)—HIS

However, as a headline measure, the Gini coefficient can mask inequalities at the extreme tail ends of the income distribution. Figure 2.27 provides a more detailed picture of household income distribution in Malaysia, showing how the shares of households in higher-income brackets have consistently increased in place of households in lower-income brackets. In particular, the share of households earning above RM14,000 (in nominal terms) grew from 6.5% to 15.3% between 2014 and 2024, while households earning below RM2,000 reduced from 11.7% to 3%. Nonetheless, as the income ranges are reported in nominal terms, the household movements towards higher-income brackets may be overstated.

**Figure 2.27: Percentage of households, by nominal income range, 2014 – 2024**



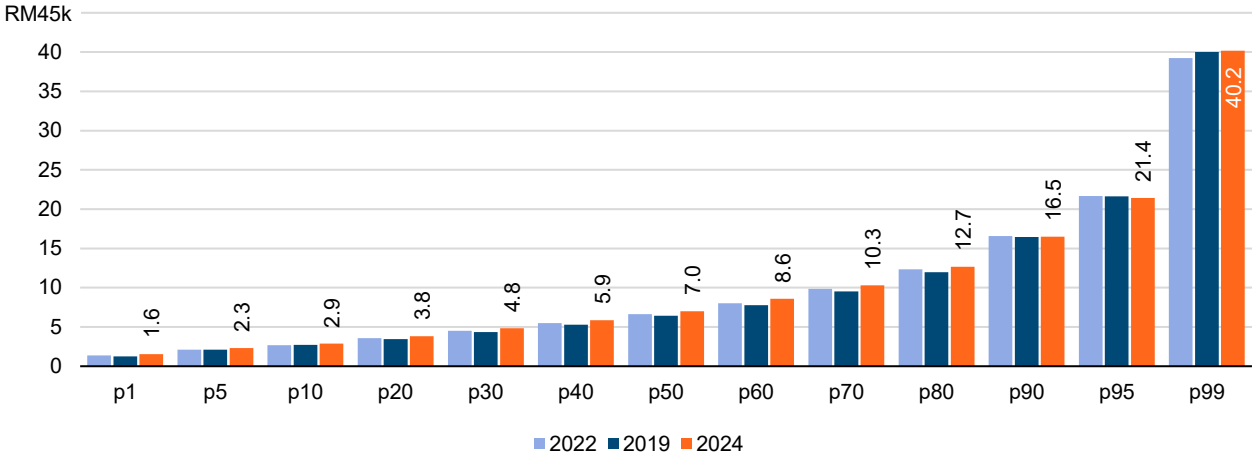

Note: Income ranges are in nominal terms. Adjusting for inflation by expressing incomes in 2024 prices would raise the income estimates for earlier years. For example, RM14,000 in 2014 prices would translate to RM16,827 in 2024 prices.
Source: DOSM (Various years -b)—HIS and KRI calculations

[54] The Gini coefficient ranges between 0 and 1, where 0 denotes complete equality while 1 denotes complete inequality.
[55] World Bank (2025)

As the income class cut-offs illustrated previously at RM2,000 and RM14,000 do not fully represent the tail-end distribution of household income, another perspective on inequality can be seen by comparing the income levels of households at various percentiles of the income distribution.

As shown in Figure 2.28, households in the 1st percentile (i.e. the bottom 1%) reported an income of just RM1.6k in 2024, while households in the 99th percentile (i.e. households just under the top 1%) reported a substantially higher level of income at RM40.2k. This implies a difference of RM38.6k or 25.8 times. In fact, the income of p99 households was also considerably higher than the RM21.4k income of p95 households, by RM18.8k or 1.9 times. In contrast, the income of p95 households was only modestly higher than the income of p90 households, by just RM4.9k or 1.3 times. The modest income gap between percentiles can also be observed across the rest of the lower 95%.

**Figure 2.28: Real household income (2024 prices), by percentile, 2019 – 2024**

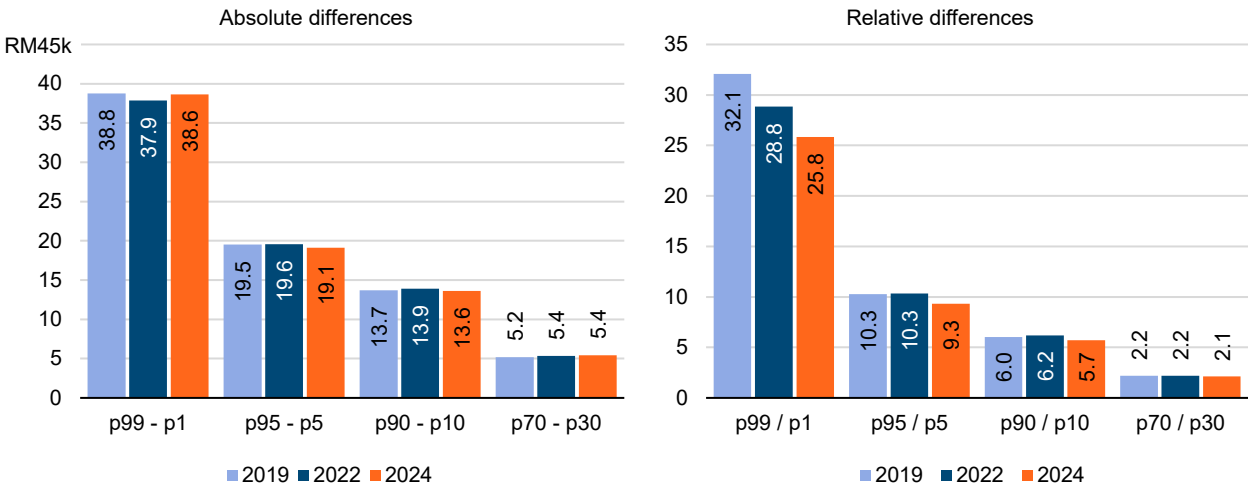



Source: DOSM (n.d.)—OpenDOSM and KRI calculations

Figure 2.29 presents the differences in absolute and relative terms between the income levels of households across selected percentiles more clearly between the years. At the extreme end between p99 and p1 households, the absolute difference in income grew from RM37.9k to RM38.6k between 2022 and 2024, but the relative difference narrowed from 28.8 to 25.8 times. In contrast, p95 and p5 households reported a significantly smaller difference of RM19.1k in 2024, lower than the RM19.6k in 2022, or a relative difference of 9.3 times, down from 10.3 times. In the middle of the distribution, p70 and p30 households reported an even smaller difference in absolute and relative terms in 2024, while also marginally narrower than in 2022.

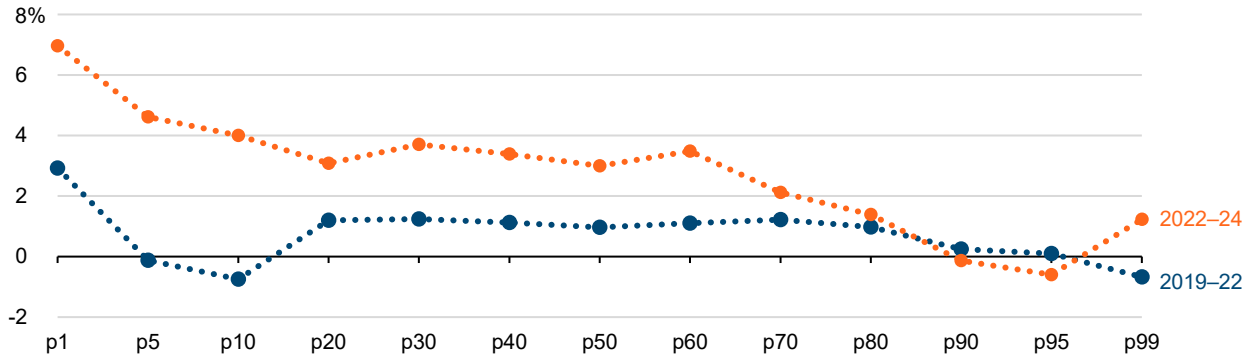
Between 2022 and 2024, most of the selected percentiles recorded positive income growth exceeding the preceding the growth rates observed over 2019–22 (Figure 2.30). Exceptions were p90 and p95 households who reported not only worse growth than before, but also a negative rate. Overall, it can be surmised that poorer households experienced faster income growth than richer households over 2022–24, unlike before over 2019–22, at least in relative percentage terms. Box 2.1 provides a further detailed discussion of income growth across each income decile by state, with the analysis generally suggesting that most states have experienced a generally "pro-poor" growth in household income.

**Figure 2.29: Differences between real household income (2024 prices) across percentiles, 2019 – 2024**




Source: DOSM (n.d.)—OpenDOSM and KRI calculations

**Figure 2.30: CAGR of real household income (2024 prices), by percentile, 2019 – 2024**




Source: DOSM (n.d.)—OpenDOSM and KRI calculations

## Regional disparities persist within and between strata, states and districts

### Urban areas are more unequal than rural areas, while an urban-rural gap persists

The Gini coefficient has consistently been higher within urban areas than within rural areas, reflecting greater income inequality among households in urban areas (Figure 2.26). This pattern persisted in 2024, as the figure stood at 0.378 for urban areas and 0.344 for rural areas. Nonetheless, consistent with the national trend over 2022–24, the Gini coefficient dropped for both urban and rural areas, with a slightly larger drop for urban areas.

Furthermore, both the urban and rural Gini have notably been lower than the national Gini, indicating how inequalities within urban and rural areas individually are lower than overall national inequality (given that each individual Gini coefficient measures only within-group inequality).

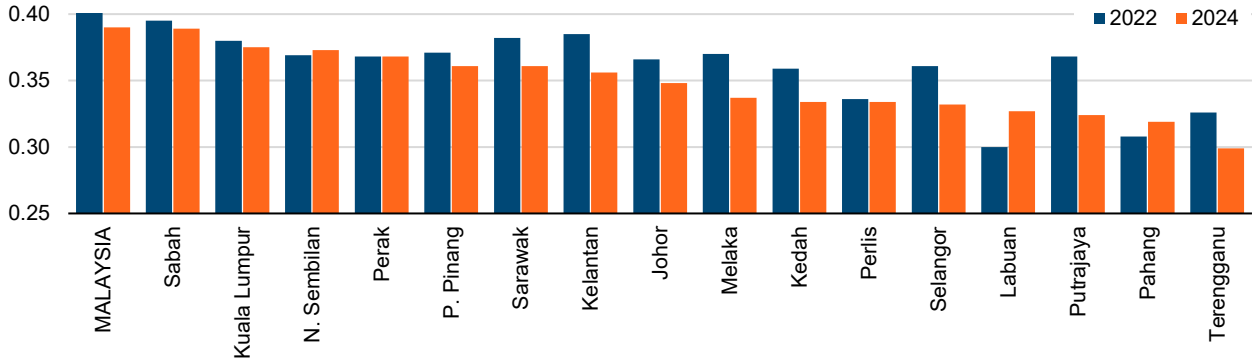
Nonetheless, in addition to within-group disparities, the difference between urban and rural also persists. As shown earlier, the urban-rural ratio of median income indicates that the gap has remained unchanged between 2022 and 2024, following its widening since 2014 (see Figure 2.7 in Section 2.3).

## Within-state inequality has improved but not between-state

Within-state income inequality varies widely between states and against the national figure, with no immediate relation to a state's overall income level or regional position. In 2024, Sabah and Kuala Lumpur recorded the highest Gini coefficients of 0.389 and 0.375, respectively, which are values marginally lower than the national figure of 0.390 (Figure 2.31). In comparison, Terengganu recorded the lowest Gini of 0.289, considerably lower. In fact, all state Gini coefficients were lower than the national figure, reflecting how inter-state inequality forms an important dimension of overall inequality, as reflected by the large variation and movement in median household income by state (see Figure 2.6 in Section 2.3).

Compared with 2022, most states experienced improvements in within-state inequality. The exceptions were Labuan, Pahang and Negeri Sembilan. States that saw among the largest improvements were Putrajaya, Melaka, Selangor, Kelantan and Terengganu.

**Figure 2.31: Gini coefficient of gross household income, by state, 2022 and 2024**



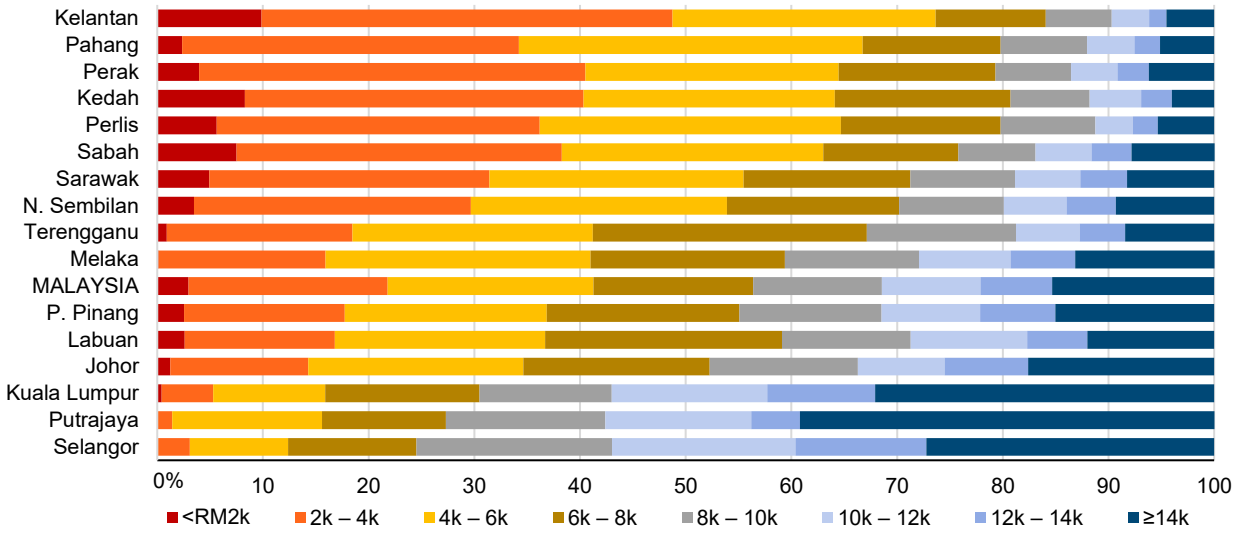

Source: DOSM (Various years -b)—HIS

## By income bracket, the prevalence of households in each across states remain very different

Figure 2.32 provides a more detailed view of the household income distribution by state. In 2024, 10 out of 16 recorded more than 50% of their households earning below RM7,000 (which roughly coincides with the national median of RM7,017). At the lower income range, 80% of households in Kelantan earned below RM7,000 while 81.1% in Selangor earned above RM7,000. In Kelantan, the largest income class was between RM2,000 – RM4,000 (38.9% of households), a stark contrast to Putrajaya where the largest income class was ≥RM14,000 (39.2%).

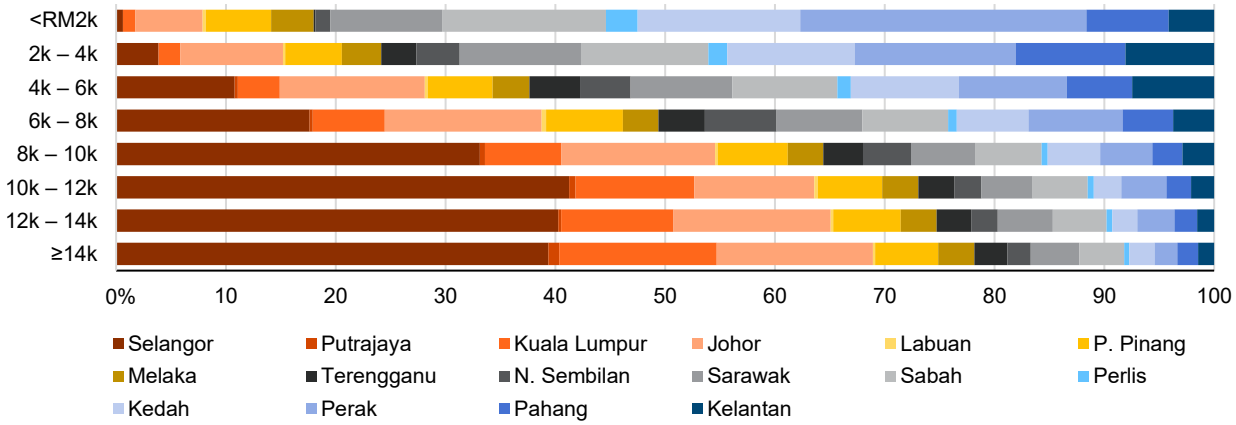
Figure 2.33 provides a slightly different view, inverting the same two dimensions of state and income class while considering the number of households in each state. Hence, while the largest income class among households in Putrajaya was the ≥RM14,000 bracket, Putrajaya made up only a small share of the total ≥RM14,000 bracket in Malaysia (only 1%) due to its much smaller geographical and population size (see Figure 2.2). Instead, the largest state within this bracket was Selangor, comprising 39.4% of households. At the opposite end, despite Selangor having the largest overall number of households, it comprised only 0.6% of total households in the <RM2,000 bracket. The state with the highest share in this bracket was instead Perak (26.1%). This view gives an arguably more useful take for policymakers and social protection targeting.

**Figure 2.32: Percentage of households, by state and income class, 2024**




Note: States are sorted by the total share of households with incomes below RM7,000
Source: DOSM (2025j)—HIS and KRI calculations

**Figure 2.33: Percentage of households, by income class and state, 2024**



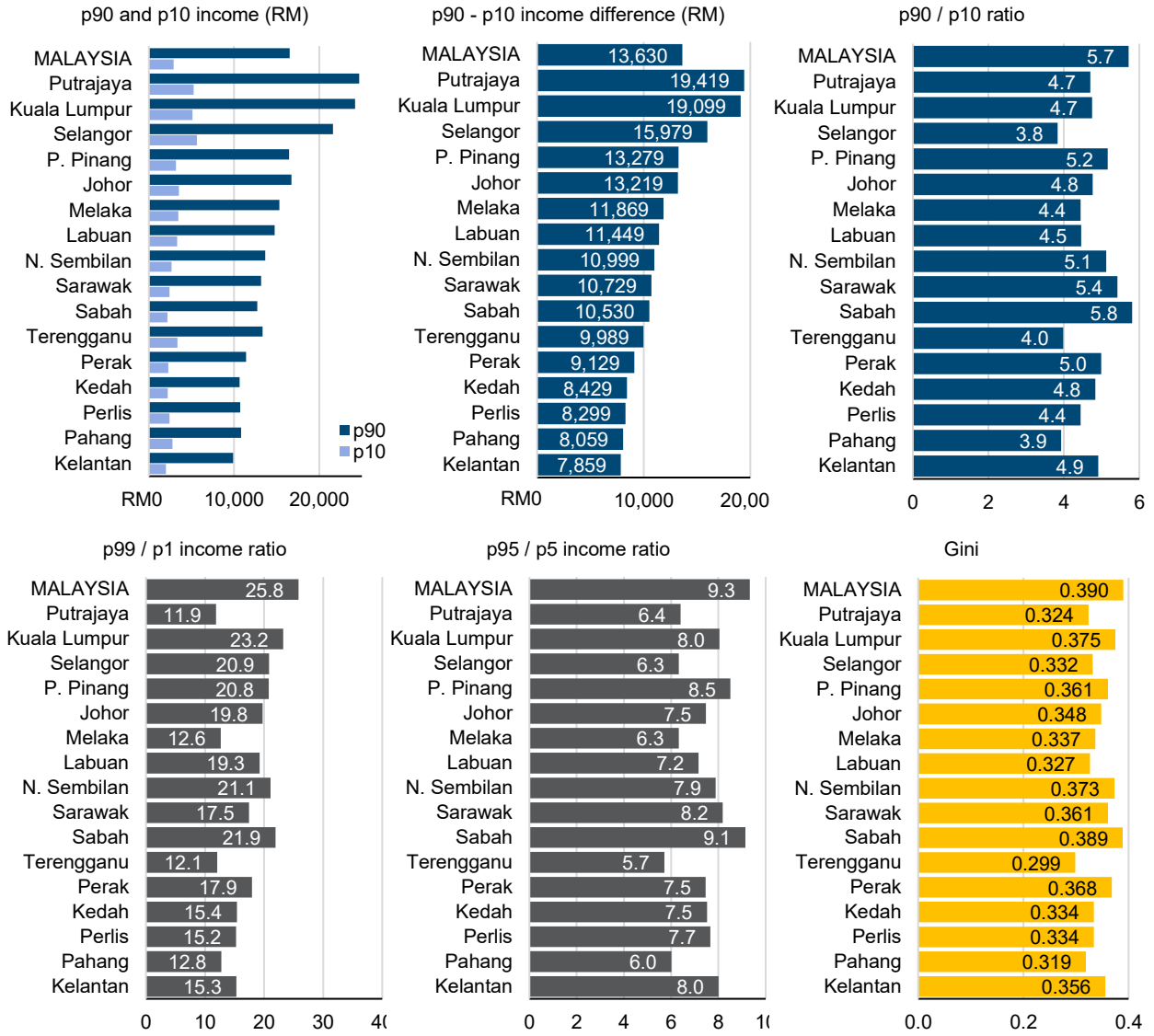

Source: DOSM (2025j)—HIS and KRI calculations

## By percentile, state income distributions remain very different

Figure 2.34 shows the maximum income of households in the top and bottom 10th percentile positions by state, as well as their absolute and relative differences in 2024. Between the top and bottom within each state, the absolute difference was up to RM19,419 in Putrajaya and as low as RM7,859 in Kelantan. However, in relative terms based on the p90/p10 ratio, Sabah ranked the highest with a ratio of 5.8 times, consistent with Sabah recording the highest Gini coefficient. Selangor ranked the lowest at 3.8 times. Nonetheless, except for Sabah, the within-state differences between the top and bottom 10% of households are smaller than the overall national gap between the top and bottom 10%, affirming the importance of inter-state differences in driving overall inequality in Malaysia.

In terms of the ratio between the top and bottom 1st percentile (p99/p1), the disparity was even wider than the p90/p10 gap, as high as 23.2 times in Kuala Lumpur and 21.9 times in Sabah. Again, the within-state differences are smaller than the overall national differences.

**Figure 2.34: Household income, by percentile and state, 2024**

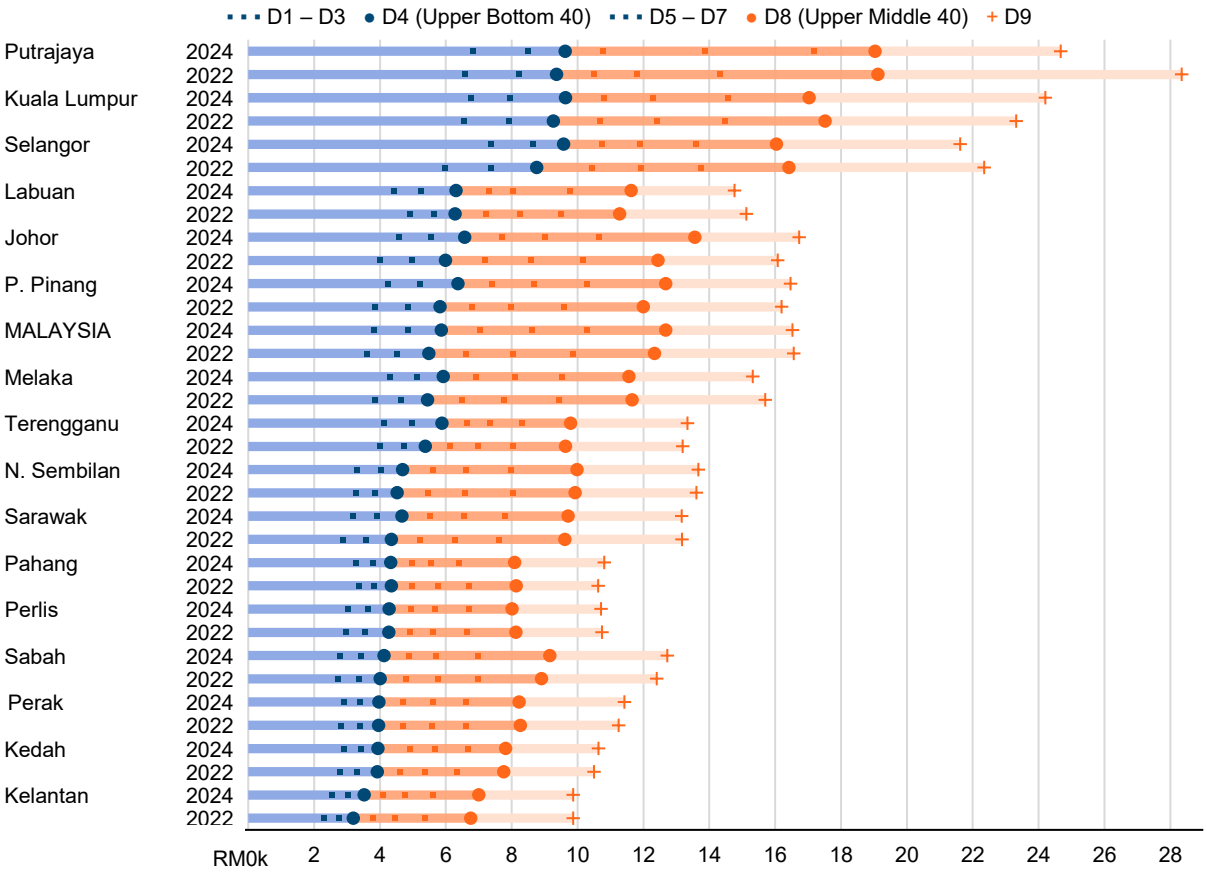



Source: DOSM (2025j)—HIS and KRI calculations

Shifting the focus from within-state inequality to also consider between-state inequality, Figure 2.35 shows the income thresholds by decile (and the bottom 40% and middle 40%) based on each state's income distribution, affirming how vast the income distributions are between each state. Exemplifying this gap, a household with an income registering in the upper end of the bottom 40% in Kuala Lumpur, Putrajaya or Selangor would fall into the top 20% in Kelantan, Kedah, Perak, Perlis and Pahang. In terms of the national thresholds, which most federal social assistance programmes use to determine eligibility, a national B40 household could include an M40 household from eight out of 16 states and federal territories: Kelantan, Kedah, Perak, Sabah, Perlis, Pahang, Sarawak and Negeri Sembilan. Meanwhile, in five other states, households in the upper B40 class of these states' income distribution sit marginally above the national B40 threshold, likely ineligible for social assistance from the federal government, exemplifying the potential exclusion errors and limitations of targeting along national B40 lines.

In terms of the differences between 2022 and 2024, most states showed increases across all household income deciles in real terms. This includes growth in their respective M40 threshold, affirming the overall narrative of household income recovery. Seven states are the exception, as their upper M40 thresholds have slightly dropped. These are Perak, Perlis, Pahang, Selangor, Kuala Lumpur and Putrajaya. Box 2.1 provides a further detailed discussion of income growth across each income decile by state, with the analysis generally suggesting that most states have experienced a generally "pro-poor" growth in household income.

**Figure 2.35: Maximum real income thresholds (2024 prices), by income decile and state, 2022 and 2024**




Source: DOSM (Various years -b)—HIS and KRI calculations

**Box 2.1: Growth incidence by household income group**

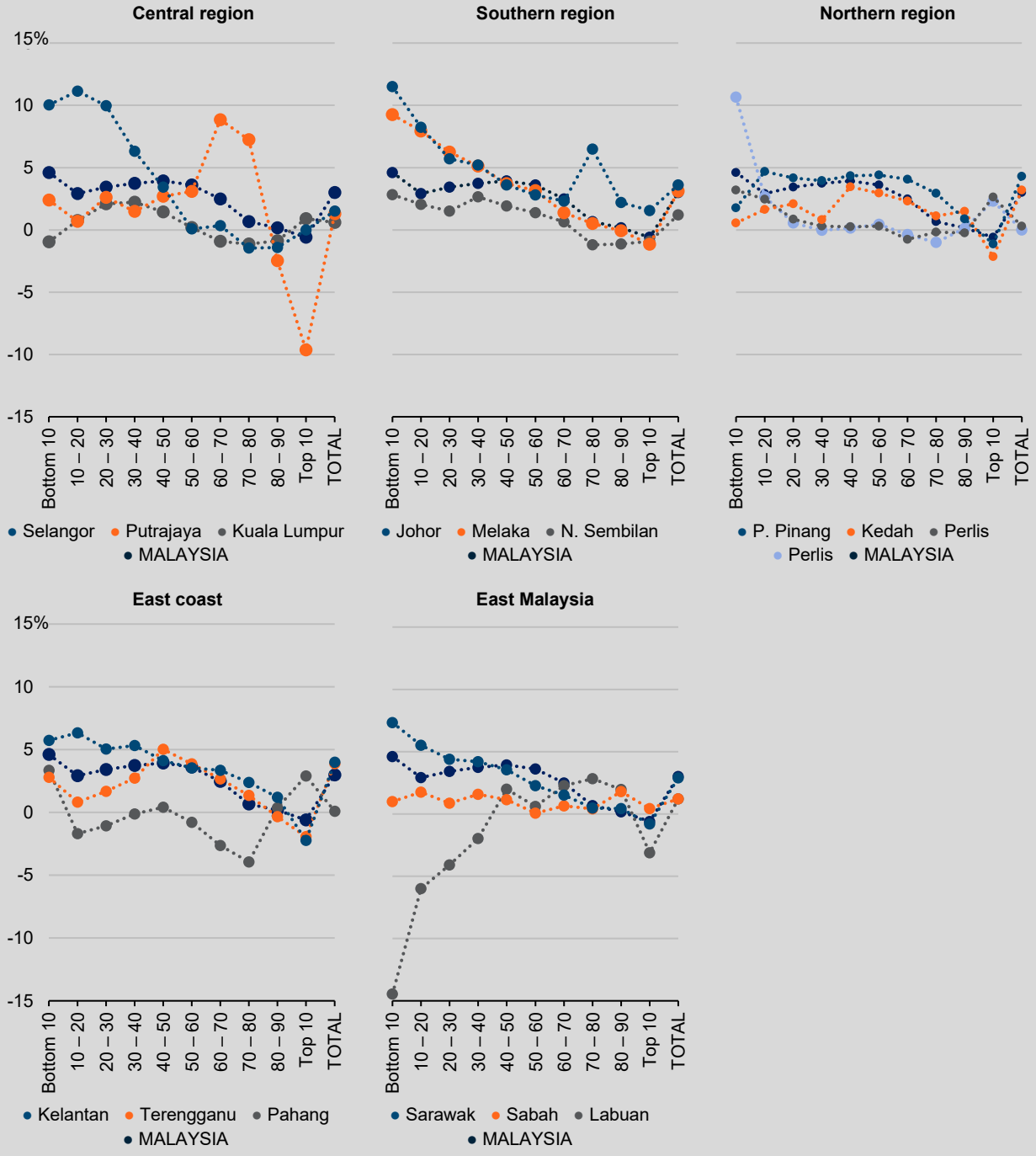
To analyse the impact of broader economic trends across a wide distribution of income, growth incidence curves are often used to illustrate the income growth rates between two points in time[56]. Adopting this approach, Figure 2.36 illustrates the growth of median household income for every income decile by state between 2022 and 2024 in Malaysia.

Overall, it suggests that many states have experienced "pro-poor" growth in the sense that lower income deciles have higher CAGRs (though not necessarily in absolute RM terms). Selangor demonstrates this clearly, as households in the bottom 30% experienced growth in real median income by up to 11.1%, whilst the upper 50% experienced zero to negative growth.

[56] Ravallion and Chen (2003)

However, in Putrajaya, households in the upper middle-income distribution saw the highest growth by up to 8.8% while households in the top 10% saw a stark drop in income growth by 9.6%, or by an outstanding RM6,742. Another interesting outlier is Labuan, where households in the bottom 10% experienced a stark drop in income growth by 14.5%. It is similarly small in population size to Putrajaya, which makes it an outlier for many indicators.

**Figure 2.36: CAGR of real median gross household income (2024 prices), by decile and state, 2022 – 2024**




Note: Decile thresholds are based on each state's household income distribution
Source: DOSM (Various years -b)—HIS and KRI calculations

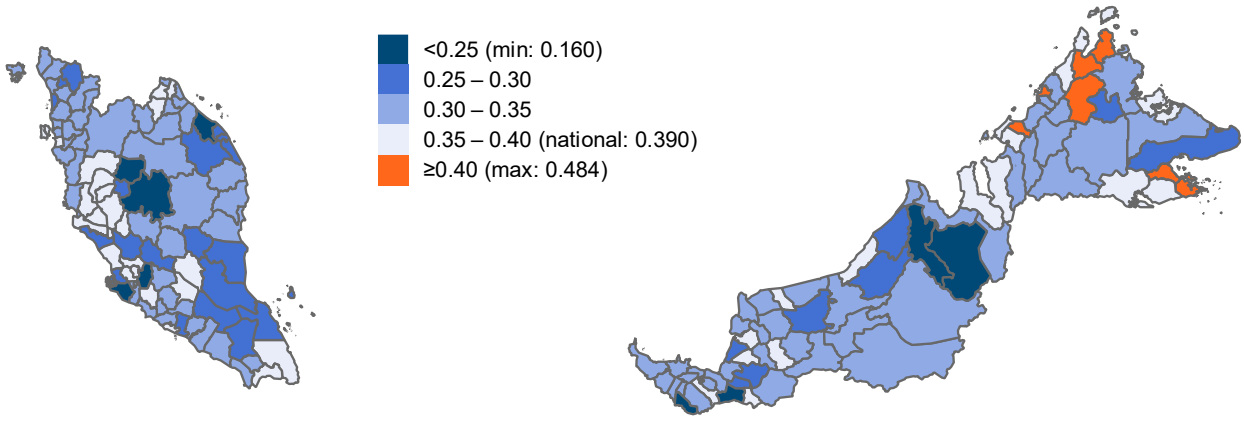
Overall, the incidence of higher growth among lower-income households is notable during 2022–24, unlike between 2019 and 2022 when households across much of the income distribution experienced little to no growth. The exception during 2019–22 was Selangor as it was one of the few states that showed strong positive growth overall. In other states which saw negative growth overall, the bottom 10% tended to show among the worst rates of growth.

Nonetheless, there are some important caveats to the analysis. In absolute RM terms, the growth among the lower-income deciles is relatively more muted. Another important caveat of this analysis is that households move between deciles throughout time, particularly as the HIS relies on a cross-sectional survey rather than a panel data that tracks the same households over time. Hence, the growth incidence illustrated in Figure 2.36 may partly reflect reshuffling within the distribution or demographic turnover. Finally, comparisons between states should also be made with caution as each growth incidence curve is based on each state's income distribution. Hence, the bottom 10% in two different states may refer to two very different income ranges.

## By district, disparities between each districts are more notable than within districts

At a more local level, within-district income inequality is almost always lower than overall national inequality, largely consistent with how the Gini coefficient of every state is lower than the national Gini (Figure 2.31). In 2024, 156 out of 166 districts in Malaysia recorded a Gini coefficient that is lower than the national figure of 0.390 (Figure 2.37). Among them, Kuala Langat, Selangor registered as the district with the most equal income distribution, with a Gini of 0.160. In contrast, only ten districts recorded higher than national Gini coefficients, encompassing districts in Sabah, Sarawak, Perak and Pulau Pinang. Interestingly, districts with among the highest incomes, such as in Putrajaya, Selangor and Kuala Lumpur, recorded lower than national Gini coefficients.

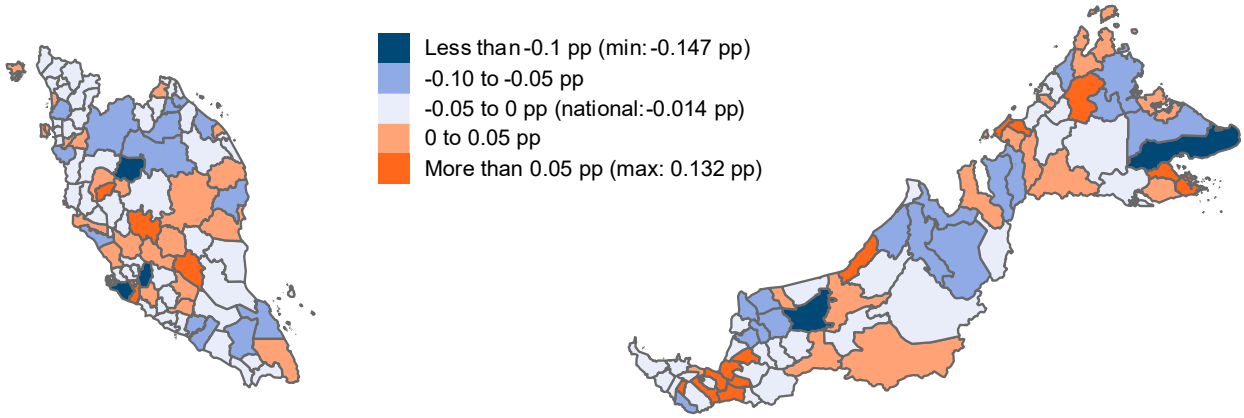
**Figure 2.37: Gini coefficient of gross household income, by district, 2024**




Source: DOSM (2025j)—HIS

Compared with 2022, most districts (111 out of 160) saw a decrease in their Gini coefficient (Figure 2.38). The largest drop was in Kecil Lojing, Kelantan, by 0.147 percentage points from 0.365 to 0.218. In contrast, 52 districts had an increase in their Gini, with the largest rise in Kunak, Sabah (by 0.132 percentage points from 0.352 to 0.484). 4 districts saw zero change.

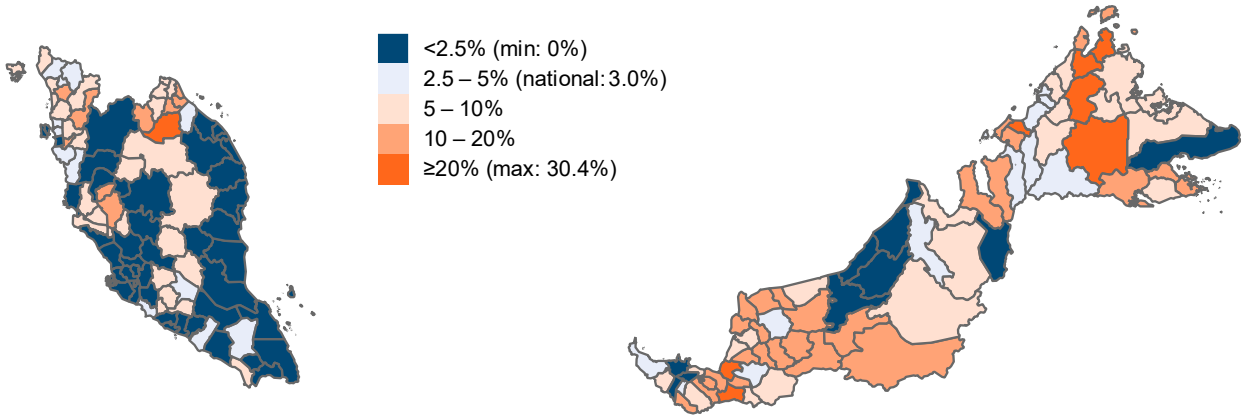
**Figure 2.38: Change in Gini coefficient of gross household income, by district, 2024**




Source: DOSM (2025j)—HIS and KRI calculations

In terms of household concentrations within the top and bottom income distribution, as many as 107 out of 166 districts had higher than national shares of households with incomes below RM2,000 (national: 3%) (Figure 2.39). Among these districts, seven largely rural districts had shares greater than 20%, with the highest at 30.4% in Pitas, Sabah, consistent with their higher poverty rates (see Section 2.6 for discussion on poverty).

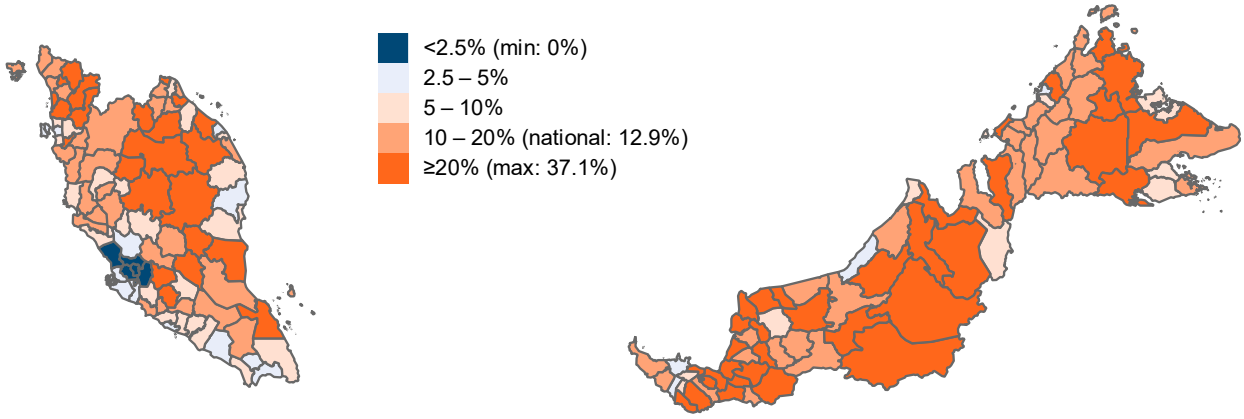
**Figure 2.39: Percentage of households with incomes below RM2,000, by district, 2024**




Source: DOSM (2025j)—HIS and KRI calculations

In contrast, 16 districts had higher than national shares of households earning above RM15,000 (national: 12.9%) (Figure 2.40). These districts are concentrated in the Klang Valley and Pulau Pinang. Petaling in Selangor had the highest with 31.8% of households in this income bracket. Despite this, their Gini coefficient is like the national coefficient (0.387 vs 0.390), reflecting relatively lower within-district inequality (see Figure 2.37).

**Figure 2.40: Percentage of households with incomes above RM15,000, by district, 2024**

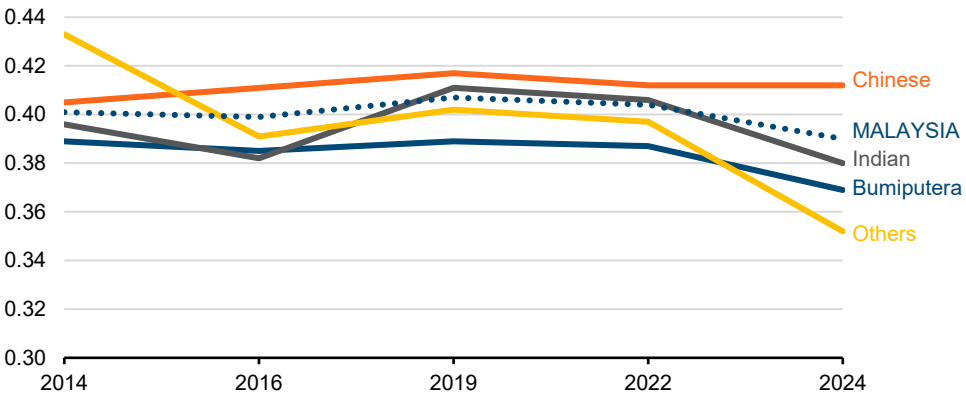



Source: DOSM (2025j)—HIS and KRI calculations

## Ethnic disparities improve within but between-group variations remain notable

In terms of within-ethnic group inequality, all groups except the Chinese experienced a reduction in their Gini coefficient between 2022 and 2024 (Figure 2.41). While the Gini for Chinese households remained unchanged, all the other groups saw reductions greater than the national Gini. Indians saw a drop of 2.6 percentage points while the Bumiputera saw a drop of 1.8 percentage points, compared with just 1.4 percentage points for the national Gini. Nonetheless, in 2024, Chinese remained as the group with the highest level of within-group inequality, a rank held since 2016 (prior to which they and Others also consistently had the highest Gini). This is followed by Indians, Bumiputera and Others, with these three groups having more equal within-group income distributions than Malaysia overall.

**Figure 2.41: Gini coefficient of gross household income, by ethnic group, 2014 – 2024**

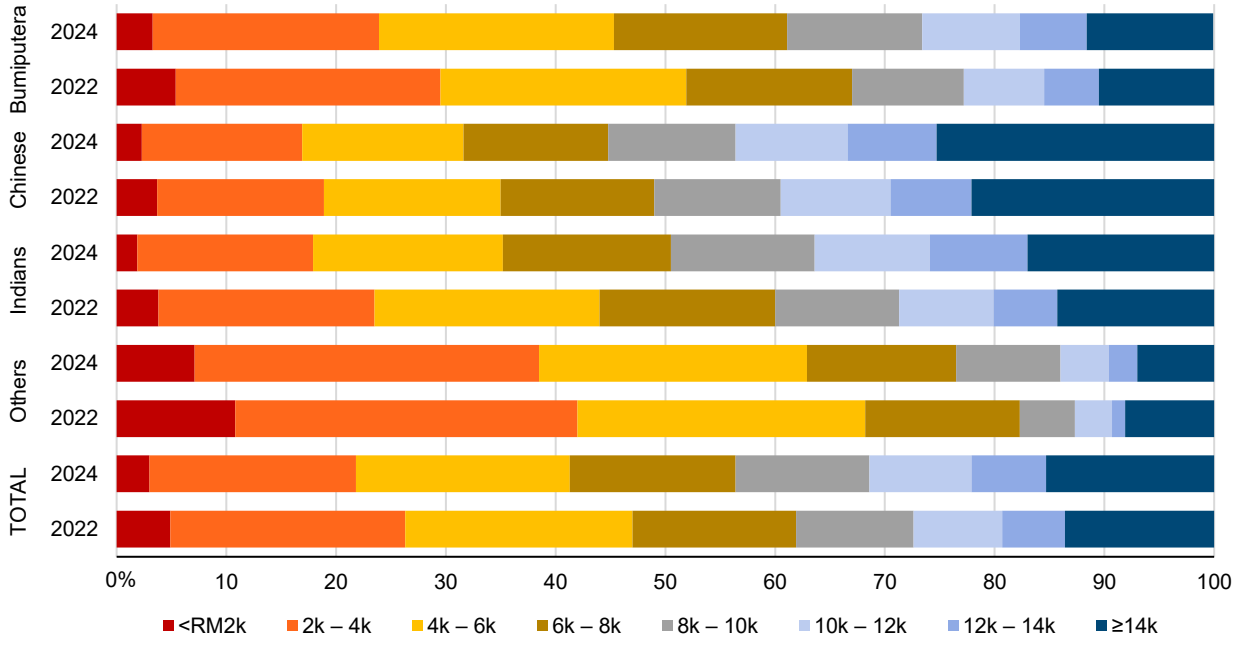



Source: DOSM (Various years -b)—HIS

In terms of between-group inequality, Figure 2.12 had previously shown that the median household income of each group has consistently converged, but Figure 2.13 had shown that the income shares of the Bumiputera and Chinese remain incommensurate with their population sizes. This suggests further room for improvement in ethnic disparities.

Figure 2.42 shows a more detailed picture of the income distribution of each ethnic group, indicating positive movements from lower- to higher- income brackets between 2022 and 2024. In particular, the shares of households among each ethnic group in the <RM2,000 income bracket reduced, while the shares of those in the top >RM14,000 bracket increased (except for Others). Between ethnic groups, 3.3% of Bumiputera households were in the bottom <RM2,000 bracket, higher than Indian and Chinese households (1.9% and 2.3%, respectively). The contrast is starker for the higher-income brackets: Chinese households recorded a considerably higher share in the top >RM14,000 bracket at 25.3% in 2024, compared with just 17.0% for Indians, 11.5% for Bumiputera and 7.0% for Others.

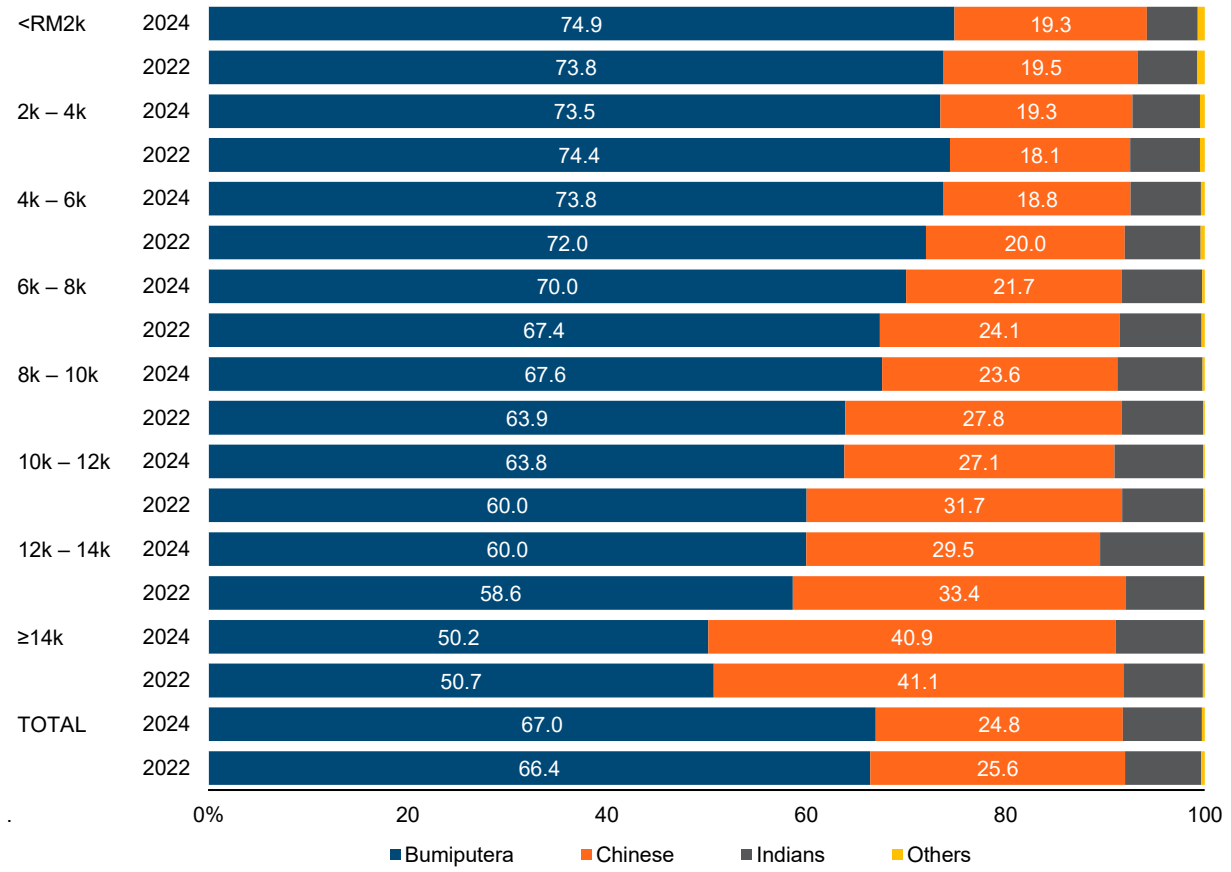
**Figure 2.42: Percentage of households, by ethnic group and income class, 2022 and 2024**




Source: DOSM (Various years -b)—HIS and KRI calculations

Considering each ethnicity's household share, Figure 2.43 shows how Bumiputera households are overrepresented in lower-income brackets and underrepresented at the top. Specifically, they comprised 67% of total households in 2024, but made up 74.9% of the bottom <RM2,000 bracket and 50.2% of the top >RM14,000 bracket. In contrast, the Chinese who comprised 24.8% of households made up 40.9% of the top >RM14,000 bracket. Compared with the 2022 figures, both Bumiputera and Chinese households slightly reduced their share of households in the top >RM14,000 bracket. At the bottom end, Bumiputera households slightly expanded their household share in the <RM2,000 bracket in contrast to Chinese households slightly reducing their share in the same bracket.

**Figure 2.43: Percentage of households, by income class and ethnic group, 2022 and 2024**




Source: DOSM (Various years -b)—HIS and KRI calculations

While Section 2.5 focuses on inequality in household income (specifically in gross terms inclusive of current transfers received and not paid out), it is not to say wealth inequality does not matter. The focus is purely due to the lack of data on wealth in Malaysia. Box 2.2 provides a glimpse of wealth inequality by examining the distribution of retirement savings in the Employees Provident Fund (EPF), finding that inequality in retirement savings is worse than in household income.

**Box 2.2: Wealth inequality as proxied by EPF savings**

Inequality matters not only in income but also in wealth, yet there is a considerable lack of data on wealth compared to income in Malaysia. A useful proxy that provides a partial glimpse is data on retirement savings in EPF, with members totalling 16.2 million individuals in 2024[57], corresponding to nearly half of the total population aged 15 and above.

Based on our calculations using EPF data, the Gini coefficient of savings among active and non-active EPF members was 0.780 in 2024, which is considerably higher than the Gini for household income of 0.390. Behind this figure, the bottom 82% of EPF members held around only 20.7% of total EPF savings (If considering only active members (those who contribute at least once a year), the Gini coefficient is slightly lower at 0.717, indicating lower inequality. Compared with previous years, the distribution of EPF savings among active members in 2024 (Gini: 0.717) was more

[57] This is inclusive of both active and non-active members. Source: EPF (2025)

equal than it was in 2022 (Gini: 0.737). Meanwhile, the 2022 Gini was more unequal than in 2019 (Gini: 0.670), coinciding with the emergency withdrawals during the Covid-19 pandemic. This is reflected in the drop in the saving shares of the vast majority of EPF members, comprising roughly the lower 90% of the savings distribution.
Table 2.3 and Figure 2.44). In contrast, the top 1% with savings exceeding RM1 million commanded 19.1% of total EPF savings.

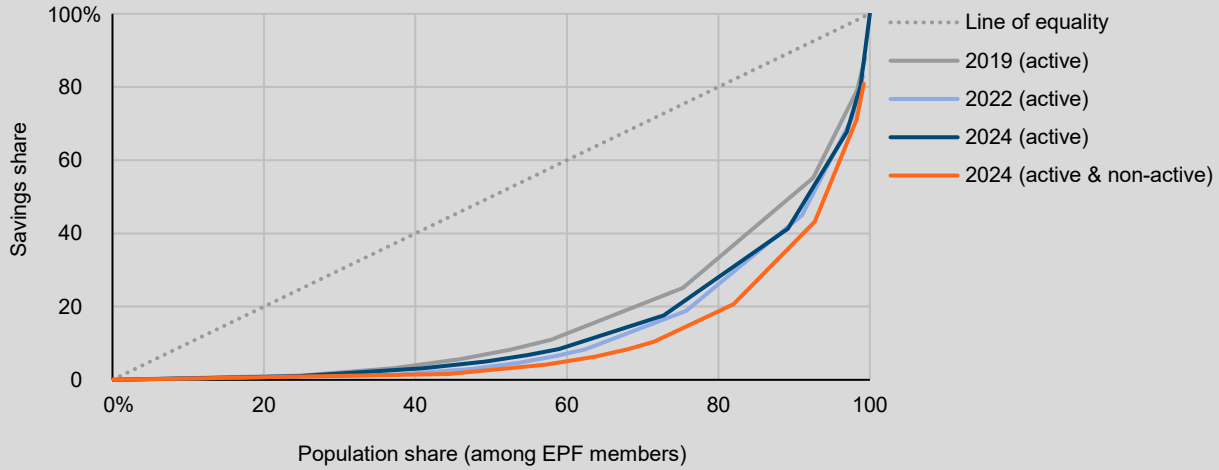
If considering only active members (those who contribute at least once a year), the Gini coefficient is slightly lower at 0.717, indicating lower inequality. Compared with previous years, the distribution of EPF savings among active members in 2024 (Gini: 0.717) was more equal than it was in 2022 (Gini: 0.737). Meanwhile, the 2022 Gini was more unequal than in 2019 (Gini: 0.670), coinciding with the emergency withdrawals during the Covid-19 pandemic. This is reflected in the drop in the saving shares of the vast majority of EPF members, comprising roughly the lower 90% of the savings distribution.

**Table 2.3: Distribution of EPF savings, by savings range, as of end-December 2024**

| Savings range | Number of members (million) | Total savings (RM billion) | Mean savings (RM) | Population share (%) | Savings share (%) |
|---|---|---|---|---|---|
| **<RM10k** | 7.2 | 19.3 | 2,679 | 44% | 2% |
| **10k – 20k** | 2.1 | 29.7 | 14,367 | 13% | 2% |
| **20k – 30k** | 1.1 | 26.2 | 24,587 | 7% | 2% |
| **30k – 40k** | 0.7 | 25.0 | 34,725 | 4% | 2% |
| **40k – 50k** | 0.6 | 24.6 | 44,800 | 3% | 2% |
| **50k – 100k** | 1.7 | 122.4 | 71,940 | 10% | 10% |
| **100k – 240k** | 1.7 | 269.3 | 154,473 | 11% | 23% |
| **240k – 650k** | 0.9 | 334.9 | 373,857 | 6% | 28% |
| **650k – 1mil** | 0.2 | 115.3 | 795,086 | 1% | 10% |
| **>1mil** | 0.1 | 228.7 | 1,774,600 | 1% | 19% |
| **TOTAL** | **16.2** | **1,195.3** | **73,680** | **100%** | **100%** |

Note: Data includes active and non-active members
Source: EPF (2025) and KRI calculations

**Figure 2.44: Population and savings share of EPF savings, 2019 – 2024**




Note: Data as of end-December
Source: EPF (Various years) and KRI calculations

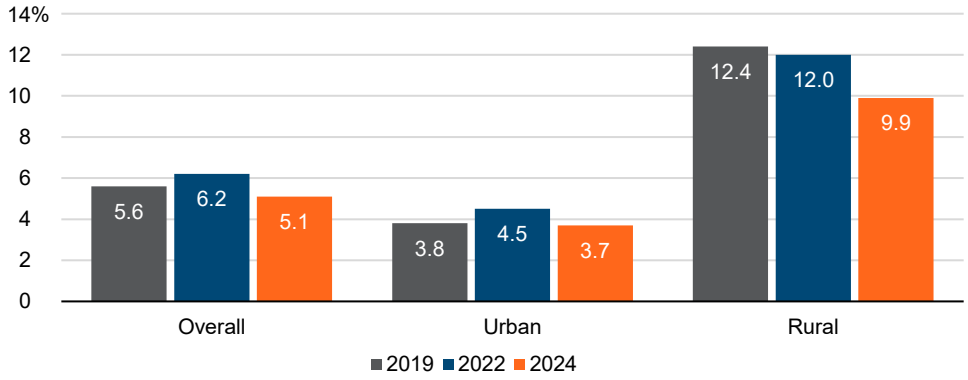
## 2.6 Poverty

In considering the wellbeing of households in Malaysia, it is crucial to assess whether they have enough income to meet at least basic needs for day-to-day living based on the trends in absolute poverty[58].

### Nationally, progress in poverty alleviation post-pandemic has been notable

As the world recovers from the hit of the Covid-19 pandemic, the state of poverty in Malaysia has also improved. As seen in Figure 2.45, between 2022 and 2024, the percentage of households in absolute poverty fell from 6.2% to 5.1%, equivalent to a total of 490,370 to 418,848 households. Notably, the absolute poverty rate was also lower than the pre-pandemic levels. The lower overall incidence of absolute poverty was driven by declines in poverty rates for both rural and urban households.

**Figure 2.45: Share of households in absolute poverty, overall and by strata, 2019 – 2024**

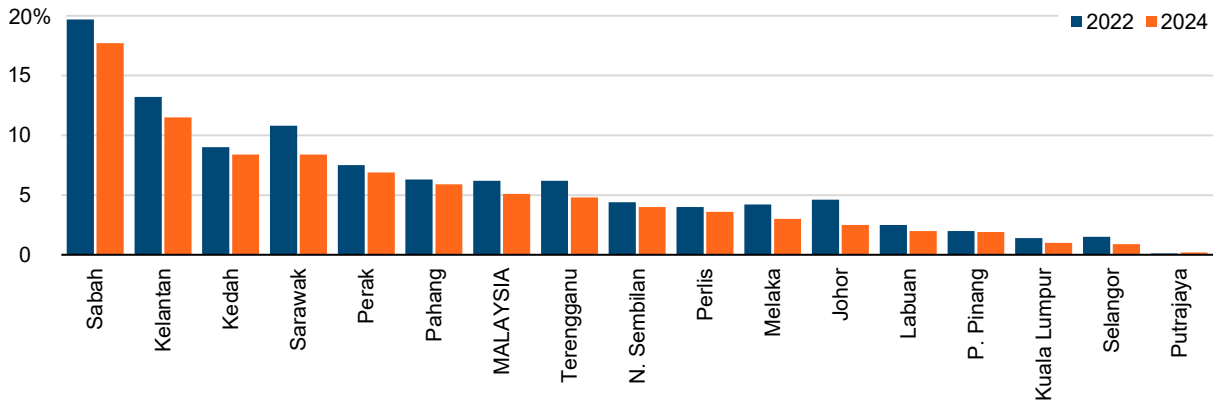



Source: DOSM (Various years -b)—HIS

### Between states, poverty rates vary widely despite consistent progress in all

While absolute poverty rates have generally decreased across states, some states continue to record incidences of absolute poverty worse than the national figure. These were Kedah, Kelantan, Pahang, Perak, Sabah and Sarawak (Figure 2.46).

**Figure 2.46: Share of households in absolute poverty, by state, 2022 and 2024**




Source: DOSM (Various years -b)—HIS

[58] According to DOSM's HIS, absolute poverty means that household income is not sufficient to support basic needs of food, residence, and clothing. Source: DOSM (2025j)—HIS

## Between districts, poverty rates vary even more with some even regressing

At a more micro level in Peninsular Malaysia, the absolute poverty rate by district in 2024 ranged broadly between 0% and 20.2% (Figure 2.47). The incidences of absolute poverty were substantially lower in all three federal territories (ranging from 0.2% to 2%), districts of Selangor (ranging from 0.1% to 2.7%), and districts of Pulau Pinang (ranging from 0.4% to 3.9%).

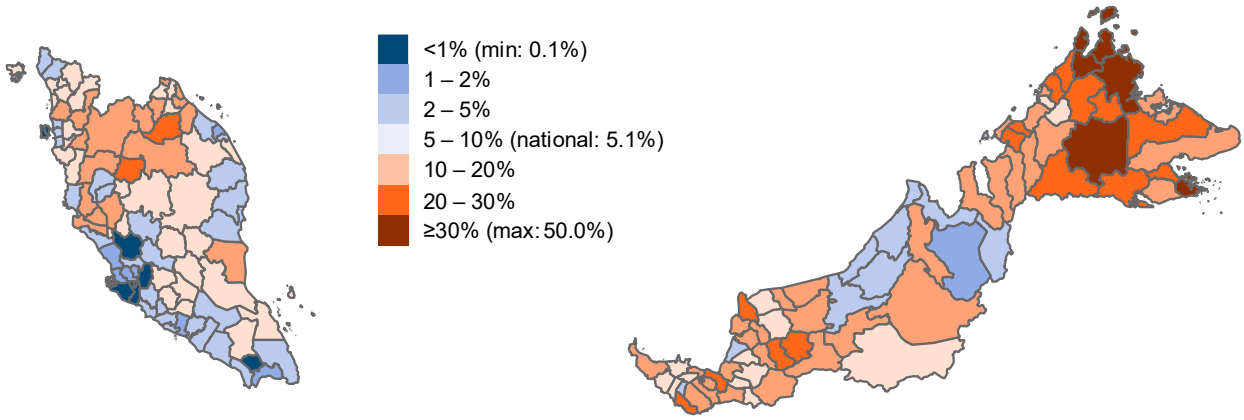
In contrast, several districts along the east coast region have significantly higher incidences of absolute poverty. In Kelantan, 7 out of 11 districts recorded rates more than double the national figure. These include Pasir Puteh (11.1%), Bachok (11.3%), Tumpat (12.7%), Tanah Merah (14.9%), Gua Musang (16.3%), Kecil Lojing (20%) and Kuala Krai (20.2%). In Pahang, the incidence of absolute poverty was not as high as in Kelantan, yet higher than the national average, including Temerloh (6.2%), Maran (7.9%), Rompin (8.2%), Jerantut (8.8%), Bera (9%), Lipis (9.2%) and Pekan (10.9%).

In the northern region, all 12 districts in Kedah, except Kubang Pasu (4%), had incidences of absolute poverty above the national average. In Perak, only 3 of 13 districts—Kampar, Kinta and Manjung—recorded absolute poverty rates below the national average.

The prevalence of households in absolute poverty is evident in East Malaysia. This was driven by 25 out of 28 districts in Sabah and 24 out of 45 in Sarawak, which had an absolute poverty rate that was more than double the national average.

Overall, out of the 166 districts in total in Malaysia, 111 districts reported poverty rates higher than the national rate of 5.1% in 2024. 66 districts reported rates above 10.2%, which is double the national rate.

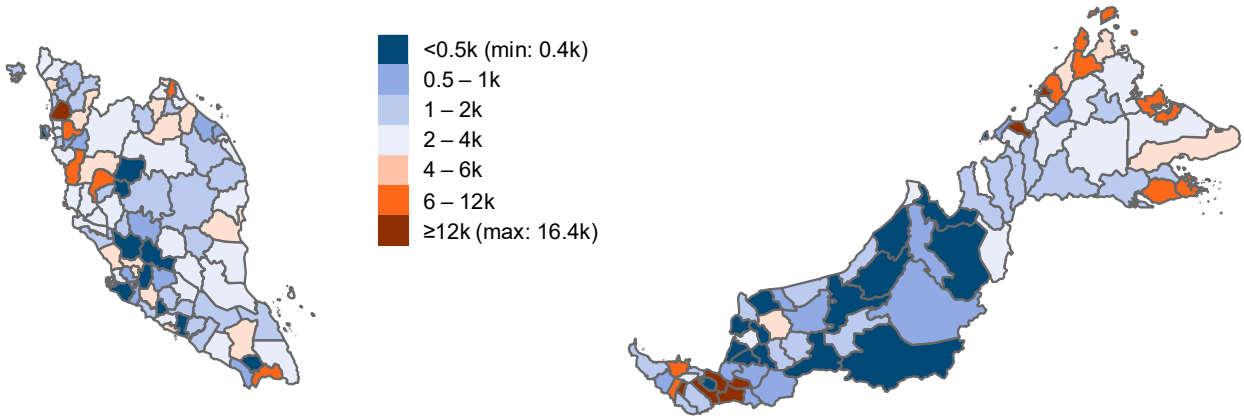
**Figure 2.47: Share of households in absolute poverty, by district, 2024**




Source: DOSM (2025j)—HIS

However, different patterns emerge when examining the distribution of households in absolute poverty by household number (Figure 2.48). In East Malaysia, only 9 districts had over 5,000 households in absolute poverty. In the central and southern regions, although absolute poverty rates were below the national rate—Kuala Lumpur (1%), Johor Bahru (1.9%) and Seremban (2.8%)— they had a fairly high number of households in poverty at 5,745, 9,288 and 5,423 households respectively. Additionally, among the districts, Kuala Muda, Kedah recorded the highest number of households in absolute poverty at over 16 thousand households, even though its rate was comparatively lower than other districts in East Malaysia (Kuala Muda's absolute poverty rate is 11.8% compared to the highest proportion in Tongod, Sabah at 41.5%). This is likely influenced by a larger population within districts in Peninsular Malaysia compared to Sabah and Sarawak.

**Figure 2.48: Number of households in absolute poverty, by district, 2024**

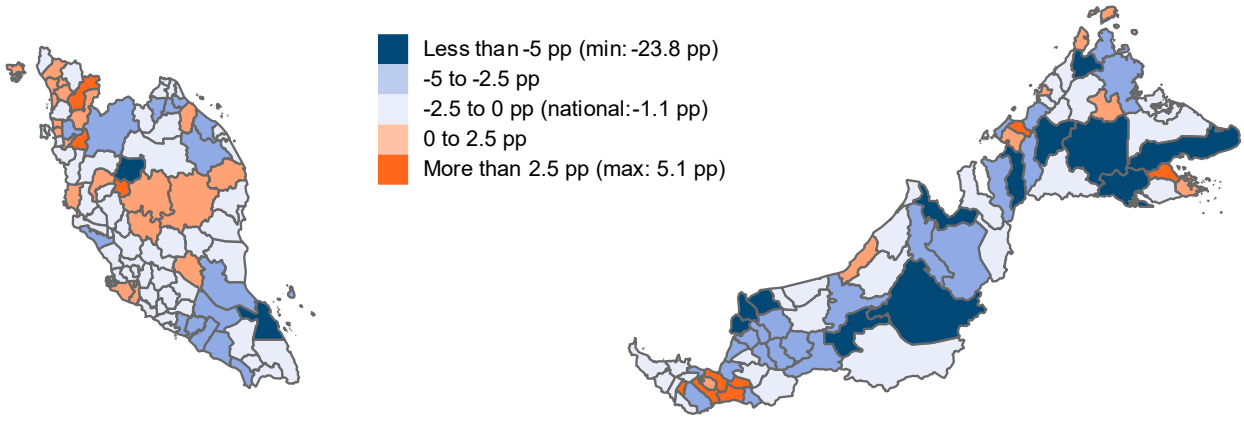



Source: DOSM (2025j)—HIS and KRI calculations

Considering the difference in absolute poverty rates between 2022 and 2024, improvements can be observed in most districts—128 districts with lower poverty incidences and 26 with higher incidences (Figure 2.49). Selama in Perak recorded the largest increase, rising by 5.1 percentage points (from 5.3% in 2022 to 10.4% in 2024). Meanwhile, Kecil Lojing in Kelantan recorded the largest drop, falling by 23.8 percentage points (from 43.8% in 2022 to 20% in 2024).

Even in East Malaysia, which has higher rates of absolute poverty, the rates have dropped from 2022 to 2024. In Sabah, most districts showed reductions, except Beaufort, Kota Kinabalu, Kudat, Kunak, Semporna and Telupid. In Sarawak, most districts experienced reductions, with Bintulu as the exception, showing a slight rise of 0.2 percentage points. However, the rate remained below the national average of absolute poor households (3.7% vs. 5.1%).

**Figure 2.49: Change in the share of households in absolute poverty, by district, 2022 – 2024**




Source: DOSM (2025j)—HIS and KRI calculations

In Part 2 Sections 7.2 and 7.3, we further discuss the link between age and the incidence of poverty, with a specific focus on older persons. Overall, we find that households with older persons (aged 65 and above) recorded a lower-than-national average poverty rate at 4.7% in 2024. Nonetheless, the variation across states for poverty rates among households with older persons compared with overall poverty rates is similar. Sabah ranks the highest in both metrics, while the other top five in both are the same states: Sarawak, Kelantan, Kedah and Perak (with varying ranks in either metric).

# SECTION

# 03


**HOUSEHOLD EXPENDITURE** 60

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SECTION 3
# HOUSEHOLD EXPENDITURE

## 3.1 Introduction: Household Expenditure and Wellbeing

In addition to household income, household expenditure forms another key component of household wellbeing, reflecting the extent to which households can satisfy their basic needs and maintain their standard of living. While income captures the resources available to households, expenditure provides a direct measure of the goods and services that households consume, offering a closer approximation of realised welfare. Household consumption expenditure is well recognised as an important measure of living standards because it is generally less sensitive to short-term income fluctuations[59]. Moreover, expenditure composition patterns reveal important differences in household needs, preferences and vulnerability, offering key insights into household wellbeing.

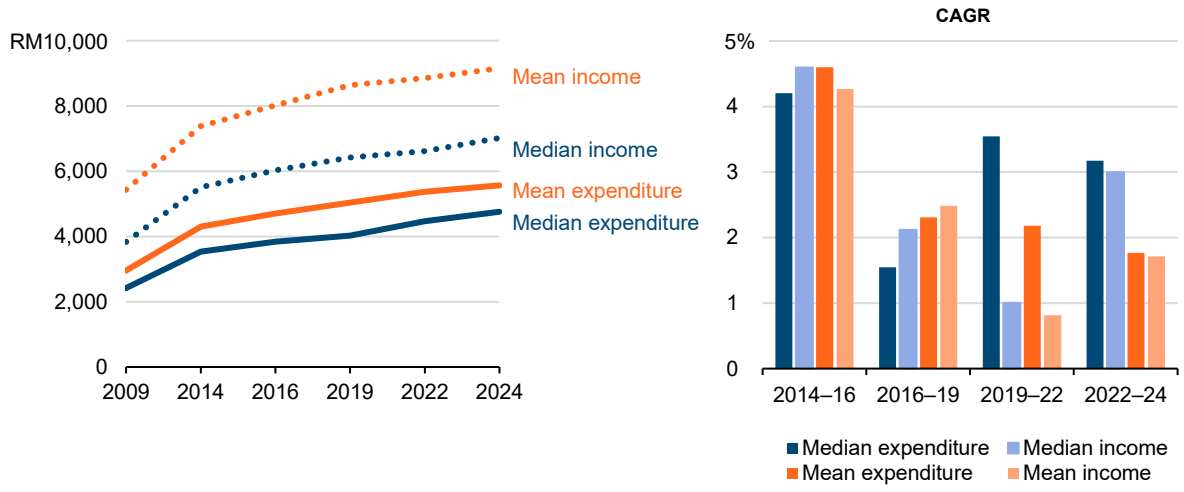
Thus, this section discusses trends in Malaysian household expenditure, drawing from the latest household expenditure survey (HES) of 2024, conducted concurrently with the HIS by the Department of Statistics Malaysia (DOSM).

## 3.2 Total Household Expenditure and Residual Income

### Expenditures continue to grow, limiting room to save

Between 2022 and 2024, household expenditure continued to grow as fast as it did during the pandemic period, limiting room to save despite improved income growth (Figure 3.1). During the pandemic period, specifically over 2019–22, expenditure grew considerably faster than income[60], reducing the amount of residual income left for savings (Figure 3.2). The situation improved over 2022–24, as the growth rate of income recovered to nearly match the growth rate of expenditure. However, the median and mean residual income in 2024 were still lower than in 2019.

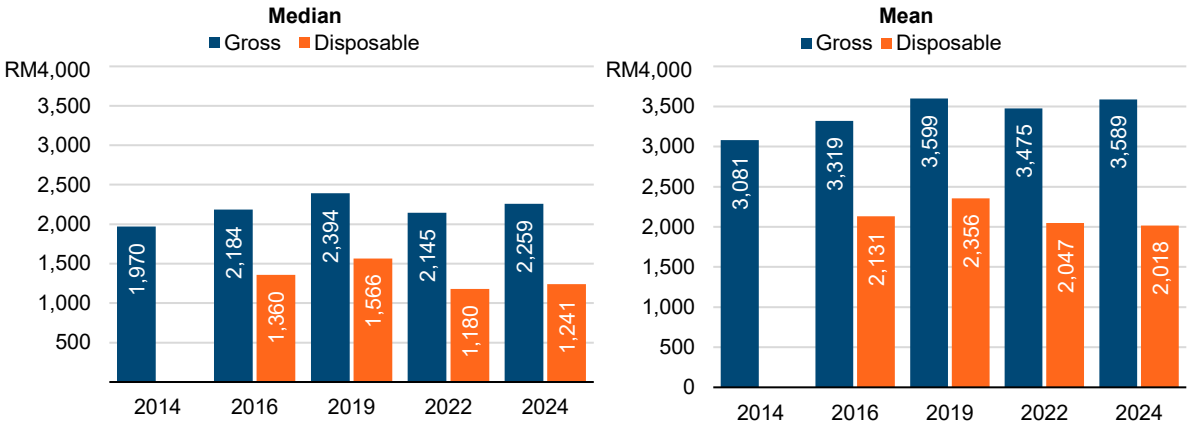
**Figure 3.1: Real mean and median household expenditure and CAGR (2024 prices), 2014 – 2024**




Note: Household expenditure includes non-citizens while income excludes non-citizens.
Source: DOSM (Various years -a)—HES, DOSM (Various years -b)—HIS and KRI calculations

[59] Cutler and Katz (1992) and Jorgenson and Slesnick (1987)
[60] Based on DOSM's formula in nominal terms, the CAGR for median household expenditure would be 5.3% over 2022–24, 5.0% over 2019–22 and 3.3% over 2016–19.

**Figure 3.2: Residual median and mean household income, 2014 – 2024**




Note: Disposable income statistics are available from 2016 onwards only.
Source: DOSM (Various years -a)—HES, DOSM (Various years -b)—HIS and KRI calculations

Nonetheless, the overall rise in household expenditure reflects some modest improvements in consumption with greater amounts of goods and services consumed and therefore wellbeing. However, it may also reflect continued pressures to maintain basic living standards amid the rising costs of living, or households opting for pricier options such as eating out (see Section 3.3).

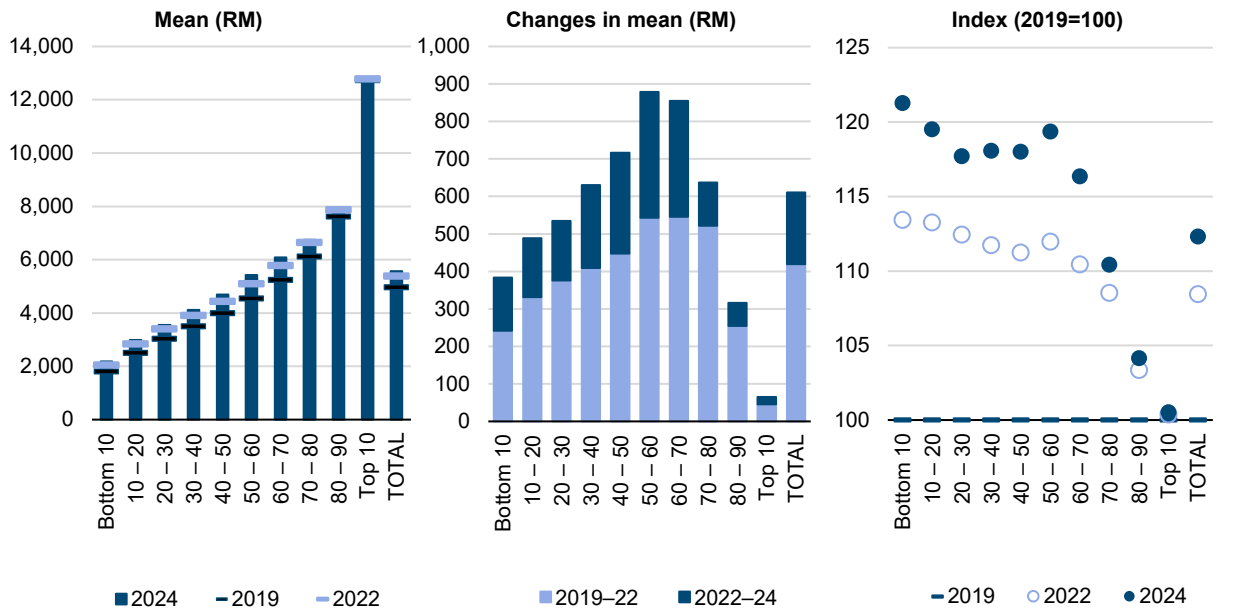
## Between income groups, expenditure growth has been slowest for the top

The higher the household income, the higher the expenditure (Figure 3.3). Between households in the bottom decile (bottom 10%) and the second decile (bottom 10–20%), the latter spent 1.4 times (RM803) more than the former on average in 2024. However, across the second decile to the ninth, the relative increase between consecutively higher income deciles were less apparent, ranging only between 1.1 to 1.2 times more. The largest difference was between the top 10% and households in the top 10–20%, with the former registering expenses that are 1.6 times higher, equivalent to RM4,868.

Comparing between years, households across all income deciles experienced an increase in real average expenditure since 2019. Much of the increase occurred over 2019–22 before continuing to rise at a slightly smaller rate over 2022–24. However, households in the top 40% reported smaller jumps in spending compared to poorer households, with the top 10% registering the lowest increase. Households in the 50-60$^{th}$ percentile registered the greatest total increase in absolute terms since 2019 at RM879. However, this translates to 19.4% of 2019 expenditure, which is lower compared to the 21.3% jump experienced by the bottom 10%.

Overall, real expenditure increased more for poorer households than richer households. This could reflect their greater consumption levels and hence wellbeing, but it could also point to lower-income households opting for pricier options such as eating out (see Section 3.3), ultimately limiting their ability to save further (as shown in the next subsection). Furthermore, it is important to note that we used headline CPI figures to estimate real expenditure between years, rather than item-specific CPIs. Historically, the CPI for food at home and eating out has grown faster than headline CPI, while lower-income households tend to allocate a higher share of their budget to these item categories. Hence, our estimation of real expenditure growth may be overstated for lower-income households.

**Figure 3.3: Real mean household expenditure (2024 prices), by income decile, 2019 – 2024**




Note: 2019 numbers are based on the previous COICOP classification as 2019 expenditure data by decile is only available under the 2019 report. Total 2019 numbers reported in later reports using the updated COICOP tend to be higher by 1.7%. Income thresholds by decile are as follows. D1-D4: <RM5,859. D5-D8: RM5,860 – RM12,679. D9-10: >RM12,680
Source: DOSM (Various years -a)—HES and KRI calculations

## Residual income remains in the negative for households in the bottom decile

Considering the income and expenditure of households across the income distribution, their residual incomes (and therefore their propensity to save) have varied widely, especially between households in the top 10% and the rest.

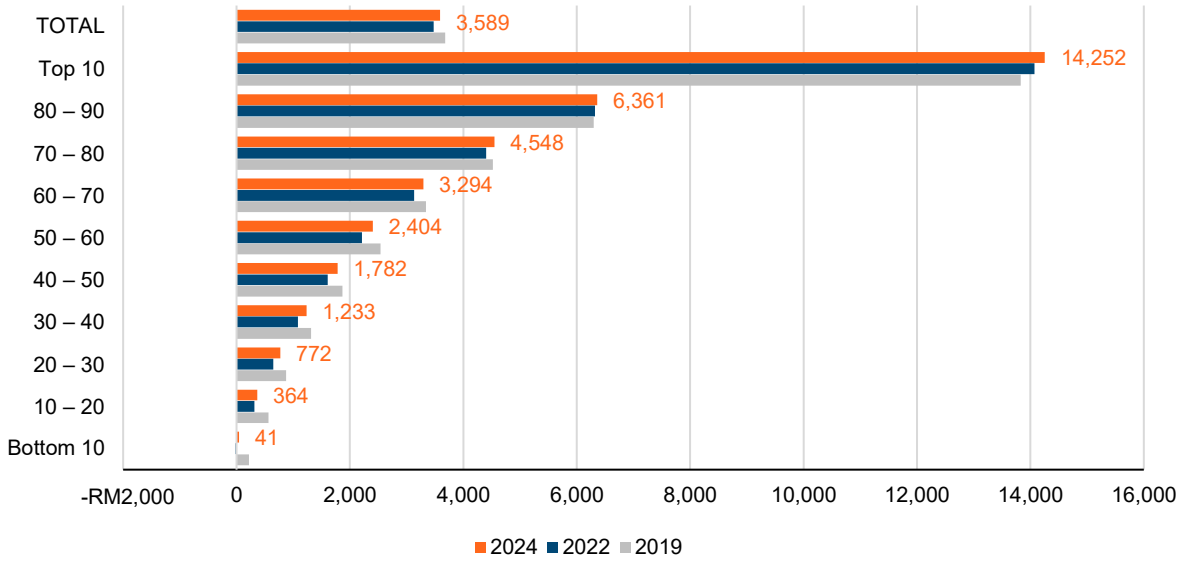
Figure 3.4A shows that households in the bottom 10% averaged a residual income of just RM41 in 2024, a small amount compared to even households in the next 10% who averaged RM364. While this is an improvement over the -RM17 averaged before in 2022, it is lower than the RM219 averaged in 2019. Furthermore, if considered against their disposable income after accounting for transfers (such as remittances to other households), the residual income of the bottom 10% becomes negative at -RM246 in 2024, a slight improvement than the -RM271 in 2022 (Figure 3.4B). Households registering negative residual income points to them sustaining their consumption either through borrowings or by drawing out past savings (see Box 3.1).

Households in the rest of the bottom 70% (who have experienced a considerable growth in expenditure unlike the top 30%) also averaged residual income amounts in 2024 that are higher than in 2022, but still lower than in 2019 (against their gross incomes).

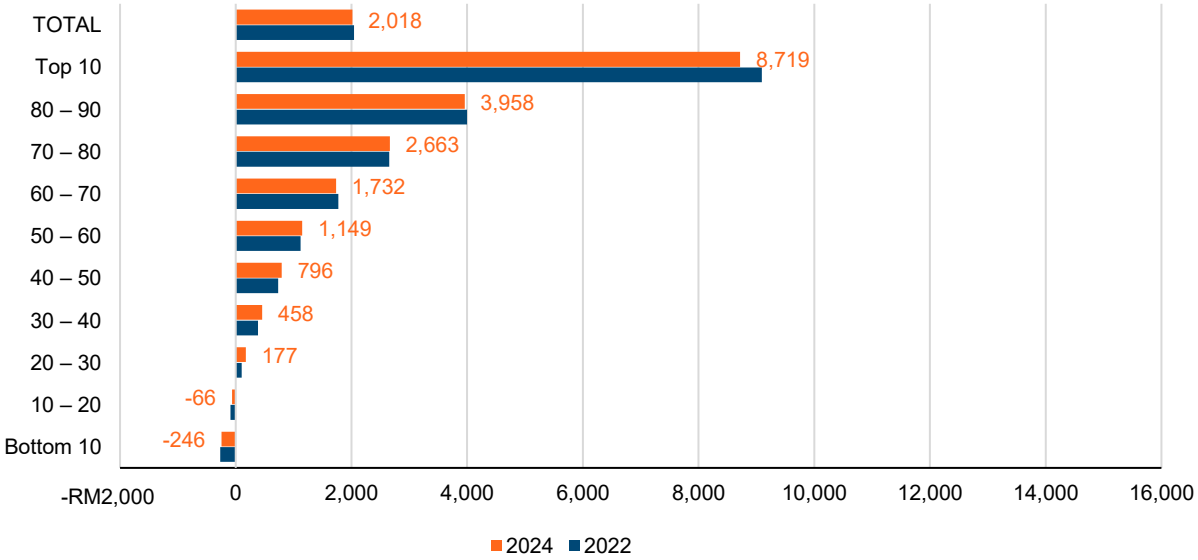
Households in the top 20% averaged higher residual incomes in 2024 than in 2022 and 2019. Nonetheless, it is noteworthy that the residual income differences between the top 10% and the next 10% of households are considerable, at RM14,252 vs RM6,361 in 2024 (against their gross income). Meanwhile, households in the 70-80$^{th}$ percentile averaged residual incomes in 2024 that are higher than 2022 but not 2019.

**Figure 3.4: Real mean residual household income (2024 prices), by income decile, 2019 – 2024**

**A. Gross income minus expenditure (RM)**




**B. Disposable income minus expenditure (RM)**




Note: Disposable income data by income decile is not available for 2019. 2024 household income thresholds by decile are as follows. D1-D4: <RM5,859. D5-D8: RM5,860 – RM12,679. D9-10: >RM12,680.
Source: DOSM (Various years -a)—HES and KRI calculations

## Between regions, expenditure levels and growth has varied

### States with higher income have higher expenditures but growth is even more varied

Generally, household expenditure is higher in higher-income states, as the median expenses are higher than the national median in states in the central region (Selangor, Kuala Lumpur and Putrajaya), as well as others throughout the peninsular including Melaka, Johor and Pulau Pinang (Table 3.1). Putrajaya ranked the highest in median household expenditure in 2024, being 1.7 times over the national median (Table 3.2), while Sabah had the lowest median expenditure (0.62 times less than the national median).

**Table 3.1: Real household median expenditure (2024 prices), by state, 2019 – 2024**

| | Selangor | Kuala Lumpur | Putrajaya | N. Sembilan | Melaka | Johor | Perlis | Kedah | Perak | P. Pinang |
|---|---|---|---|---|---|---|---|---|---|---|
| 2019 | RM5,328 | 6,251 | 7,090 | 4,063 | 4,304 | 4,414 | 3,461 | 3,023 | 3,212 | 4,164 |
| 2022 | 5,998 | 6,504 | 6,934 | 4,038 | 5,074 | 4,838 | 3,501 | 3,442 | 3,487 | 4,677 |
| 2024 | 6,251 | 6,789 | 7,885 | 4,431 | 5,148 | 5,280 | 3,468 | 3,495 | 3,602 | 4,860 |

| | Kelantan | Pahang | Terengganu | Labuan | Sarawak | Sabah | MALAYSIA |
|---|---|---|---|---|---|---|---|
| 2019 | 2,902 | 3,396 | 4,205 | 3,884 | 3,230 | 2,491 | 4,026 |
| 2022 | 3,182 | 3,666 | 4,401 | 3,989 | 3,526 | 2,891 | 4,469 |
| 2024 | 3,408 | 3,732 | 4,758 | 3,890 | 3,753 | 2,946 | 4,758 |

Source: DOSM (Various years -a)—HES and KRI calculations

**Table 3.2: Ratio of state median household expenditure over national median, by state, 2019 – 2024**

| | Selangor | Kuala Lumpur | Putrajaya | N. Sembilan | Melaka | Johor | Perlis | Kedah | Perak | P. Pinang |
|---|---|---|---|---|---|---|---|---|---|---|
| 2019 | 1.32 | 1.55 | 1.76 | 1.01 | 1.07 | 1.10 | 0.86 | 0.75 | 0.80 | 1.03 |
| 2022 | 1.34 | 1.46 | 1.55 | 0.90 | 1.14 | 1.08 | 0.78 | 0.77 | 0.78 | 1.05 |
| 2024 | 1.31 | 1.43 | 1.66 | 0.93 | 1.08 | 1.11 | 0.73 | 0.73 | 0.76 | 1.02 |

| | Kelantan | Pahang | Terengganu | Labuan | Sarawak | Sabah | MALAYSIA |
|---|---|---|---|---|---|---|---|
| 2019 | 0.72 | 0.84 | 1.04 | 0.96 | 0.80 | 0.62 | 1.0 |
| 2022 | 0.71 | 0.82 | 0.98 | 0.89 | 0.79 | 0.65 | 1.0 |
| 2024 | 0.72 | 0.78 | 1.00 | 0.82 | 0.79 | 0.62 | 1.0 |

Source: DOSM (Various years -a)—HES and KRI calculations

Expenditure growth between 2022 and 2024 varied widely by state across regions. Putrajaya experienced the fastest growth in median expenditure (6.6%), more than twice as fast as the 3.2% for Malaysia as a whole and three times as fast as neighbours Selangor and Kuala Lumpur (Table 3.3). Putrajaya's growth over 2022–24 matched its growth over 2016–19, though expenses temporarily dropped over 2019–22. However, over half the states and federal territories (10 out of 16) saw growth in median expenses slower than the national rate, with the least populated states of Perlis and Labuan registering negative growth.

**Table 3.3: CAGR of real median household expenditure (2024 prices), by state, 2019 – 2024**

| | Selangor | Kuala Lumpur | Putrajaya | N. Sembilan | Melaka | Johor | Perlis | Kedah | Perak | P. Pinang |
|---|---|---|---|---|---|---|---|---|---|---|
| 2016–19 | 1.4% | 1.3 | 6.1 | 4.0 | 1.1 | 1.7 | 0.8 | 2.6 | -0.8 | 1.9 |
| 2019–22 | 4.0 | 1.3 | -0.7 | -0.2 | 5.6 | 3.1 | 0.4 | 4.4 | 2.8 | 3.9 |
| 2022–24 | 2.1 | 2.2 | 6.6 | 4.7 | 0.7 | 4.5 | -0.5 | 0.8 | 1.6 | 1.9 |

| | Kelantan | Pahang | Terengganu | Labuan | Sarawak | Sabah | MALAYSIA |
|---|---|---|---|---|---|---|---|
| 2016–19 | 1.0 | 2.2 | 2.6 | -1.4 | 1.7 | 0.8 | 1.5 |
| 2019–22 | 3.1 | 2.6 | 1.5 | 0.9 | 3.0 | 5.1 | 3.5 |
| 2022–24 | 3.5 | 0.9 | 4.0 | -1.3 | 3.2 | 1.0 | 3.2 |

Source: DOSM (Various years -a)—HES and KRI calculations

Do higher expenditures translate to lower residual income and savings? Compared against the national median residual income of RM2,259 in 2024, eight states recorded lower amounts, with Kelantan households registering only RM675 (Table 3.4A). In contrast, states with higher median incomes generally retained higher residual incomes despite their higher expenditures. Most notably, households in Selangor and Kuala Lumpur record RM4,475 and RM4,013 in residual income, respectively. Meanwhile, despite Putrajaya recording a median household income similar to Kuala Lumpur, their residual income is considerably lower at RM2,884, though still higher than the national figure

.

Residual income is considerably lower when measured against disposable income rather than gross income (Table 3.4B). This is after deducting current transfers paid in direct taxes, zakat and remittances to other households, providing a more realistic picture of households' space to save. Nonetheless, even against disposable income, households in states with higher median incomes (particularly Selangor) still retained the highest residual incomes despite their higher expenditures. This suggests that households in these states are still better off, earning higher incomes that enable them to have higher consumption, but not necessarily at the expense of limited residual income and savings. Interestingly, the residual income of Kuala Lumpur households retained from their disposable income is lower than Putrajaya, reflecting their larger current transfers paid.

In terms of the 2022–24 changes, a considerable number of states saw median residual income rise marginally, consistent with the national trend (against both gross and disposable income). Exceptions were five states (Kuala Lumpur, Putrajaya, Negeri Sembilan, Perak and Pahang), which saw residual incomes fall against both gross and disposable income.

**Table 3.4: Real median residual income (2024 prices), by state, 2019 – 2024**

**A. Gross income minus expenditure (RM)**

| | Selangor | Kuala Lumpur | Putrajaya | N. Sembilan | Melaka | Johor | Perlis | Kedah | Perak | P. Pinang |
|---|---|---|---|---|---|---|---|---|---|---|
| **2019** | 3,646 | 5,280 | 3,823 | 1,408 | 2,313 | 2,611 | 1,561 | 1,705 | 1,459 | 2,580 |
| **2022** | 4,421 | 4,177 | 3,561 | 1,416 | 1,408 | 2,341 | 1,418 | 1,152 | 1,203 | 2,109 |
| **2024** | 4,475 | 4,013 | 2,884 | 1,160 | 1,743 | 2,432 | 1,482 | 1,400 | 1,085 | 2,526 |

| | Kelantan | Pahang | Terengganu | Labuan | Sarawak | Sabah | MALAYSIA |
|---|---|---|---|---|---|---|---|
| **2019** | 993 | 1,457 | 1,857 | 3,468 | 1,737 | 2,138 | 2,394 |
| **2022** | 590 | 1,294 | 1,734 | 3,216 | 1,669 | 1,886 | 2,145 |
| **2024** | 675 | 1,243 | 1,869 | 3,493 | 1,751 | 1,944 | 2,259 |

**B. Disposable income minus expenditure (RM)**

| | Selangor | Kuala Lumpur | Putrajaya | N. Sembilan | Melaka | Johor | Perlis | Kedah | Perak | P. Pinang |
|---|---|---|---|---|---|---|---|---|---|---|
| **2019** | 2,145 | 3,405 | 2,797 | 667 | 1,548 | 1,616 | 1,220 | 1,224 | 945 | 1,736 |
| **2022** | 2,547 | 2,116 | 2,322 | 629 | 495 | 1,319 | 1,051 | 546 | 483 | 1,087 |
| **2024** | 2,435 | 1,552 | 1,796 | 241 | 1,082 | 1,127 | 1,063 | 750 | 297 | 1,405 |

| | Kelantan | Pahang | Terengganu | Labuan | Sarawak | Sabah | MALAYSIA |
|---|---|---|---|---|---|---|---|
| **2019** | 715 | 961 | 1,302 | 2,766 | 1,136 | 1,649 | 1,566 |
| **2022** | 112 | 740 | 1,052 | 1,834 | 932 | 1,271 | 1,180 |
| **2024** | 127 | 562 | 1,131 | 1,927 | 989 | 1,272 | 1,241 |

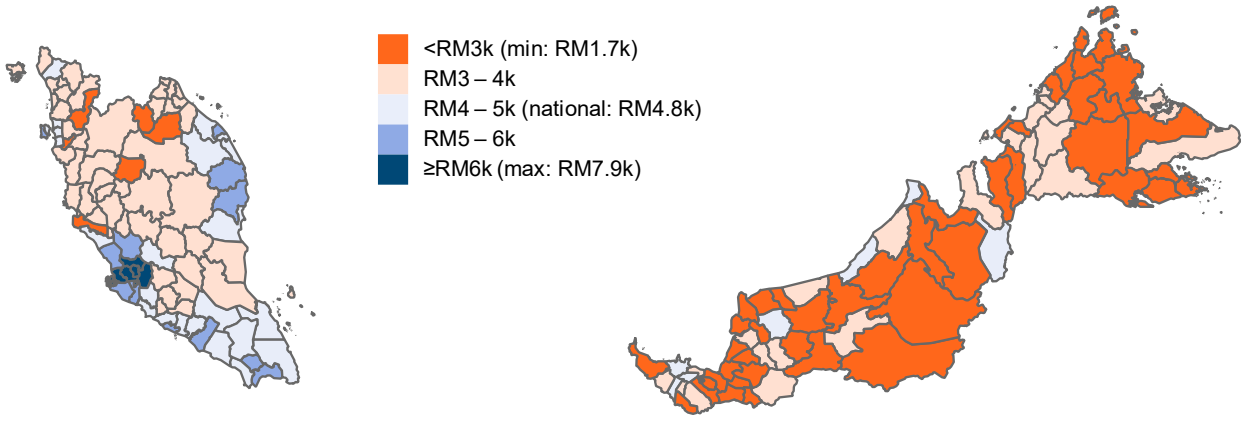
Source: DOSM (Various years -a)—HES, DOSM (Various years -b)—HIS and KRI calculations

## Districts show even more variation in expenditure, with some having reduced their expenditure and some exceeding their incomes

Most districts recorded median household expenditures lower than the national median of RM4,758 in 2024. Out of the total 166 districts in Malaysia, 143 districts recorded median expenditures below the national median (Figure 3.5). Districts with higher than national median expenditure were mostly concentrated in the central region (in Selangor, Kuala Lumpur and Putrajaya) but also included some districts in Pulau Pinang, Negeri Sembilan, Melaka, Johor and Terengganu.

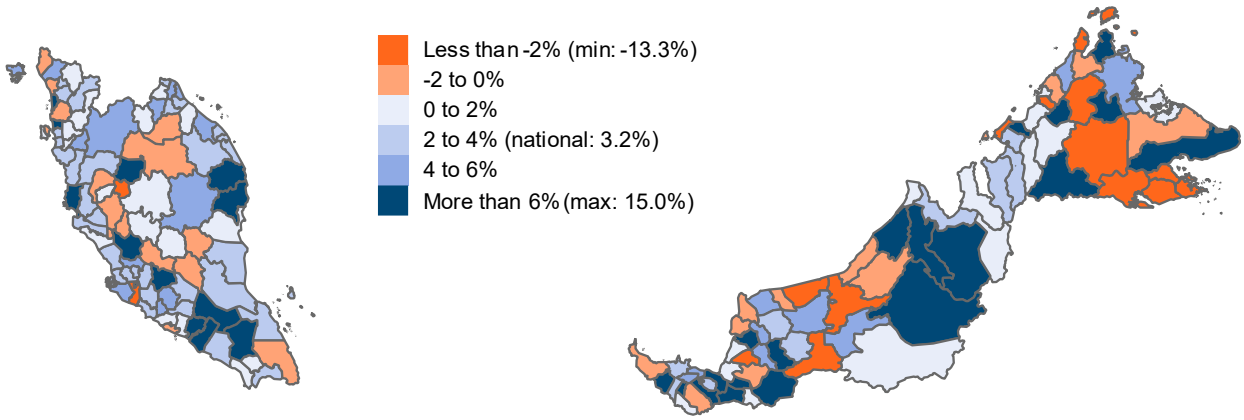
In terms of the 2022–24 changes, 41/160 districts experienced negative growth in real median expenditure (Figure 3.6). Half of these districts were in Sabah and Sarawak, with the lowest CAGR recorded at -13.3% in Kunak, Sabah, as median expenditure dropped from RM2,532 to RM1,902. At the positive end, the highest CAGR was 15% in Beluru, Sarawak, as median expenditure grew from RM1,972 to RM2,607. Overall, the average CAGR across all districts was 2.43%, lower than the 3.17% recorded nationally.

**Figure 3.5: Median household expenditure, by district, 2024**




Source: DOSM (2025i)—HES

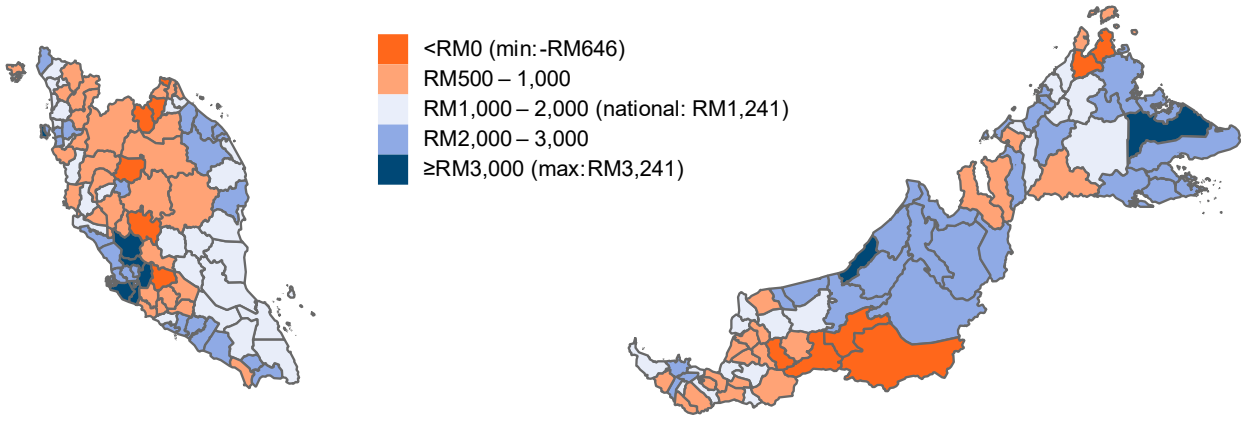
**Figure 3.6: Growth in real median household expenditure (2024 prices) (CAGR), by district, 2022 – 2024**




Note: Only 160 out of 166 districts are shown as 6 new districts were newly introduced in the 2024 data.
Source: DOSM (2025i)—HES and KRI calculations

Comparing households in each district by their residual income as a proxy for savings, by deducting median expenditure from disposable income, a considerable number of districts (12) record negative values (Figure 3.7). This is as low as -RM646 in Julau, Sarawak. Households registering negative residual income points to them sustaining their consumption either through borrowings or by drawing out past savings (see Box 3.1).

**Figure 3.7: Median residual income (against disposable income), by district, 2024**




Source: DOSM (2025i)—HES and KRI calculations

**Box 3.1: Malaysian household indebtedness in an era of financialisation**

Despite improvements in income growth since 2022, residual income remains a concern, as households in lower income deciles and several districts record negative values, suggesting reliance on borrowing to sustain consumption. Alongside this, easier access to credit and increased financialisation options has further supported household expenditure while incurring greater indebtedness. This box looks at trends in Malaysian household debt to understand the extent to which borrowing has become a central feature of household finances.

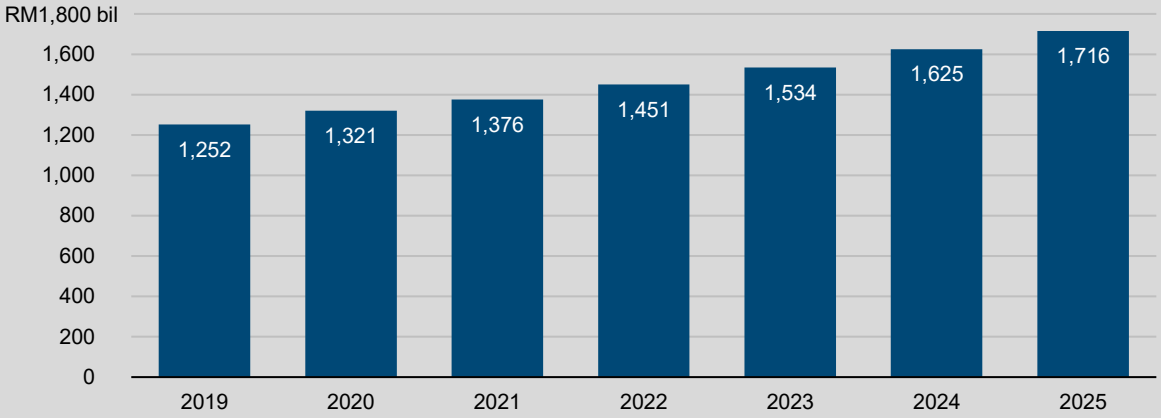
The enrolment of borrowers in the Debt Management Programme by the Credit Counselling and Debt Management Agency (*Agensi Kaunseling dan Pengurusan Kredit*, AKPK) has increased from 34,670 in 2022 to 52,057 in 2023[61]. This increase continued in 2024, with 60,155 individual cases approved, signalling possible concerns about the financial wellbeing of households.

In line with the increase in the total number of borrowers, the total value of household debt has grown steadily between 2019 and 2025 with a CAGR of 5.4%, growing from RM1,252 billion in 2019 to RM1,716 billion in 2025 (Figure 3.8). As a percentage of GDP, household debt has grown from 81.2% in 2022 to 84.8% in 2025 (Figure 3.9). Despite this, households have steadily improved their financial asset levels, which includes EPF savings, deposits and investments, in comparison to debt levels, growing from 2.07 times to 2.14 times[62].

The largest portion of household debt is allocated to residential properties, growing from 55% in 2019 to 61.2% in 2025, while motor vehicles and personal financing have been stable at around 12–14% (Figure 3.10). The former reflects not only increased homebuyer demand as spurred by government measures such as stamp duty exemptions, but also the broader role of financialization in extending credit access, as highlighted by a previous KRI report[63]. Coinciding with rising house prices, expensive housing has been made more accessible with extended loan tenures and higher loan-to-value ratios, rather than reduced pricing[64].

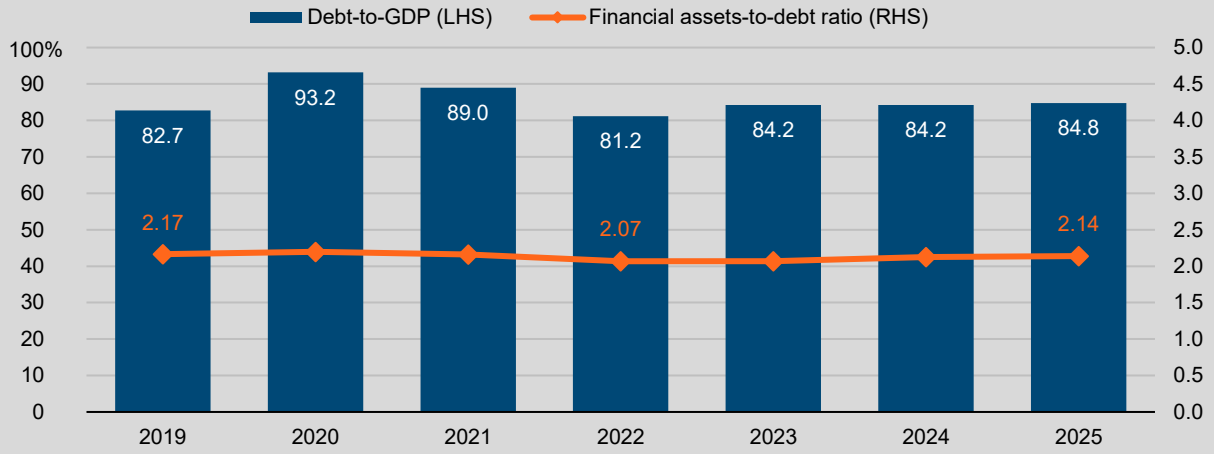
[61] AKPK (2025)
[62] BNM (Various years)
[63] KRI (2024b)—*The Financialization of Our Lives: Values and Trade-Offs*
[64] KRI (2024b)

**Figure 3.8: Nominal total household debt, 2019 – 2025**



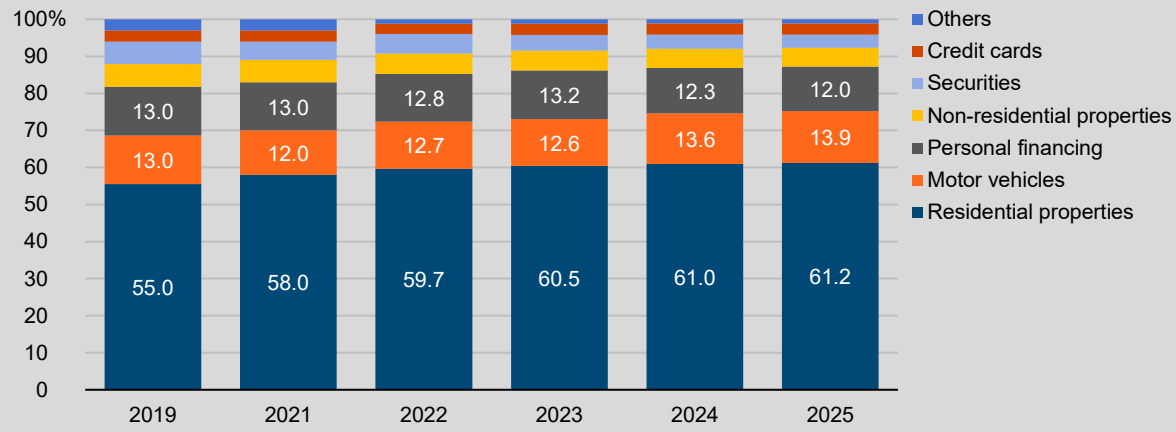

Source: BNM (Various years)

**Figure 3.9: Household debt-to-GDP and financial asset-to-debt ratio, 2019–2025**




Source: BNM (Various years) and KRI calculations

**Figure 3.10: Composition of household debt, by purpose, 2019 – 2025**




Source: BNM (Various years)

Additionally, the emergence of buy-now-pay-later (BNPL) has increased access to credit for younger generations and less urbanised regions, posing risks of credit over-extension and increasing household debt[65]. In response, the Consumer Credit Commission's Conduct Standards now mandate affordability assessments for BNPL credit limits exceeding RM1,000, alongside stricter rules on pricing methods, late payment charges and merchant conduct to mitigate such over-extension risks[66].

## 3.3 Composition of Household Expenditure

### Eating out has grown in importance, surpassing food at home

What drove the increase in household expenditure? Notably, households have been spending increasingly more on eating out[67], with a considerable jump between 2019 and 2022 (Figure 3.11). This jump continued over 2022–24 at an even faster rate than over 2016–22 (Figure 3.11).

Overall, the rise in eating out was the main driver of increasing total household expenditure, adding RM78.20 between 2022 and 2024, more than the RM61.70 increase in housing expenditure (Figure 3.13). In contrast, spending on food at home in real terms has dropped in 2024. In sum, households by 2024 spent more on average on eating out than at home, at RM902.70 per month for eating out (or 16.2% of total household expenditure) versus RM875.80 for food at home (15.7%).

A previous KRI discussion paper[68] noted that the rising share of household expenditure on eating out can be traced back to at least the 1992 HES, driven by several factors. Urbanisation has expanded the availability and variety of food, particularly through modern food vendors and establishments such as fast-food restaurants[69], while income growth has increased purchasing power and demand for more diverse foods[70].

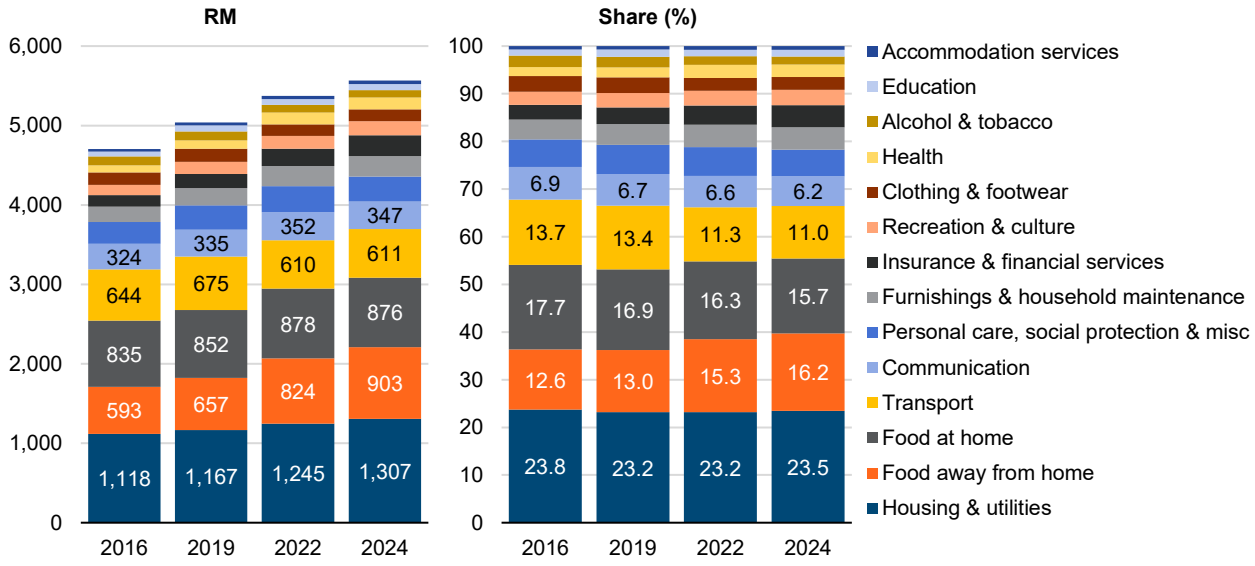
At the same time, rising labour force participation has contributed to time poverty, particularly among women, limiting the time available to prepare and consume food at home[71]. This is especially relevant for urban households facing longer commutes due to traffic congestion[72]. Eating out also provides an opportunity to eat across a wider range of times and settings, including work meetings, social gatherings and celebrations[73].

[65] KRI (2024b)—*The Financialization of Our Lives: Values and Trade-Offs*
[66] Tee (2026)
[67] Expenditure on eating out or otherwise referred to as 'food away from home' refers to food purchased from restaurants, including food deliveries.
[68] Teoh Ai Ni (2024)
[69] MOH (2008); H. S. H. Lee and Tan (2007); Poulain et al. (2020)
[70] Tan (2010)
[71] Prochaska and Schrimper (1973)
[72] H. S. H. Lee and Tan (2007)
[73] Poulain et al. (2020)

The previous KRI discussion paper[74] also notes how a rise in eating out can pose public health concerns, as it is linked to higher energy intake and poor diet quality, which are key contributing factors to obesity and NCDs (discussed further in Section 6.2). Poor diet quality is characterised by a higher intake of animal-based foods, processed foods, fast foods, sugar-sweetened beverages and snacks, as well as a lower intake of vegetables. This shift towards eating out may reinforce unhealthy behaviours among Malaysians, as inadequate fruit and vegetable consumption and sedentary lifestyles remain widespread (see Section 6.3).

As for the other expenditure categories, housing remained the primary expense category, making up 23.5% of households' total expenditure on average, or RM1,307 per month. This followed an increase of RM61.7 since 2022, an amount still lower than the increase of RM78.2 from eating out. Meanwhile, spending on transport, the fourth largest category, was largely unchanged between 2022 and 2024, higher only by RM1.9, following a considerable reduction in 2022 as household mobility was limited due to pandemic lockdowns[75]. Spending on communication, the fifth largest category, reduced marginally between 2022 and 2024 after previously registering the highest rate of increase since 1993[76]. Spending on health, while smaller in comparison to the other categories, saw a large jump over 2019–22 in response to the pandemic, but the increase later over 2022–24 was more moderate. However, insurance spending consistently rose since 2016, registering the fastest rate against all other categories. Spending on education remained the second lowest in amount, despite its uptick in 2024 following a drop in 2022[77].

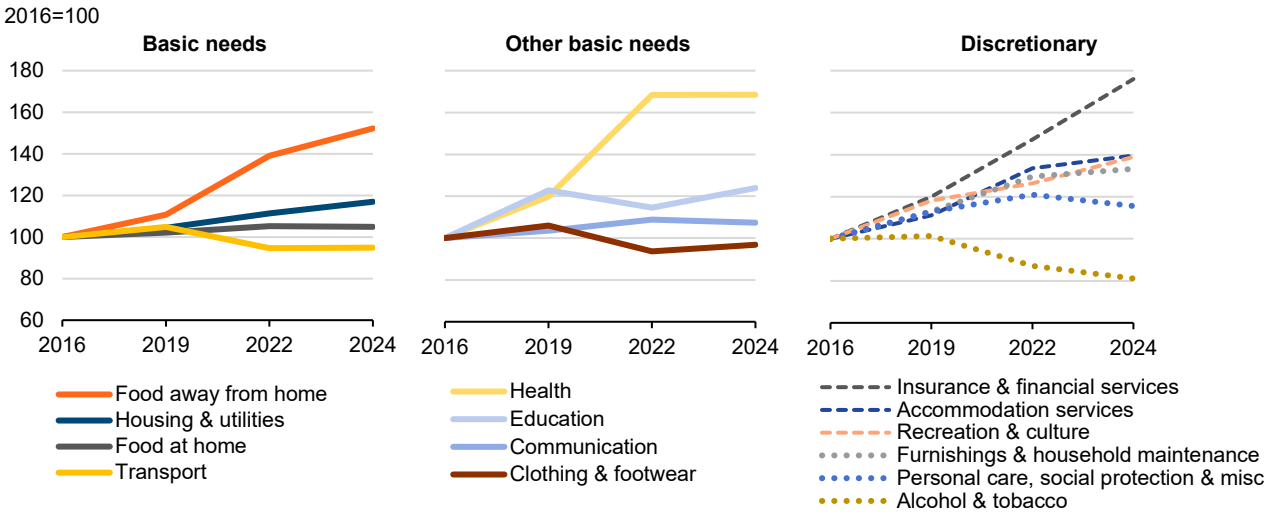
**Figure 3.11: Real mean household expenditure composition (2024 prices), 2016 – 2024**




Source: DOSM (Various years -a)—HES and KRI calculations

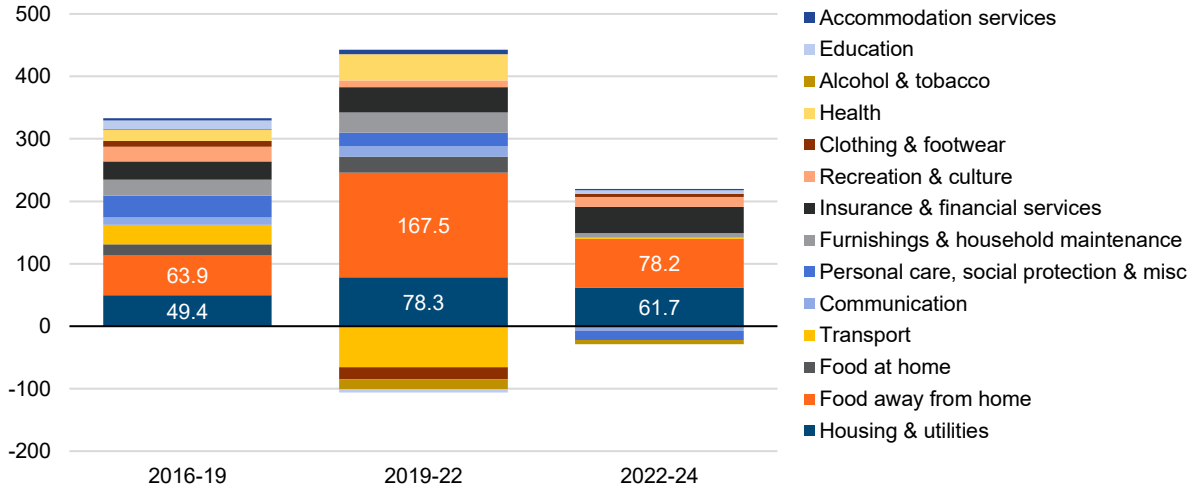
[74] Teoh Ai Ni (2024)
[75] See KRI (2024c)—*The State of Households 2024*—for more discussion on the pandemic effects on households
[76] KRI (2024c)
[77] In 2022, spending on secondary education dropped but rose for 'education not definable by level'.

**Figure 3.12: Index of real mean household expenditure, by category, 2016 – 2024**




Source: DOSM (Various years -a)—HES and KRI calculations

**Figure 3.13: Changes in real mean household expenditure (2024 prices), by category, 2016 – 2024**




Source: DOSM (Various years -a)—HES and KRI calculations

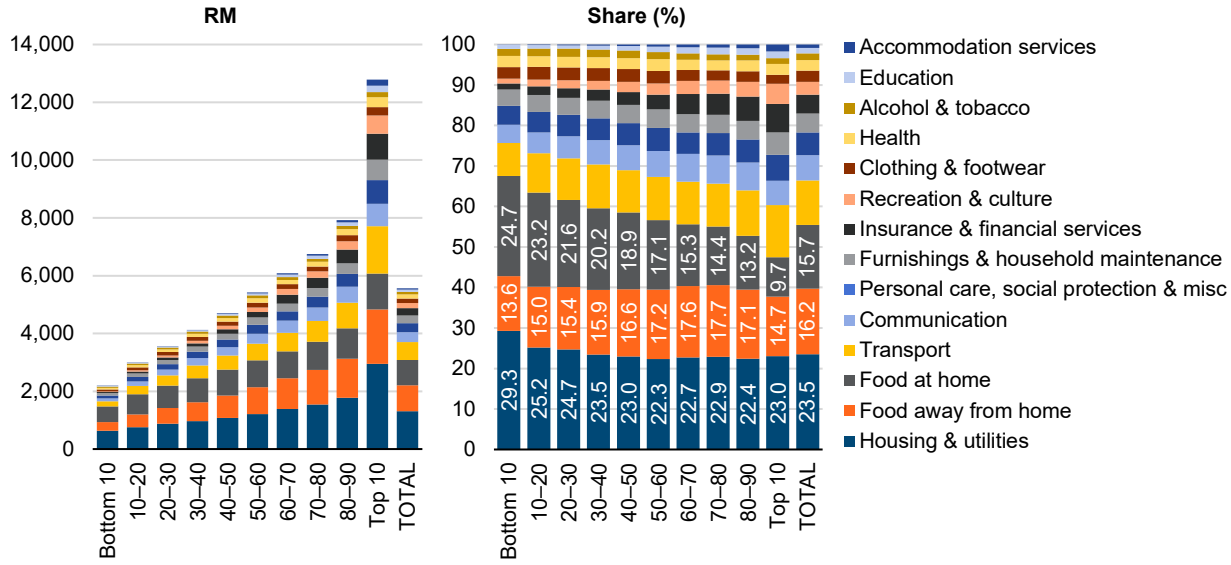
## Lower-income groups are spending proportionally more on essentials like food…

Lower-income households in Malaysia spend proportionally more on essentials and less on discretionary items (Figure 3.14), consistent with global trends[78]. While households in the bottom 10% spent less in absolute terms (as expected) on essentials like housing, food at home and transport (by about 0.3 to 0.6 times less than the national averages), they allocated more in proportional terms. Out of their total spending, 29.3% was allocated for housing and utilities (vs 23.5% nationally) and 24.7% for food at home (vs 15.7% nationally).

Households in the bottom 10% also allocated less for categories like eating out (13.6% vs 16.2%), transport (8.2% vs 11%) and communication (4.5% vs 6.2%), as well as other more discretionary categories. It was even more extreme for households with incomes below RM2,000 who comprised the bottom 3%: 32.7% was allocated for housing and utilities and 27% for food at home.

[78] Houthakker (1987)

**Figure 3.14: Mean household expenditure composition, by income decile, 2024**




Note: 2024 household income thresholds: Bottom 40%: <RM5,859. Middle 40%: RM5,860–12,679. Top 20%: >RM12,680
Source: DOSM (2025i)—HES

In comparison, households in the top 10% spend considerably more on various expenditure categories in absolute terms. Compared with the national averages in 2024, households in the top 10% spent:

- 4.9 times more on accommodation services;
- 3.5 times on recreation, sport and culture; and furnishings and household maintenance;
- 2.7 times on insurance and financial services; and transport;
- 2.6 times on personal care, social protection and miscellaneous[79];
- 2.4 times on health;
- 2.3 times on housing and utilities;
- 2.1 times on eating out;
- 1.4 times on food at home.

Nonetheless, in proportional terms, households in the top 10% allocated a smaller share of their total spending to various expenditure categories compared with the national average. These categories include housing and utilities (23% vs 23.5%), eating out (14.7% vs 16.2%) and food at home (9.7% vs 15.7%). However, they allocated more for transport (12.8% vs 11%), furnishings and household maintenance (7% vs 4.7%), and recreation, sport and culture (4.9% vs 1.7%).

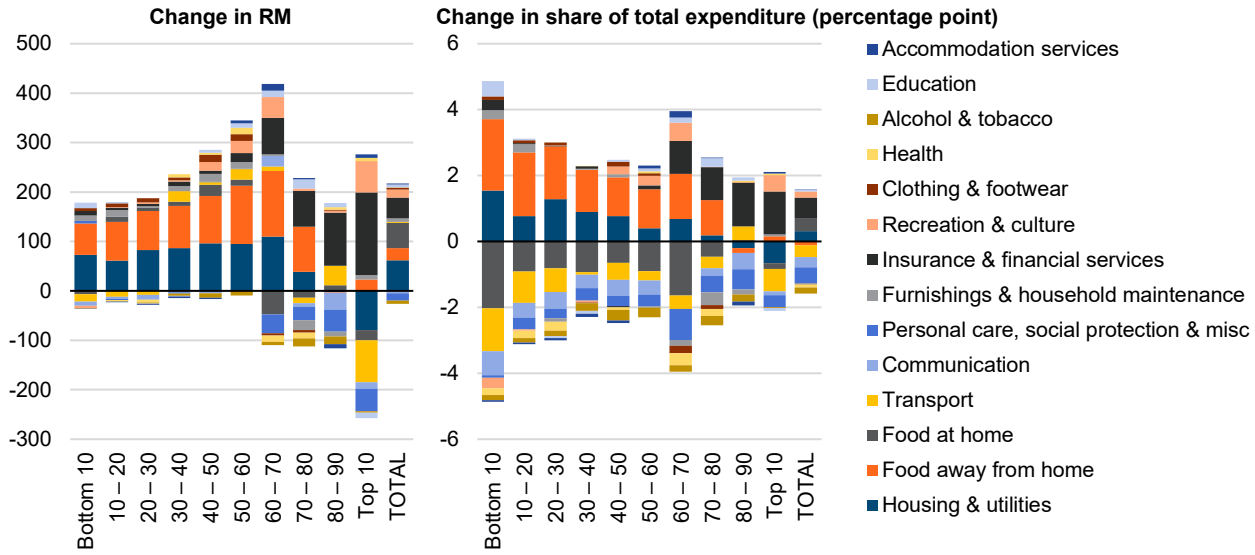
## …but lower-income groups have also increased spending on eating out

What drove the changes in spending between 2022 and 2024? For most households—as many as 80% of households in the lower income distribution—it was due to eating out (Figure 3.15). For them, spending rose by as much as RM133 for households in the 60–70$^{th}$ percentile. This includes households in the bottom 10%, who spent RM63 more on eating out than before. As a result, eating out comprised larger shares of total expenditures in 2024 than in 2022, increasing by as much 2.2 percentage points for households in the bottom 10% (from 11.4% to 13.6% of total expenditure). In contrast, households in the top 20% experienced little to no increases in spending on eating out.

[79] This includes jewellery and other personal effects.

The factors behind the general rise in eating out for households irrespective of income group are discussed earlier in Section 3.3, citing urbanisation, income growth, convenience and socialisation. It can be surmised that income growth is a key factor in the rise in expenditure of lower-income groups, as they experienced the greatest rates of income growth (see Box 2.1).

**Figure 3.15: Change in mean household expenditure composition, by income decile, 2022 – 2024**




Note: 2024 household income thresholds: Bottom 40%: <RM5,859. Middle 40%: RM5,860–12,679. Top 20%: >RM12,680
Source: DOSM (Various years -a)—HES and KRI calculations

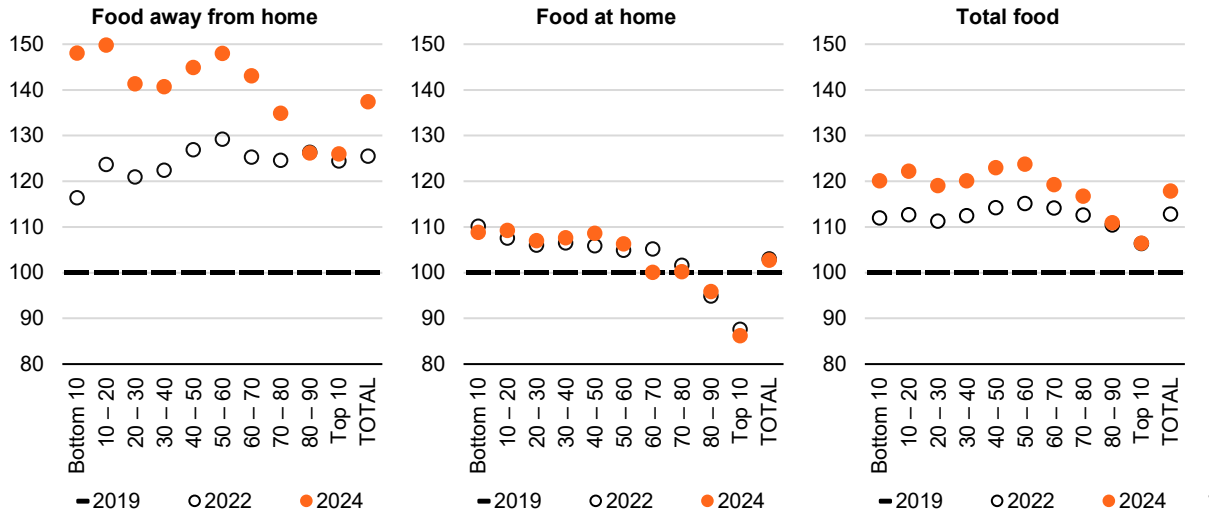
Spending on food at home showed much weaker growth. In fact, it reduced for many income groups, including a RM48 reduction among households in the 60–70$^{th}$ percentile. Households in the top 10% saw a RM21 reduction in spending on food at home, which meant they spent only RM2 more on food in total, inclusive of both food at home and eating out. In contrast, households in the bottom 10% increased total food spending by RM57, or 1.3 times the amount spent in 2022, despite reducing food at home spending by RM6.

Figure 3.16 places these changes in a longer-term context from 2019 to 2024. Average spending on eating out rose substantially across all deciles in the lower 80%, with the strongest growth among lower- and middle-income households. Households in the bottom 10% spent close to 1.5 times more in 2024 than in 2019, with much of the increase occurring over 2022–24, rather than over 2019–22. This even applied to households earning below RM2,000 (income in nominal terms), who spent 1.2 times more in 2024 than in 2019.

In contrast, spending on food at home did not increase substantially since 2019. Rather, for higher-income households in the top 40%, spending dropped or matched 2019 levels. Nonetheless, driven by increased spending on eating out, overall food consumption was still higher in 2024 than in both 2022 and 2019, at least for households in the bottom 80%. For households in the top 20%, total spending on food remained equivalent to 2022 levels, which were only up to 1.1 times higher than 2019 levels.

**Figure 3.16: Index of real mean household expenditure on food, by income decile, 2019 – 2024**

(2019=100)

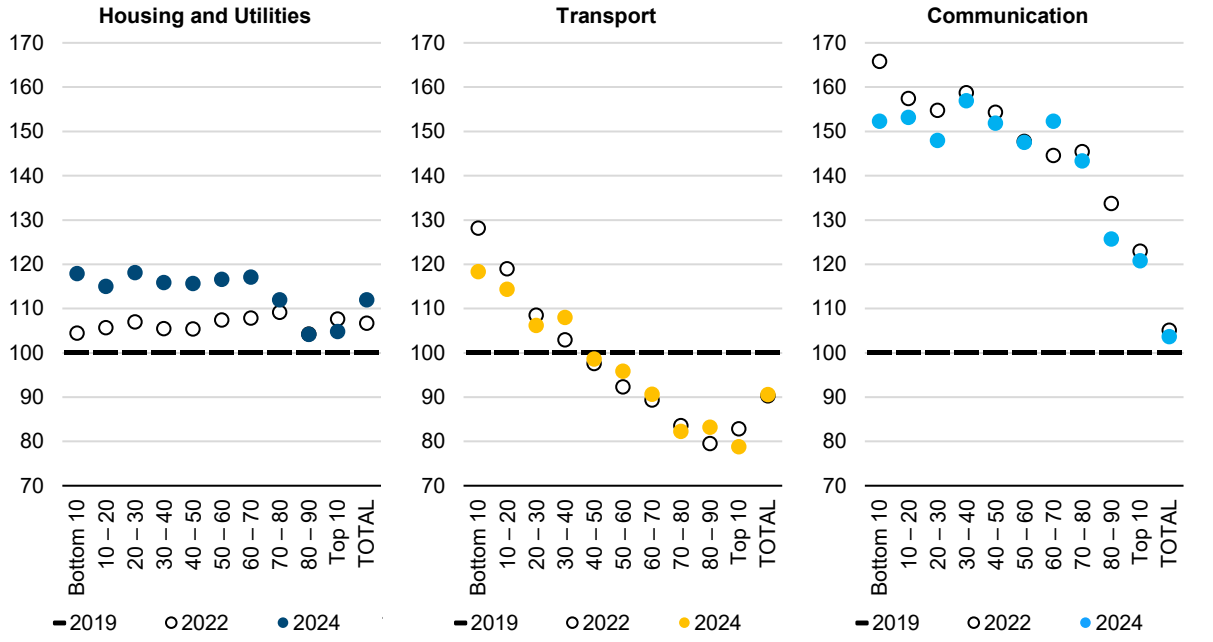



Note: 2024 household income thresholds: Bottom 40%: <RM5,859. Middle 40%: RM5,860–12,679. Top 20%: >RM12,680
Source: DOSM (Various years -a)—HES and KRI calculations

Spending on housing and utilities was also a key driver of household expenditure rising between 2022 and 2024, at least for 70% of households in the lower income distribution (Figure 3.17). It rose by RM73 for the bottom 10% and as much as RM109 for households in the 60–70$^{th}$ percentile. These increases also led to housing comprising higher shares of total household expenditures than before, as much as a 1.5 percentage point increase for the bottom 10%. For households in the bottom 70%, the increases over 2022–24 were much larger than over 2019–22. In total, since 2019, spending rose by up to 1.2 times.

**Figure 3.17: Index of real mean household expenditure on housing, utilities, transport and communication, by income decile, 2019 – 2024**

(2019=100)




Note: 2024 household income thresholds by decile are as follows. D1-D4: <RM5,859. D5-D8: RM5,860 – RM12,679. D9-10: >RM12,680
Source: DOSM (Various years -a)—HES and KRI calculations

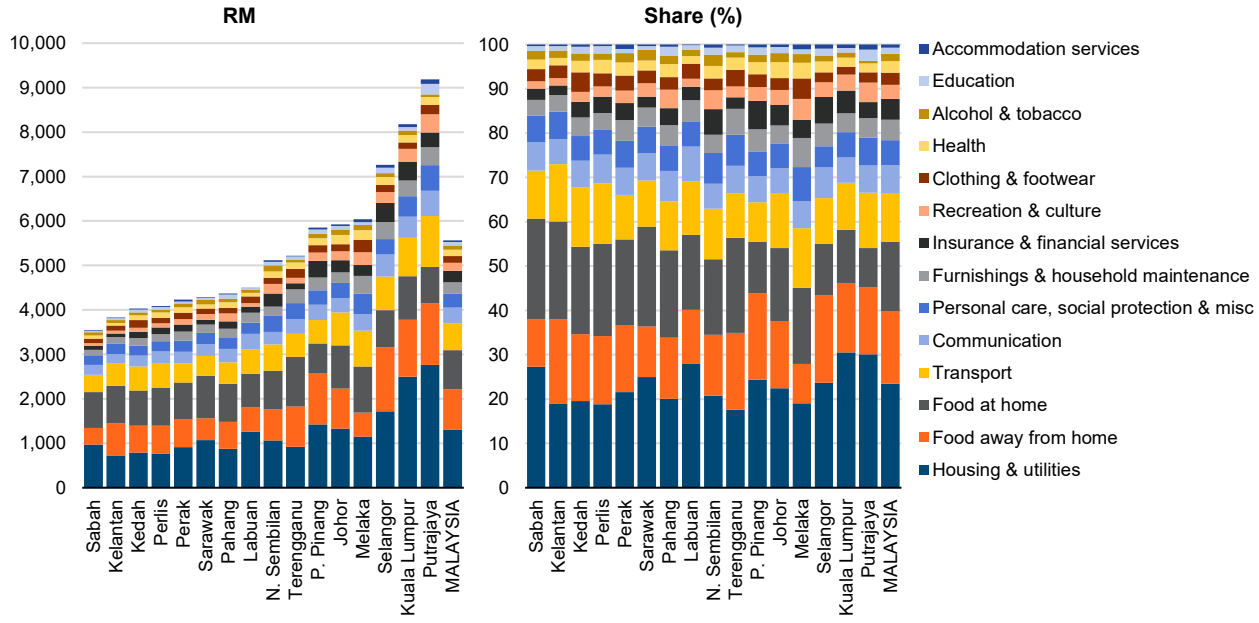
For transport spending, households in the top 60% of the income distribution reduced average transport expenditure in 2024 relative to 2019, with much of the drop occurring by 2022. As fuel and automotive lubricants comprise the largest subcomponent of transport expenditure (ranging from around 40–80% of average transport expenditure across states throughout 2019 to 2024), changes in fuel consumption were likely a key driver of overall transport expenditure changes. Hence, it is likely that the drop in expenditure in 2022 and limited rebound in 2024 can be linked to the limited mobility in response to the pandemic and a delayed return to pre-pandemic patterns[80].

For communication, there was a large jump from spending in 2019 to 2022 as households adapted to remote work and education[81], with similar changes for households across deciles in the bottom 80%. Between 2022 and 2024, changes were much more varied but it is clear that those in the lower 50% deciles consistently reduced their communication expenses.

## Between states, expenditure patterns vary greatly

While the previous subsection showed that lower-income households spend proportionately more on essentials, the pattern is a bit more nuanced between states (Figure 3.18).

**Figure 3.18: Mean household expenditure composition, by state, 2024**




Source: DOSM (2025i)– HES

For housing and utilities, only households in Sabah, Sarawak, Labuan, Pulau Pinang, Selangor, Kuala Lumpur and Putrajaya spent proportionately more than the national average in 2024, between 23.6% to 30.5% of their total expenditure versus 23.5% nationally. The highest share was recorded in Kuala Lumpur and Putrajaya at 30.5% and 30.1%, respectively. In absolute terms, it was also highest in these states but reversed in rank, at RM2,497 and RM2,766, respectively, or 1.9 to 2.1 times the national average of RM1,307.

[80] Choong et al. (2026) and Megat-Usamah et al. (2025)
[81] KRI (2024c)—*The State of Households 2024*

It is also noteworthy that households in Sabah who averaged the lowest total expenditure did record higher spending in proportional terms on housing and utilities. Meanwhile, other states with lower than national total expenditure averaged lower spending shares on housing and utilities, with the lowest in Kelantan at 18.9%, or 0.6 times less than the national average.

Much of the difference in expenditure on housing and utilities can be explained by imputed and actual rentals, rather than in utilities, reflecting the large variation in house prices and rentals across Malaysia[82], rather than just differences in housing preferences between households in different states. More specifically, around 60% of household expenditure by state was allocated to imputed rentals of owner-occupied housing, except in Kuala Lumpur where households allocated an average of only 40.1%, as they instead allocate 34.9% for rental housing (vs. 5.6% to 22.6% in other states). This links to renting versus home ownership rates that vary by state and strata, which have implications on living standards and tenure security, discussed further in Section 8.2.

On eating out, spending in absolute terms was noticeably higher in states in the central region of Selangor, Kuala Lumpur and Putrajaya, with averages between RM1,284 and RM1,441, which is 1.4-1.6 times the national average of RM908. However, in proportional terms, only Selangor was considerably higher than the national average (19.8% vs 16.3%), as well as Pulau Pinang (19.5%). Kelantan also ranked highly in proportional terms (19.2%) despite spending only RM733 on average, which is 0.8 times less the national average. Households in Sabah spent considerably less at RM378, or 0.4 times less the national average.

On food at home, variations in spending were considerably smaller in absolute terms. Spending ranged from RM680 in Penang to RM1,118 in Terengganu, or 0.8 to 1.3 times the national average of RM876. In proportional terms, it was highest in Sabah and Sarawak at 22.7% and 22.5%, respectively, which are considerably higher than the national average of 15.7%. The lowest was even more stark of a difference at 8.9% in Putrajaya. In most states, seafood was the largest component of food at home expenditure, followed by either meat or cereals. Kuala Lumpur was an outlier with considerably higher than average spending on fruits and nuts, at RM204 versus the national average of RM69, a value closely matched by other states.

On transport, variations in spending were relatively larger in absolute terms. Spending ranged from RM386 in Sabah to RM1,144 in Putrajaya, or 0.6 to 1.9 times the national average of RM611. Spending on fuel[83] was the largest component of transport, ranging between 38.3% to 72% of total transport spending per state, or RM223 to RM472. While households in Putrajaya averaged the highest total transport spending, they also spent the most on fuel at RM439. Households in Sabah spent the least on fuel at RM223. However, in proportional terms, Putrajaya allocated the least of their budget on fuel at only 38.3% of total transport spending, as they spent considerably more on motorcars at RM309, equivalent to 27% of their total transport spending. Households in Kelantan allocated the most out of their total transport spending on fuel at 72%[84].

[82] See Suraya et al. (2019)—*Rethinking Housing: Between State, Market, and Society*

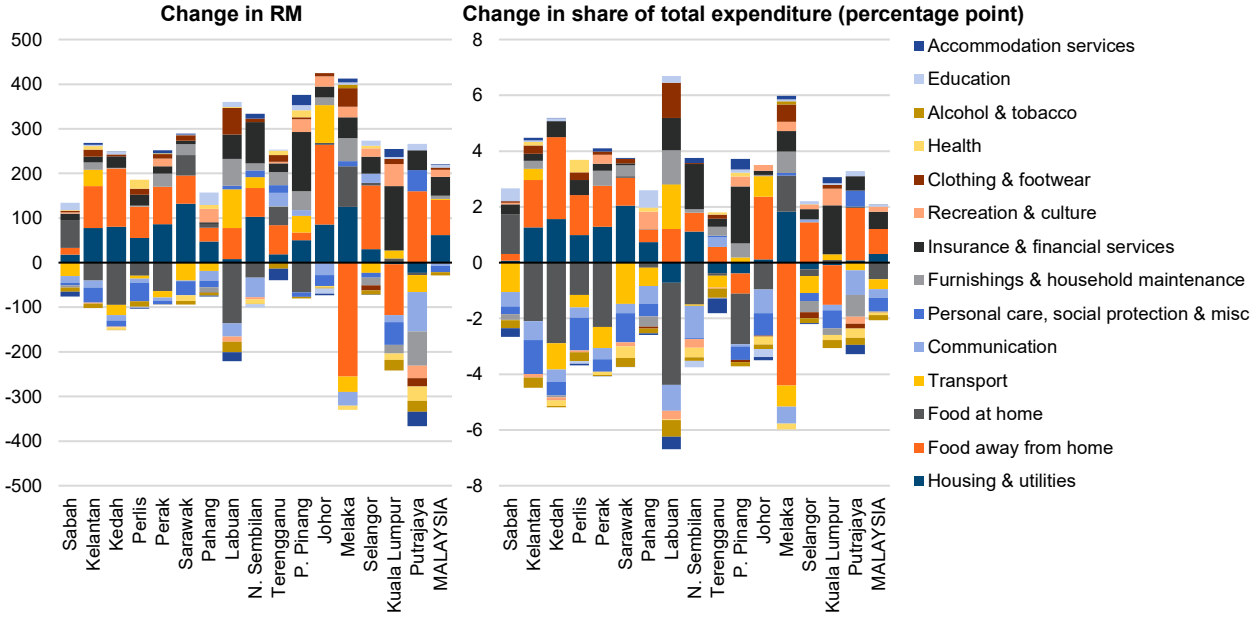
[83] Grouped together with lubricants for personal transport equipment.

[84] This is despite households in Kelantan recording an average of RM356 on fuel spending, which is only marginally higher than the national average of RM348. The high share was driven by Kelantan's lower-than-average total transport spending.

What drove the changes in spending between 2022 and 2024? Unlike the changes in expenditure across income groups, the changes between states show much more variation with no clear single driver (Figure 3.19). Nationally, changes in spending on eating out were the main driver of increasing total expenditure. At the state level, not all states experienced increases in spending on eating out. Instead, households in states like Melaka experienced a large drop in spending on eating out, by RM255 on average. The largest increase was for households in Johor, by RM179.

Housing and utilities were the secondary driver of increasing expenditure at the national level. At the state level, households in Putrajaya and Kuala Lumpur reduced their average spending in this category by RM4 and RM23, respectively. This is consistent with reductions in their income sourced from property and investment, as discussed in Section 2.4.

**Figure 3.19: Change in mean household expenditure composition, by state, 2022 – 2024**




Note: States are sorted left to right from lowest to highest total mean household expenditure as shown in Figure 3.18
Source: DOSM (Various years -a)—HES and KRI calculations

# SECTION

# 04


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SECTION 4

# LABOUR OUTCOMES

## 4.1 Introduction: Labour and Wellbeing

Earlier, Section 2 on Household Income illustrated that paid employment remains the primary source of income for most Malaysian households. This emphasises that in order to understand household wellbeing, particularly its economic dimensions, we must examine how Malaysians participate in the labour market. Thus, understanding the make-up of the labour force, quality of employment and wages allow us to explore where economic opportunities are concentrated, as well as the households that can access them.

In terms of the make-up of the labour force, for example, low labour force participation rates (LFPR) often overlap with higher levels of absolute poverty, as the number of potential income earners in a household tends to be lower. This signals not only the ability of a household to afford a living but also something less measurable. Participation in the labour force also gives individuals a sense of purpose, identity, social connection, as well as the feeling of contributing to society. Consequently, a lower LFPR may therefore erode more than household income, as it can also unsettle how individuals relate to work, identity and community.

Besides participation in the labour force, the quality of jobs is also important as it provides further value and meaning to one's work by examining the formality, skill and wage compensation of their work towards their larger wellbeing. For example, underemployment captures the extent to which individuals in the labour force are appropriately matched with the qualifications that they have already acquired. An individual's unfulfilled potential in the labour force due to underemployment could lead to frustration and therefore lower levels of wellbeing.

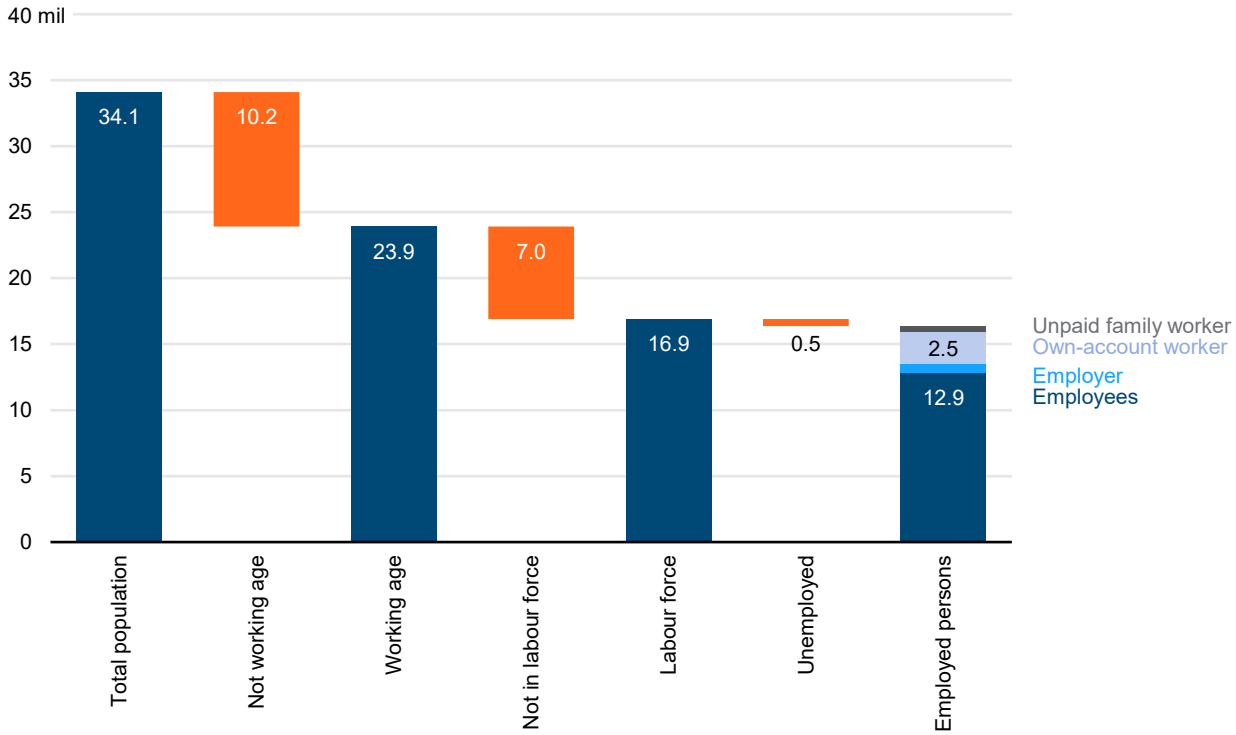
Wage disparities offer a further dimension of analysis, as they reveal that being employed does not automatically translate into an adequate or equitable income. Two households with the same number of earners may experience very different standards of living depending on the wages those jobs command, emphasising that the quality of employment matters as much as its availability. This section examines these dynamics directly.

## 4.2 Labour Force Participation Rate and Unemployment

### Headline labour market indicators are improving but urban-rural gaps persist

Figure 4.1 provides an overview of Malaysia's population by labour force status and highlights the composition of those who are working in 2024. Of the national population of 34.1 million, 23.9 million are of working age, while 10.2 million are below or above working age. Of the working-age population, 16.9 million participate in the labour force, with 16.4 million employed and 0.5 million unemployed. Employees make up the largest share of employment, followed by own-account workers, employers and unpaid family workers. This labour force composition provides important context for analysing Malaysia's LFPR and unemployment situation.

**Figure 4.1: Distribution of Malaysians, by work status, 2024**




Note: This data includes only Malaysian citizens.
Source: DOSM (2025c)—Current Population Estimates, DOSM (2025b)—LFS and KRI calculations

The LFPR provides an estimate of our economy's active workforce by indicating the percentage of working-age people (15 – 64 years) who are either working or actively seeking work. A higher LFPR generally reflects broader economic inclusion and opportunities for households, while a lower LFPR may signal structural barriers to labour-market entry or discouragement in seeking employment.

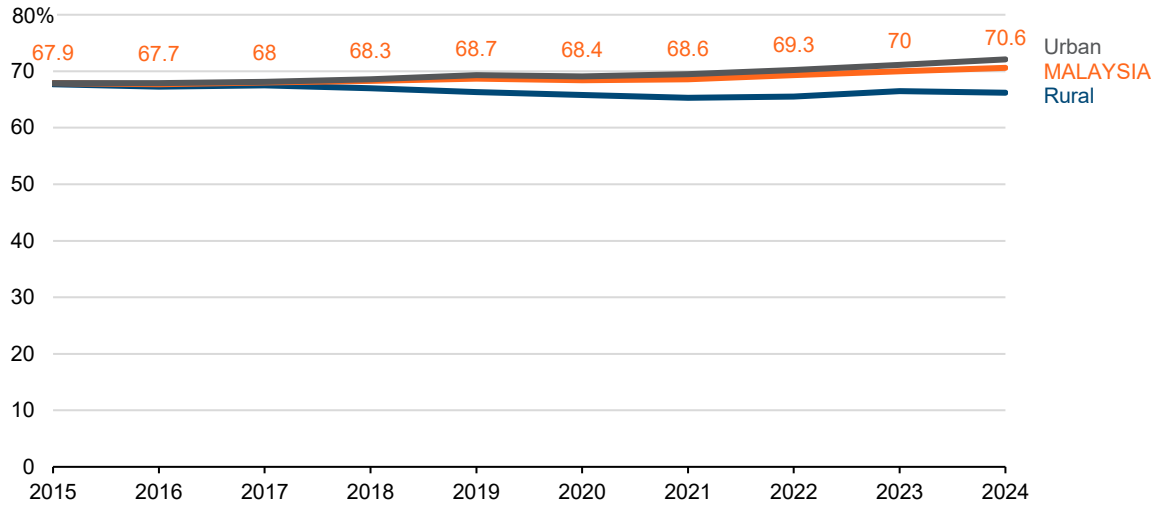
In 2024, Malaysia recorded an LFPR of 70.6%, increasing from 70.0% the previous year, and higher than the pre-pandemic LFPR (Figure 4.2). In comparison, the OECD's LFPR for the working-age population (15 – 64 years) averaged 74% throughout 2024[85]. Between urban and rural areas, the gap in LFPR has been gradually widening, from 0.2 percentage points in 2015 to 5.7 percentage points in 2024. Urban LFPR continued to grow from 67.9% to 72.1% from 2015 to 2024 whereas rural LFPR declined, from 67.6% to 66.2% during the same period, 2015 to 2024.

While the LFPR provides a picture of how many people are active in the labour market, the unemployment rate provides insight into the utilisation of that labour supply. In 2024, Malaysia recorded an unemployment rate of 3.2%, improving from 3.4% the previous year (Figure 4.3). However, unemployment rates between urban and rural regions remain wide post-pandemic, pointing towards constraints on job opportunities in Malaysia's rural areas.

The declining unemployment rate, combined with the rising LFPR, is a positive development, signalling not only a post-pandemic economic recovery but also a strengthening labour market. From a household wellbeing perspective, higher participation expands the potential for income generation, as more individuals are open to work or are working.

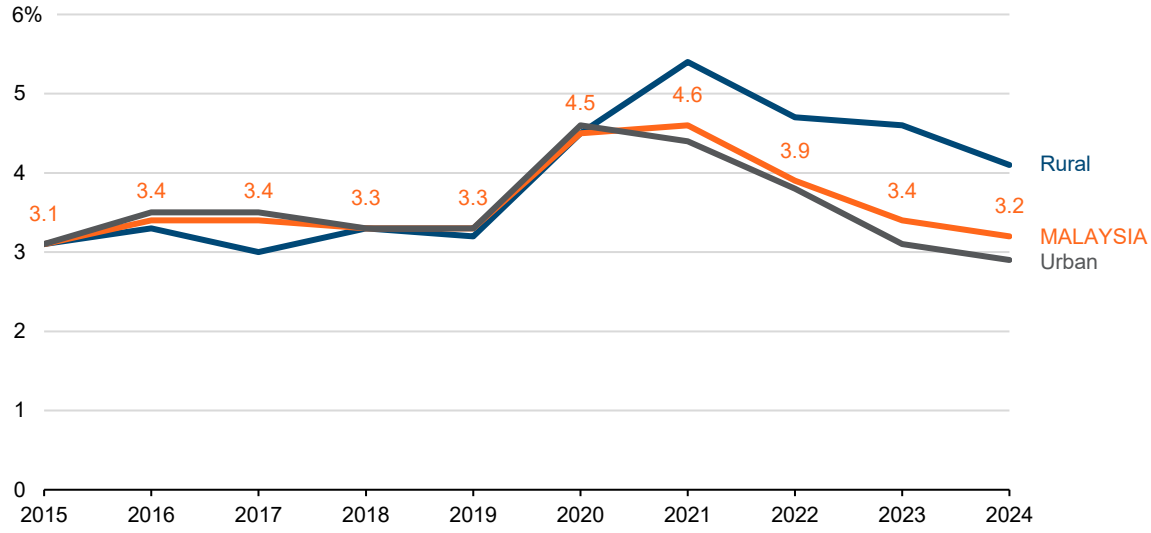
[85] OECD (n.d.)

**Figure 4.2: Labour force participation rate, by strata, 2015 – 2024**




Source: DOSM (2025b)—LFS

**Figure 4.3: Unemployment rate, by strata, 2015 – 2024**



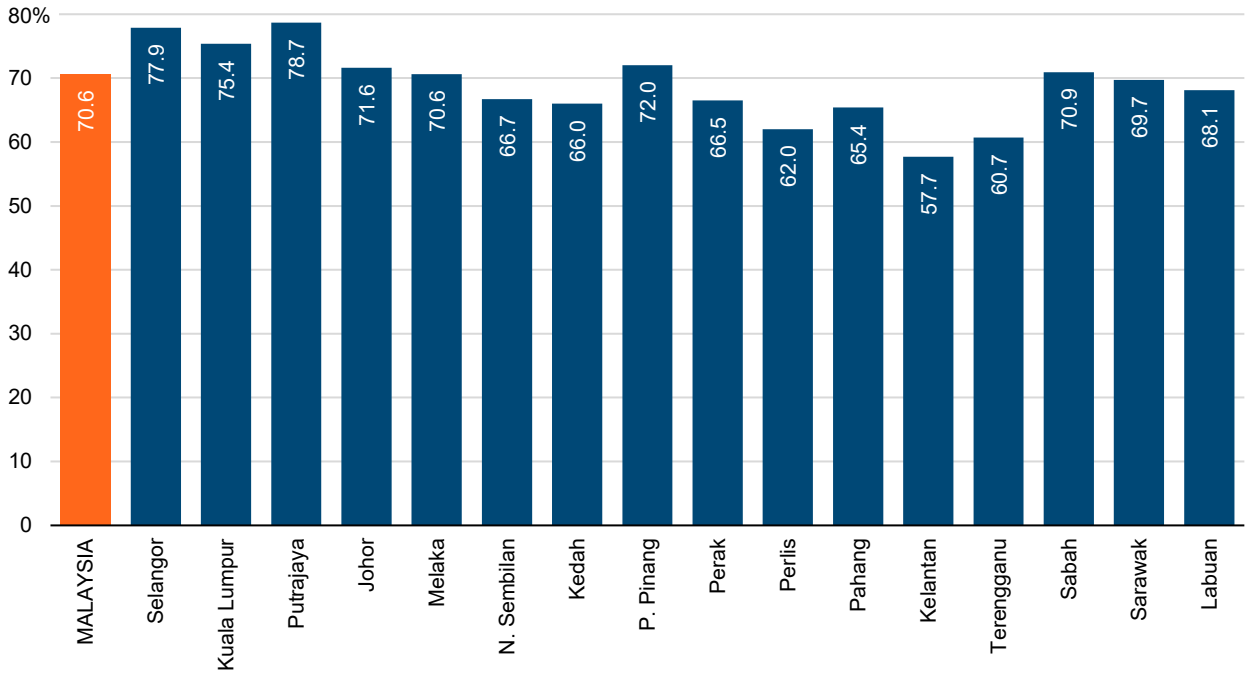

Source: DOSM (2025b)—LFS

## Labour force participation rate varies widely between regions

While the national LFPR can give an overview of the national economic state, both state- and district-level LFPR assessments provide further insight into the varying experiences of households in the labour market. Figure 4.4 shows that the LFPR in 2024 varies across states while Figure 4.5 shows variation between districts, reflecting differences in economic structure, industrial development and job access.

Among the states, Putrajaya had the highest LFPR, followed by Selangor and Kuala Lumpur, all of which recorded LFPRs above 75%. The majority of other states had LFPRs above 60%; the only exception was Kelantan, which had the lowest LFPR at 57.7%.

**Figure 4.4: Labour force participation rate, by state, 2024**




Source: DOSM (2025b)—LFS

However, focusing only on state-level comparisons can obscure the range of labour force participation within a state. Thus, looking at district-level data can provide greater detail on how proximity to certain locations or on high-participation clusters that extend beyond state boundaries.

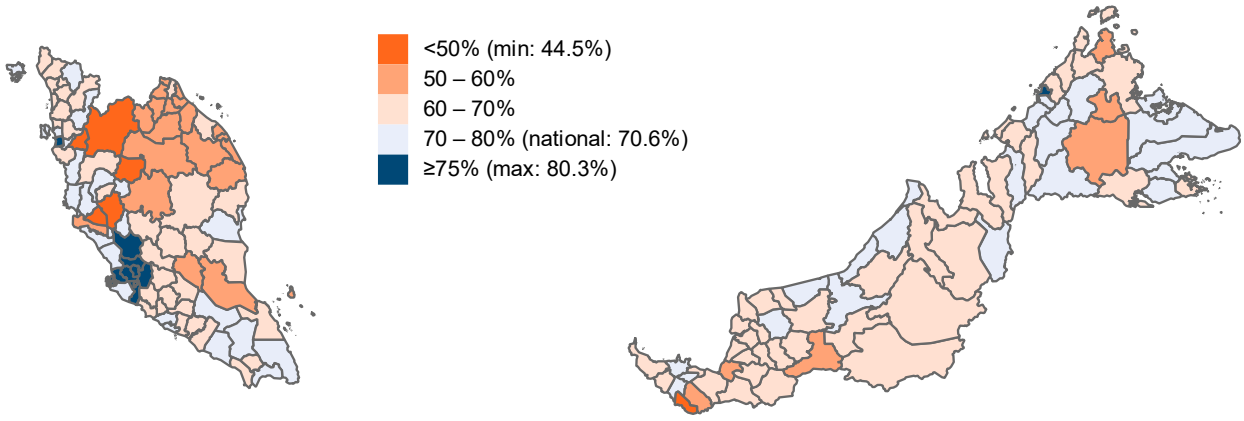
Among the districts, there is a noticeable cluster of those with LFPRs above the national average (shaded in blue in Figure 4.5). This is particularly evident in the central region around the Klang Valley: Klang (80.3%), Petaling (79.8%), Putrajaya (78.7%) and Ulu Selangor (77.8%). It is also notable in Seberang Perai Selatan (80%) in Pulau Pinang, Johor Bahru (74.6%) in Johor, Bintulu (74.8%) in Sarawak, and Kota Kinabalu (76.2%) in Sabah. These areas are among the country's most urbanised and industrialised regions, which may reflect greater availability of employment opportunities.

However, the majority of districts (110 out of 160[86]) across Malaysia show LFPRs below the national rate (shaded in orange). In Peninsular Malaysia, clusters of lower participation are visible in parts of the east coast and northern regions. Particularly, districts such as Selama (44.5%), Hilir Perak (46.0%), Batang Padang (47.2%) and Kecil Lojing (48.8%) show concerningly low participation, where less than half of those who are of working age are participating in the labour market.

Meanwhile, in Sabah and Sarawak, many districts also fall below the national average, with Tebedu (49.1%) and Pusa (54.2%) in Sarawak and Tongod (52.8%), Telupid (53.4%) and Pitas (53.5%) in Sabah having LFPRs below 55%. However, there are several districts with relatively stronger participation which are interspersed throughout. This pattern highlights that labour market engagement is not uniform, even within the same state, and reflects underlying differences in local economic structures and access to employment opportunities.

[86] LFS data was reported for only 160 districts in 2024, unlike the household income survey which reported data for 166 districts, inclusive of the six newly established districts.

**Figure 4.5: Labour force participation rate, by district, 2024**

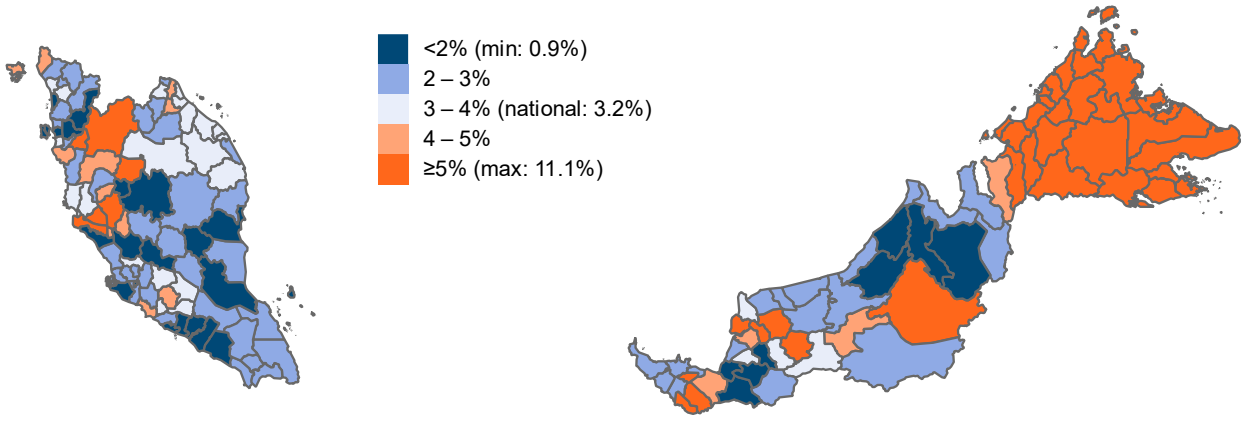



Source: DOSM (n.d.)—OpenDOSM

## Unemployment rates also vary widely between districts

In addition to the LFPR, examining unemployment at the district level in Malaysia also provides a more nuanced understanding of labour market experiences for households. By highlighting clusters of high unemployment, it points to areas that are structurally disadvantaged by limited economic diversification or geographic constraints. These disparities are especially relevant in Malaysia, as Figure 4.6 shows how the unemployment rate can vary greatly across districts.

**Figure 4.6: Unemployment rate, by district, 2024**




Source: DOSM (n.d.)—OpenDOSM

Most notably, districts in Sabah show significantly higher unemployment rates than the national average, with Tenom and Nabawan recording the highest unemployment rates at 11.1% and 10.7%, respectively. In contrast, the majority of districts in Peninsular Malaysia show unemployment rates below the national average (shaded in blue).

The distribution across districts also shows variations within regions. While much of the districts in Peninsular Malaysia are experiencing full employment, pockets of higher unemployment remain scattered across certain northern and east coast districts, such as Selama (8.9%), Hilir Perak (7.4%) and Hulu Perak (5.4%) in Perak as well as Kecil Lojing (5.6%), Machang (4.9%) and Kota Bharu (4.5%) in Kelantan. Similarly, in Sarawak, a mix of districts with both above- and below-average unemployment can be observed, indicating uneven local labour market dynamics.

## 4.3 Geographic Inequalities in Quality of Employment

While the LFPR and unemployment rates can indicate how individuals, and thus households, are faring in the labour market, it is equally important to assess the types of jobs they hold and how they are distributed across Malaysia. Dimensions measuring the quality of employment include the type of employment arrangements, the occupation level, the extent to which workers are able to utilise their qualifications and wages.

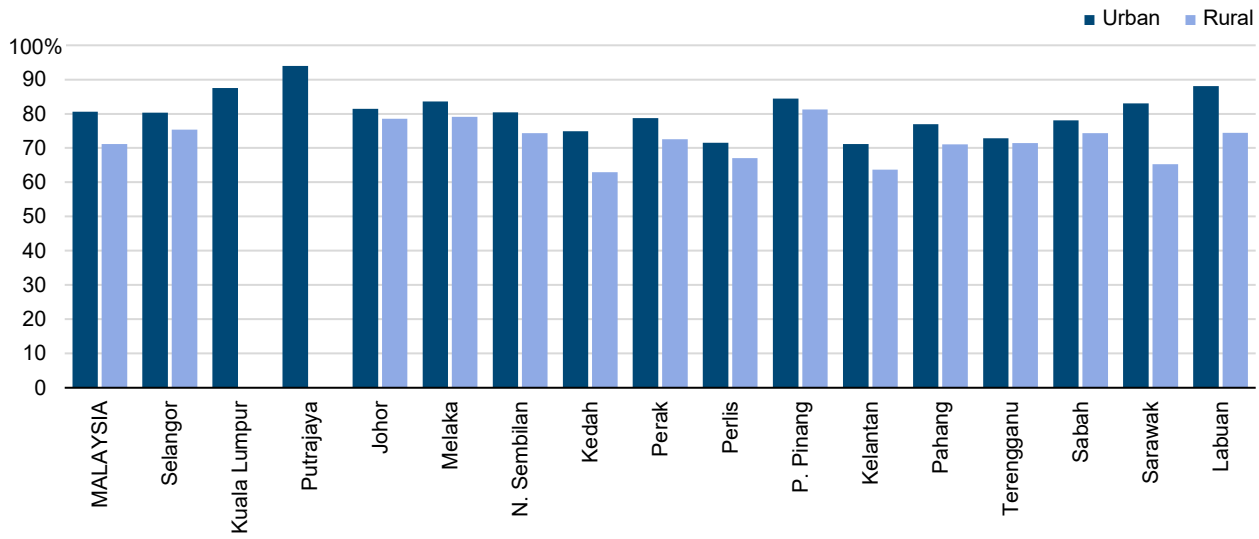
While the previous subsection examines participation, this section focuses more on workers' employment characteristics across regions. This analysis provides a basis for understanding regional disparities not only in employment participation but also in the quality of opportunities experienced by households.

### Formal employment is more common in urban regions

Among those who are working, various work arrangements are possible. Namely, some work as employees, while others run their own businesses with workers (employers), are self-employed (own-account workers) or contribute to a family business (unpaid family workers). These arrangements matter because they often come with different levels of income security, access to employment benefits, legal protections and opportunities for career progression.

Figure 4.7 highlights that the proportion of those working as employees is consistently higher in urban areas compared to their rural counterparts across all states. Particularly, the federal territories had the highest share of employees, with Kuala Lumpur, Putrajaya and Labuan exceeding 85% of employed persons working as employees. However, there are states with relatively lower shares of employees, whereby those in urban areas of Kelantan, Terengganu and Perlis only accounted for slightly above 70% of all those working. This indicates that urban labour markets between states, especially those in the central region, offer more opportunities for formal wage employment. On the other hand, households in areas with fewer formal employment opportunities may face weaker access to employment-related benefits and protections.

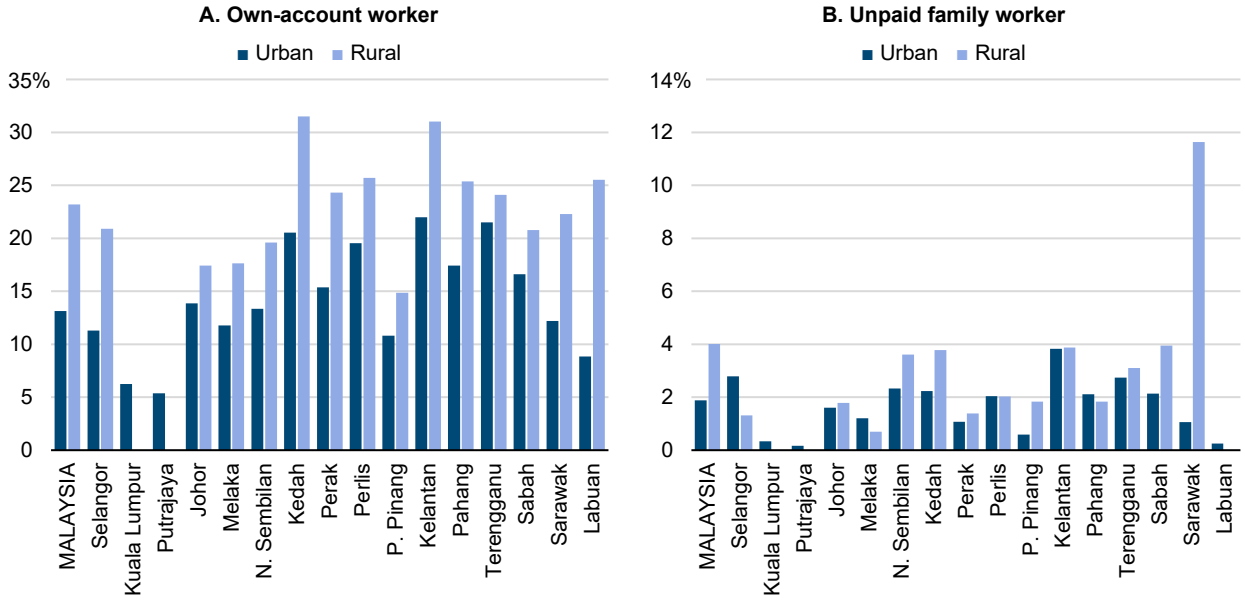
**Figure 4.7: Share of employed persons as employees, by state and strata, 2024**




Source: DOSM (2025b)—LFS and KRI calculations

Meanwhile, rural workers are more likely than urban workers to be own-account workers, comprising a higher proportion than in urban regions within the same state (Figure 4.8A). Rural Kedah and Kelantan record among the highest shares of own-account workers, surpassing 30%. In comparison, Kuala Lumpur and Putrajaya exhibit low rates of own-account workers, at 6.2% and 5.4% respectively. Own-account work can encompass a wide range of self-employment activities, including micro, small and medium enterprises (MSMEs) and gig service providers. While self-employment can provide greater flexibility, a higher incidence of own-account work may reflect limited access to wage employment in that region.

**Figure 4.8: Share of employed persons as own-account and unpaid family worker, by state and strata, 2024**




Source: DOSM (2025b)—LFS and KRI calculations

Unpaid family workers are another type of informal work arrangement. Although unpaid family work accounts for a relatively small share of employment across states, it remains concentrated in rural areas (Figure 4.8B). Especially prevalent, however, is the share in Sarawak, at 11.6%, compared to other states, all of which sit below 4%. The concentration of unpaid family workers in this region likely reflects the continued importance of family-run agricultural enterprises and their reliance on unpaid labour within these household businesses. Unpaid family workers are among those who are economically vulnerable as they often lack independent earnings, social protection coverage and financial autonomy.

Overall, the structure of employment differs greatly across the states and strata. Urban areas are characterised by a greater participation in formal employment arrangements, while rural areas rely more on own-account work and unpaid family labour. These differences reflect the uneven distribution of economic opportunities across Malaysia and have important implications for household income security, social protection and overall wellbeing.

## Skilled jobs are concentrated in urban regions

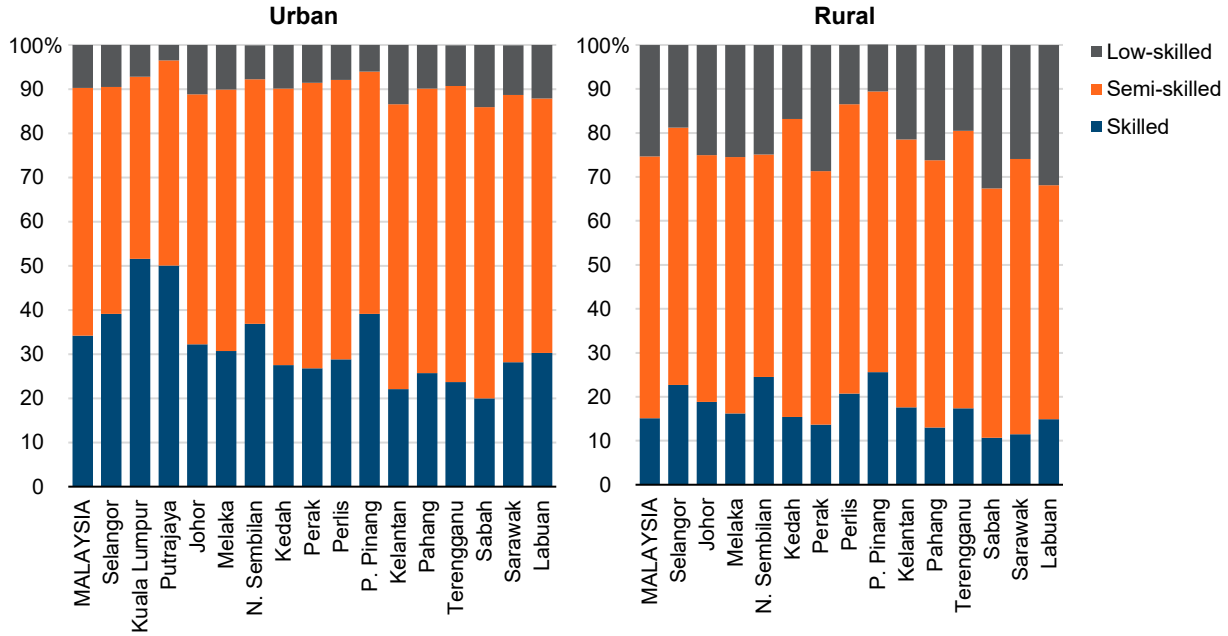
While the grouping of occupations by skill level is not without limitations, it remains a useful analytical framework for examining labour market outcomes. Skill levels are based on the Malaysian Standard Classification of Occupations (MASCO), which provides a standardised approach to grouping occupations by the nature of tasks, the level of qualification and the competencies required. Although these classifications may not fully capture the complexity of individual jobs, they are closely associated with broader patterns of wages, job quality and labour market segmentation, with high-skilled occupations typically requiring a tertiary-level qualification and having higher pay.

States in the central and northern regions tend to have higher shares of skilled employment, particularly in urban centres, where economic activity is more diversified and concentrated in higher-value-added sectors. Notably, half of those employed in Kuala Lumpur and Putrajaya are in high-skilled occupations. Meanwhile, Selangor (39.1%), Pulau Pinang (39.1%) and Negeri Sembilan (36.9%) record urban skilled employment shares above the national average.

Conversely, rural labour markets are mostly shaped by low- and semi-skilled occupations. Nationally, skilled jobs accounted for around one-third of employment in urban areas but only around 15% in rural areas in 2024 (Figure 4.9). This highlights a pronounced geographic divide in the quality of employment opportunities available to households.

This is especially evident in states where agriculture and resource-based industries remain important, such as in Sabah, Sarawak, Kelantan and Terengganu. Even in states with relatively high levels of urban skilled employment, such as Selangor and Pulau Pinang, a sizeable gap persists between urban and rural occupational structures. This suggests that proximity to economic centres and industrial clusters plays an important role in shaping access to higher-skilled employment opportunities.

**Figure 4.9: Share of employed persons by skill-level, by state and strata, 2024**




Source: DOSM (2025b)—LFS and KRI calculations

## Variations in skill-related underemployment are more pronounced between states rather than strata

Skill-related underemployment (defined as those with tertiary-level qualifications working in semi-skilled or low-skilled occupations) varies considerably across Malaysia, with differences driven more by state-level labour market characteristics than by urban-rural location alone (Figure 4.10). Among the states, Kuala Lumpur had the lowest skill-related underemployment at 18.6% in 2024, followed by Pulau Pinang at 26.5%. Meanwhile, the majority of states had skill-related underemployment ranging between 30 – 40%. Kelantan had the highest rate of underemployment, where more than half (52.3%) of its tertiary-educated employed persons were working below their qualification level.

Between strata, skill-related underemployment is generally higher in rural regions than in their urban counterparts within the same state. When comparing the urban-rural gap within each state, the pattern is a bit more mixed (Figure 4.11). States such as Kedah, Melaka and Pahang showed a larger urban-rural gap, with rural underemployment higher than in urban areas by 10 percentage points. On the other hand, Selangor, Terengganu and Labuan showed the opposite pattern, with underemployment in urban areas higher than in rural regions, with Labuan even recording an 11.2 percentage point difference.

Overall, the difference in skill-related underemployment share is largest between states than within states. This could suggest that the ability of workers to obtain jobs commensurate with their qualifications depends less on whether they live in urban or rural areas, but instead on the structure of local labour markets between states.

**Figure 4.10: Share of skill-related underemployment, by state, 2024**

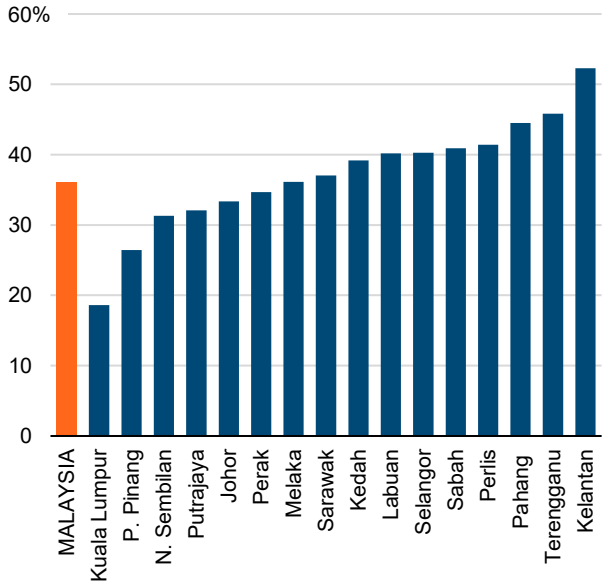
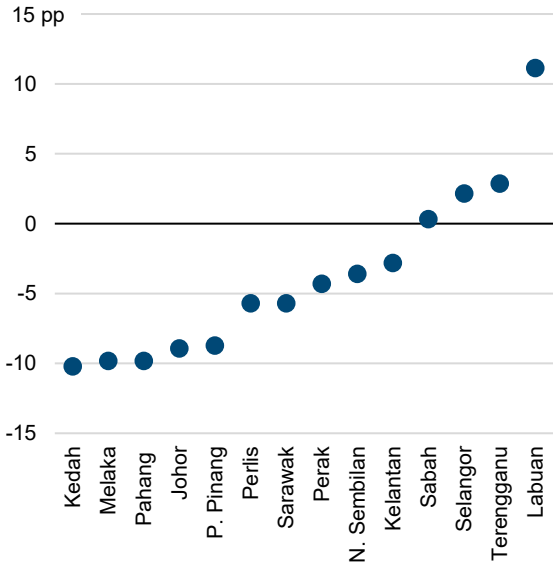



**Figure 4.11: Difference in skill-related underemployment between strata, by state, 2024**



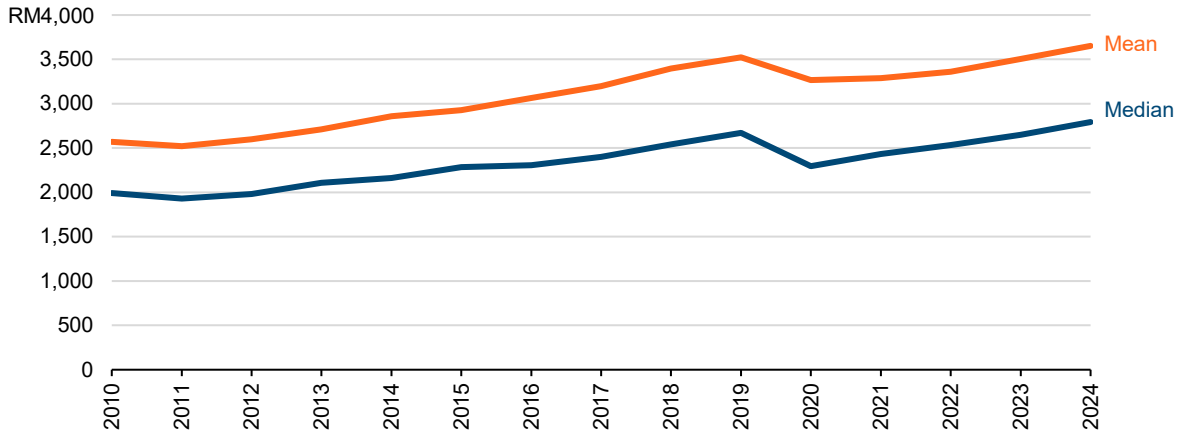

Note: Negative values indicate that rural underemployment rates were higher, while positive values indicate that urban underemployment rates were higher
Source: DOSM (2026b)—LFS data request and KRI calculations

## 4.4 Regional Wage Distribution in Malaysia

### Wage levels and growth differ between regions

Nationally in real terms, median wages rose steadily from RM1,992 in 2010 to RM2,793 in 2024, with a temporary dip in 2020 (RM2,295) amid the pandemic before recovering by 2022 (Figure 4.12). Between 2022 and 2024, median wages grew from RM2,535 to RM2,793, a CAGR of 5%, compared to the 3% growth rate cited for household income over the same period. Over this period, the paid-employment share of total household income rose only marginally, from 62.8% to 62.9%.

**Figure 4.12: Real median and mean wage (2024 prices), 2010 – 2024**




Source: DOSM (2025e)—SWS and KRI calculations

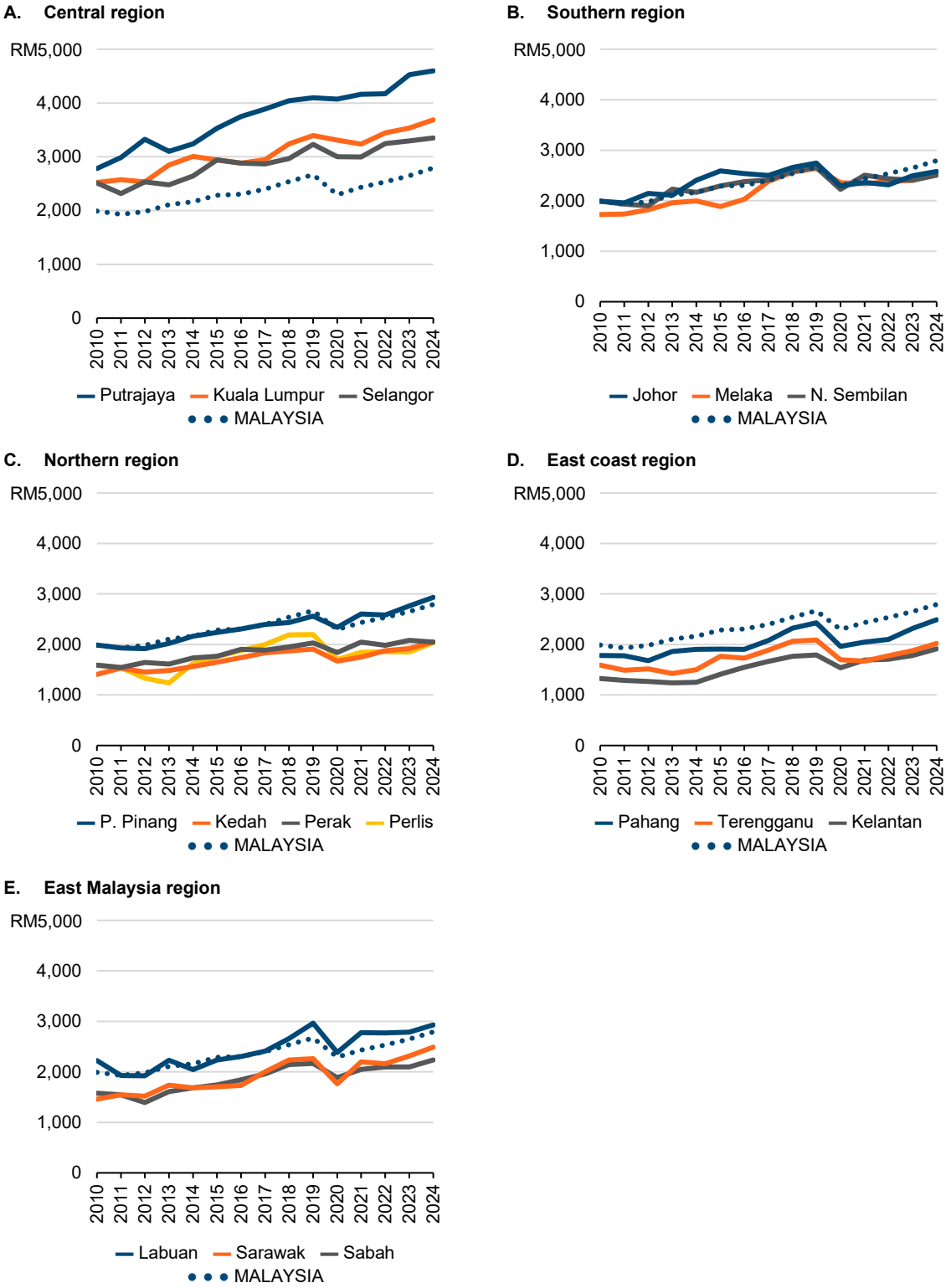
Across Malaysia, there is a pronounced regional variation in wage levels and growth (Figure 4.13). States in the central region, Selangor, Kuala Lumpur and Putrajaya, consistently report higher median wages compared to other economic regions. Putrajaya stands out for the fastest wage growth, rising from just above RM2,700 in 2010 to more than RM4,500 in 2024, reflecting the concentration of high-skilled and public-sector employment. Kuala Lumpur and Selangor also experienced sustained wage growth, although median wages in both states declined slightly during 2020–2021 amid the Covid-19 pandemic before recovering strongly from 2022 onwards. By 2024, wages in all three states had surpassed their pre-pandemic levels by a considerable margin, reinforcing the region's role as Malaysia's primary economic and employment hub.

In the southern region (Melaka, Negeri Sembilan and Johor), median wages have been close to the national median throughout the period. While wages contracted in 2020–2021 due to pandemic-related disruptions, the recovery between 2022 and 2024 was robust, with all three states recording steady gains. Johor, in particular, experienced stronger wage growth in recent years.

Among the states in the northern corridor economic region, Pulau Pinang has higher average wages than its neighbouring states. Pulau Pinang's median wages were also higher than the national average from 2021 onwards. In contrast, Perak, Perlis and Kedah had lower median wages than the national average. This pattern can also be seen in East Malaysia, with the exception of Labuan, where states in this region also show lower average wages.

Meanwhile, wages of states in the east coast of Peninsular Malaysia are all below the national median wage, with Kelantan having the lowest median wage. Although all east coast states experienced median wage increases between 2022 and 2024, the gains were insufficient to narrow the gap substantially with the other economic regions.

**Figure 4.13: Real median wage (2024 prices), by state and economic region, 2010 – 2024**




Source: DOSM (2025e)—SWS and KRI calculations

These wage patterns broadly mirror household income trends across states. States with higher median wages—such as Putrajaya, Kuala Lumpur, Selangor and Pulau Pinang—also report higher median household incomes, reflecting the concentration of higher-paying industries, greater urbanisation and stronger labour market opportunities. Conversely, states with lower wage levels, particularly on the east coast and in parts of the northern region, tend to have lower household incomes and slower income growth. The strong wage recovery observed between 2022 and 2024 likely contributed to the rebound in household incomes following the pandemic, although regional disparities remain evident, suggesting that the benefits of economic growth continue to be unevenly distributed across Malaysia.

# SECTION

# 05


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SECTION 5
# EDUCATION

## 5.1 Introduction: Education and Wellbeing

Education appears often in discussions of wellbeing. Research has shown that the benefits of education include the continuous accumulation of knowledge, which can help improve wellbeing[87]. For instance, higher education can theoretically enable greater access to secure and higher-paying job opportunities (this is interrogated in Section 4), social networks, and greater job flexibility at later stages of life[88]. Consequently, the combination of these benefits is expected to have effects beyond increased income, impacting individuals' happiness and life satisfaction[89], which are key indicators of wellbeing.

This section examines several educational indicators that help paint a picture of household wellbeing. These indicators are 1) school participation from start to finish in the form of school enrolment and completion rates, and 2) learning outcomes using the share of students with minimum proficiency levels in reading and numeracy.

## 5.2 School Enrolment

### School enrolment nationally has progressed but tertiary enrolment remains low

National enrolment rates showed improvements across all schooling levels, from preschool to secondary, between 2022 and 2024, nearing the 100% mark. Nonetheless, the enrolment rate in tertiary education was substantially lower, standing below 50%.

The enrolment rate is calculated by dividing the number of students enrolled in Ministry of Education (MOE) schools, private institutions and other government institutions by the estimated population derived from live births. In cases where the enrolment rate exceeds 100% at the state level, one possible explanation is that students are enrolled in schools in states different from where they were born. The data in the following charts should be interpreted with that in mind.

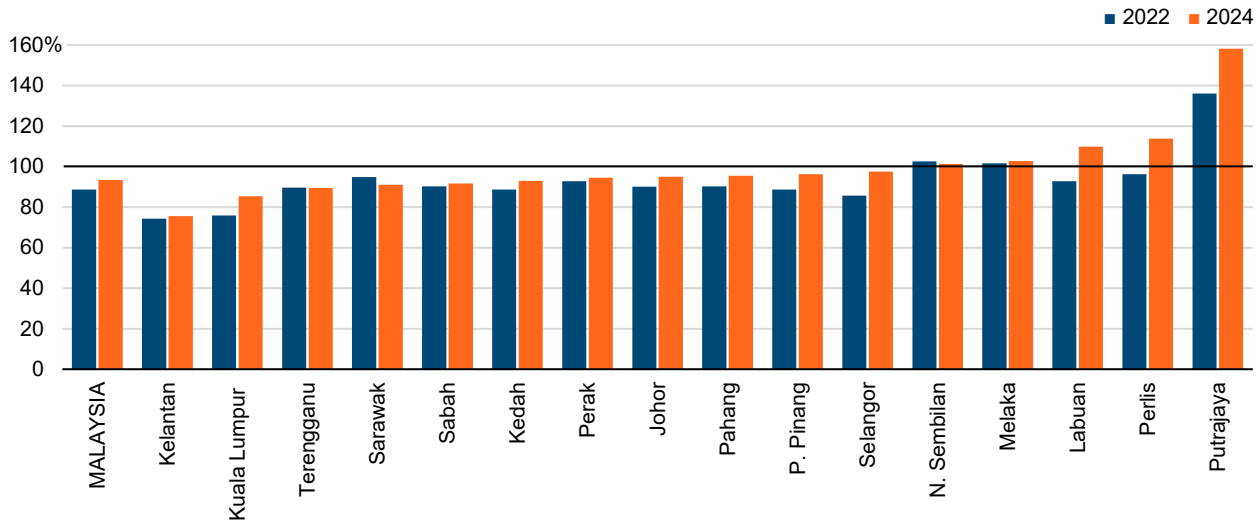
Zooming into preschool enrolment, the rate at the national level rose from 88.7% in 2022 to 93.5% in 2024. As seen in Figure 5.1, the rate increase was driven by higher enrolment rates across nearly all states, especially in Putrajaya, Perlis and Labuan, with double-digit percentage-point differences. Among all states, Kelantan recorded the lowest preschool enrolment rate in 2024, at 75.6%.

On the other hand, several states showed enrolment rates above 100%, namely Negeri Sembilan (101.4%), Melaka (102.8%), Labuan (109.9%), Perlis (113.7%) and Putrajaya (158.2%). As mentioned earlier, one possible explanation for the high preschool enrolment rate in Putrajaya may be civil servants from other states enrolling their children in schools in the federal territory following work-related relocation. However, data are not available to test this hypothesis.

[87] Dong et al. (2025)
[88] Dong et al. (2025)
[89] Dong et al. (2025) and Briguglio et al. (2025)

While there are notable variations between states, enrolment in preschools may see improvements following initiatives under the 13th Malaysia Plan to implement mandatory early enrolment at the age of five[90].

**Figure 5.1: Preschool enrolment rate, by state, 2022 and 2024**



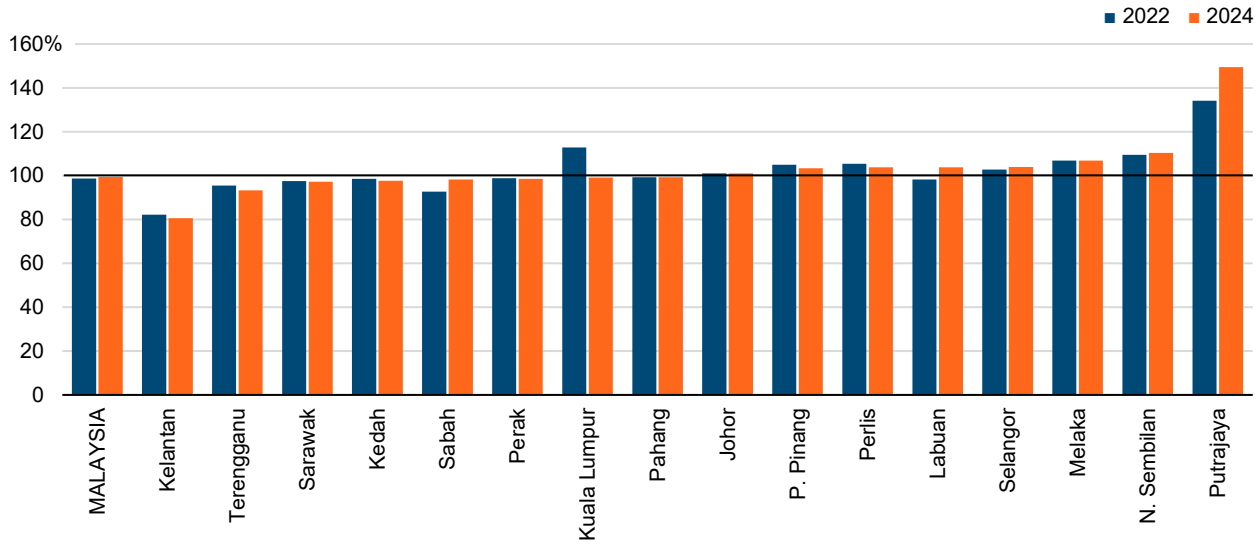

Note: Calculations include enrolment in MOE schools, private institutions and other government institutions. Enrolment rates are based on the estimated population derived from live births. Rates above 100% occur when the number of children enrolled in a state exceeds the official estimated population of preschool-aged children in that state, for example, when children attend schools outside their state of birth.
Source: MOE (2026b)—data request

At the primary level, the national enrolment rate improved from 98.7% in 2022 to 99.4% in 2024. The rise was supported by several states such as Negeri Sembilan, Selangor, Sabah and Putrajaya (Figure 5.2). Some states recorded enrolment rates exceeding 100%, namely Johor (101%), Pulau Pinang (103.4%), Perlis (103.8%), Selangor (103.9%), Melaka (106.8%), Negeri Sembilan (110.4%) and two federal territories, Labuan (103.8%) and Putrajaya (149.5%). As with preschool enrolment, Kelantan recorded the lowest rate in 2024 at 80.5%, significantly lower than the national rate.

The enrolment rate for secondary schools increased at the national level, rising from 93.5% in 2022 to 94.9% in 2024, although it remained lower than the enrolment rate for primary schools. The improvement was driven by most states, except Kelantan, Perlis, Sarawak, Terengganu and Kuala Lumpur (Figure 5.3). Aside from Kelantan, Selangor's enrolment rate was also below 90%, at 85.1% and 88.4% respectively. Moving forward, the passing of the Education (Amendment) Bill 2025, which made secondary education compulsory for all, may lead to further increases in the enrolment rate[91].

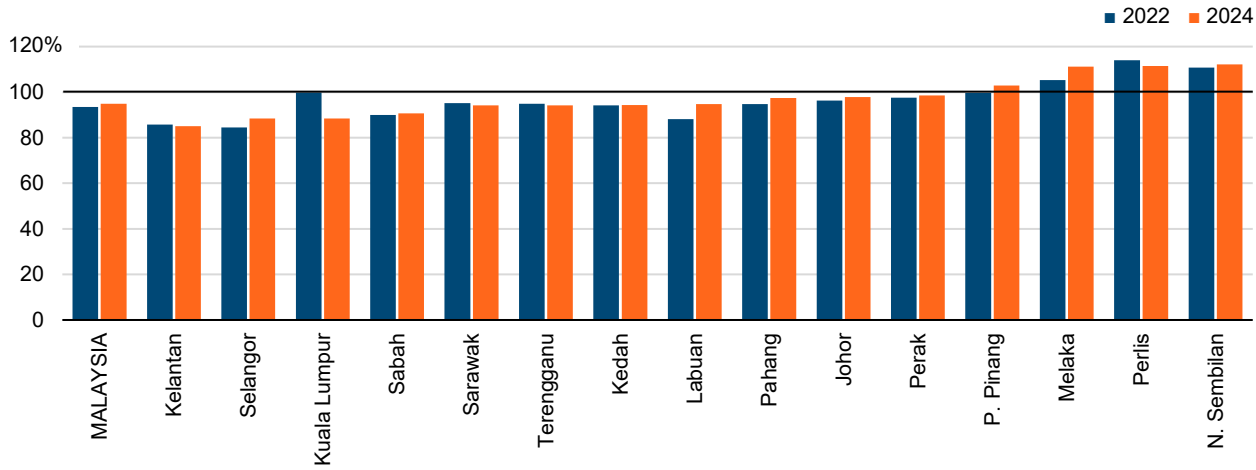
[90] Qistina and Hakim (2025)
[91] BERNAMA (2025b)

**Figure 5.2: Primary school enrolment rate, by state, 2022 and 2024**




Note: Calculations include enrolment in MOE schools, other government institutions and private institutions. Enrolment rates are based on the estimated population derived from live births. State enrolment rates may exceed 100% when the number of children enrolled in a state is higher than the official estimated population of primary-school-aged children in that state, for example when children attend schools outside their state of birth.
Source: MOE (2026b)—data request

**Figure 5.3: Secondary school enrolment rate, by state, 2022 and 2024**

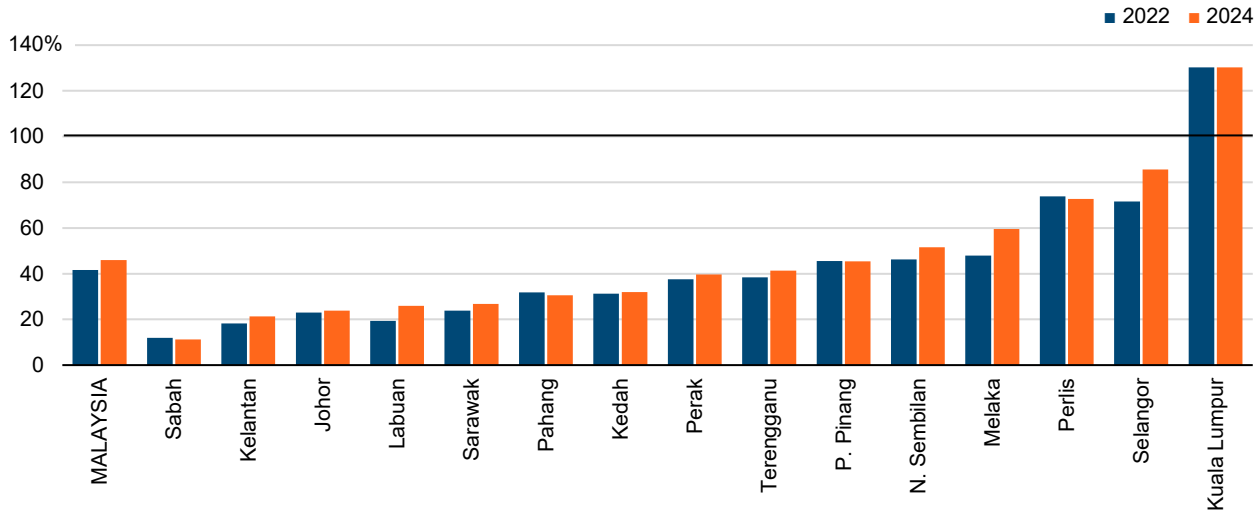



Note: Calculations include enrolment in MOE schools, other government institutions and private institutions. Enrolment rates are based on the estimated population derived from live births. State enrolment rates may exceed 100% when the number of children enrolled in a state is higher than the official estimated population of secondary school-aged children in that state, for example when children attend schools outside their state of birth. No observation is recorded for Putrajaya for secondary enrolment.
Source: MOE (2026b)—data request

The national tertiary enrolment rate improved from 2022 to 2024 but remained substantially lower than primary and secondary enrolment. As illustrated in Figure 5.4, in 2024, the lowest enrolment rate was in Sabah (11.2%), followed by Kelantan (21.3%), Johor (23.9%), Labuan (25.9%), Sarawak (26.8%), Pahang (30.5%), Kedah (32%), Perak (39.7%) and Terengganu (41.3%). On the other hand, higher rates were observed in Perlis (72.7%), Selangor (85.5%) and Kuala Lumpur (130.3%).

The contrast between states with low enrolment rates and urbanised states like Kuala Lumpur and Selangor with high enrolment rates is likely due to a greater supply of universities in more urbanised states[92] and should be interpreted with caution.

**Figure 5.4: Tertiary enrolment rate, by state, 2022 and 2024**




Note: Data covers enrolment from foundation studies to Doctor of Philosophy (PhD) programmes at public universities, private higher education institutions, polytechnics and community colleges. Data for Putrajaya is included under Kuala Lumpur.
Source: MOHE (2023) and MOHE (2025)—Higher Education Statistics

## 5.3 School Completion

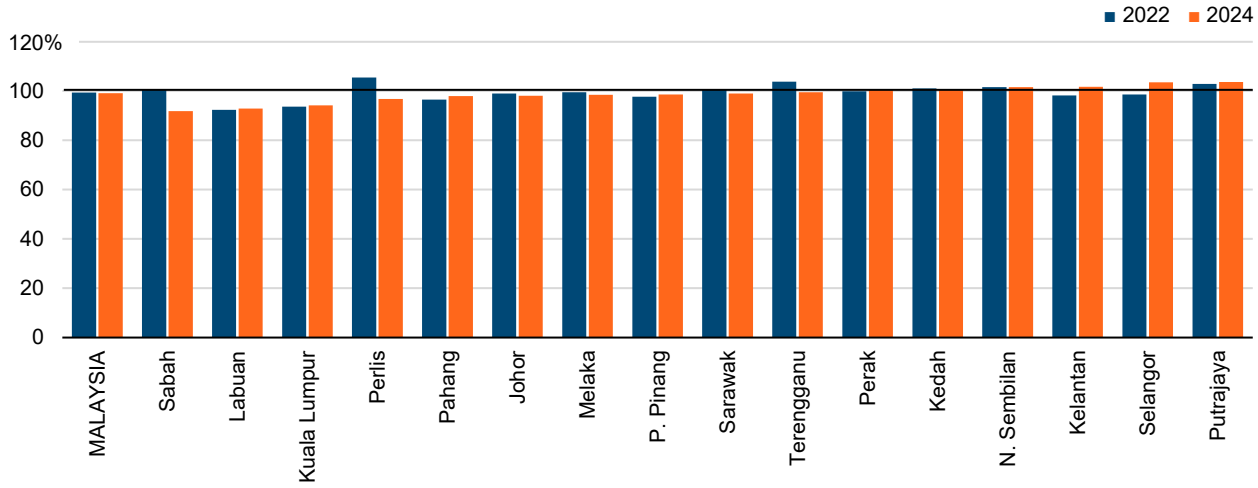
### School completion rates are approaching universal levels

Alongside school enrolment, it is also important to examine school completion trends when assessing education outcomes. Past studies have shown that household—or family—factors play significant roles in influencing students' full academic participation and achievement, particularly when making educational investments[93]. These factors include parental involvement in children's school activities, the allocation of resources towards their children's education and the active management of their children's school attendance. These factors contribute to improved educational outcomes such as high rates of school completion.

[92] Wu and Borhan (2024); Tham and Chong (2023)
[93] Z. Li and Qiu (2018)

In the Malaysian context, school completion rate refers to the proportion of a cohort of students in a particular education level who are expected to reach the last grade of that level[94]. Nationally, the primary school completion rate has remained near 100% between 2022 and 2024. This was driven by higher school completion rates in states such as Kelantan, Pahang, Perak, Pulau Pinang, Selangor and all three federal territories (Figure 5.5). By 2024, primary school completion rates exceeded 90% in all states.

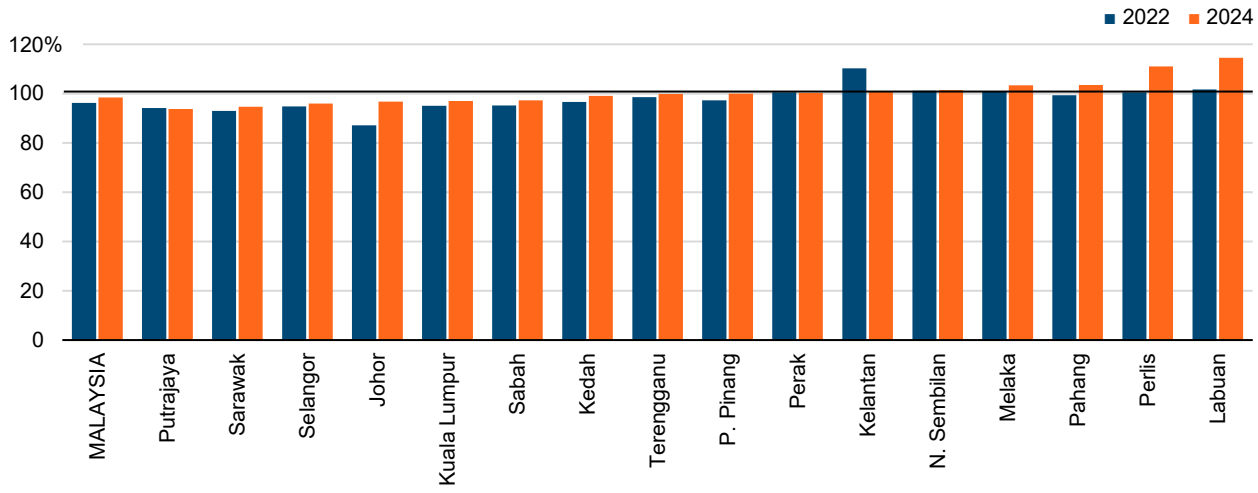
**Figure 5.5: Primary completion rate, by state, 2022 and 2024**




Note: Completion rates may exceed 100% due to significantly low dropout rates, reflected in the small number of students repeating grades or transferring between states.
Source: MOE (2026a)—data request

Secondary school completion rates improved nationally, increasing from 96.2% in 2022 to 98.4% in 2024. Most states saw higher secondary school completion rates, except Perak, Putrajaya and Kelantan, although their rates were already above 90%. The most significant increases in completion rates were recorded in Johor (9.7 percentage points), Perlis (10.6 percentage points) and Labuan (12.9 percentage points).

**Figure 5.6: Secondary completion rate, by state, 2022 and 2024**




Source: MOE (2026a)—data request

[94] DOSM (2024c)—Statistics on Women Empowerment in Selected Domains

A similar comparison at the tertiary level is unavailable due to the lack of completion-rate data at the national and state levels. Nonetheless, the number of graduates serves as a proxy for tertiary completion at the national level. The number of degree and diploma graduates has increased from 5.5 million in 2022 to around 6 million in 2024, with a compound annual growth rate (CAGR) of 4.2%[95]. This also suggests progress in tertiary completion, although this data should be interpreted with caution due to calculation differences compared with primary and secondary completion rates.

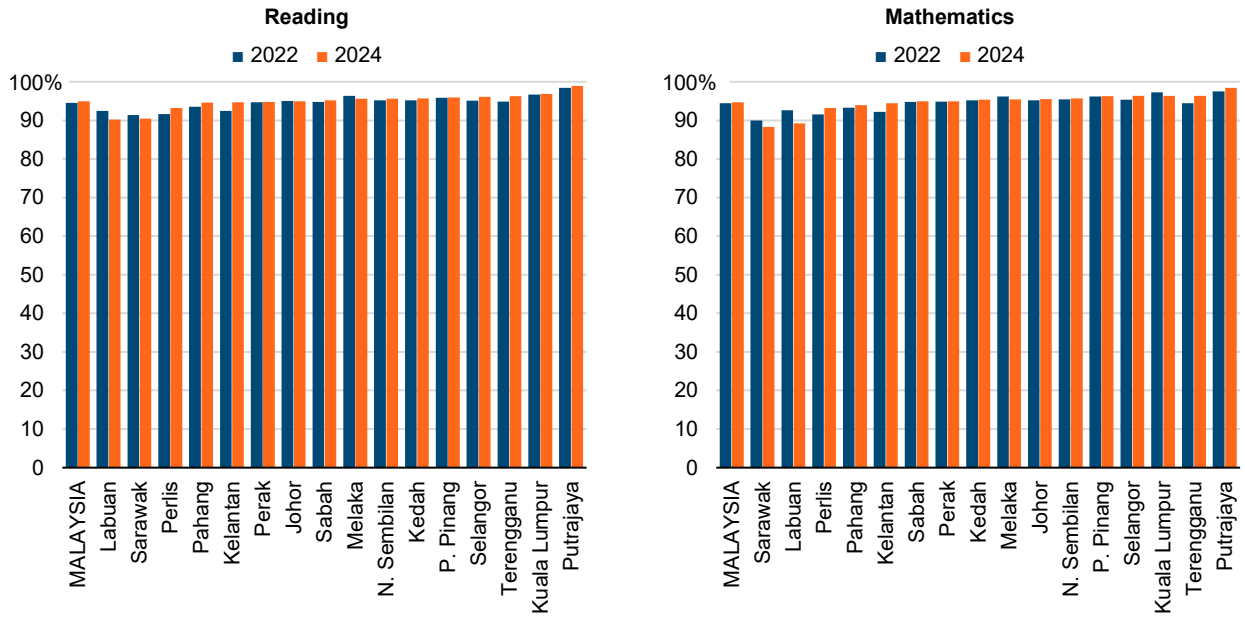
## 5.4 Learning Outcomes

### Literacy rates remain under 100%

School enrolment and completion rates show the extent to which students enter and complete their education, but these variables do not reflect learning outcomes. The World Bank previously highlighted that learning poverty was already a concern before the Covid-19 pandemic and was further exacerbated by Covid-19-induced school disruptions[96]. Hence, the following discussion examines students' performance based on minimum proficiency levels in reading and numeracy.

MOE assesses literacy rates among cohorts at Primary 3 and Primary 6 (the end of primary education), as well as at the lower-secondary level. The assessment is focused on fundamental skills, namely reading and mathematics[97]. Nationally, improvements between 2022 and 2024 in learning outcomes remain marginal. This is seen from the proportion of Primary 3 students achieving minimum proficiency levels—from 94.5% in 2022 to 94.9% in 2024 for reading, and from 94.5% to 94.7% for mathematics (Figure 5.7). At the state level, most states saw improvements. Exceptions are Melaka, Sarawak and Labuan, which experienced the largest decline in proportions for both subjects.

**Figure 5.7: Share of children in Primary 3 with minimum proficiency, by state, 2022 and 2024**

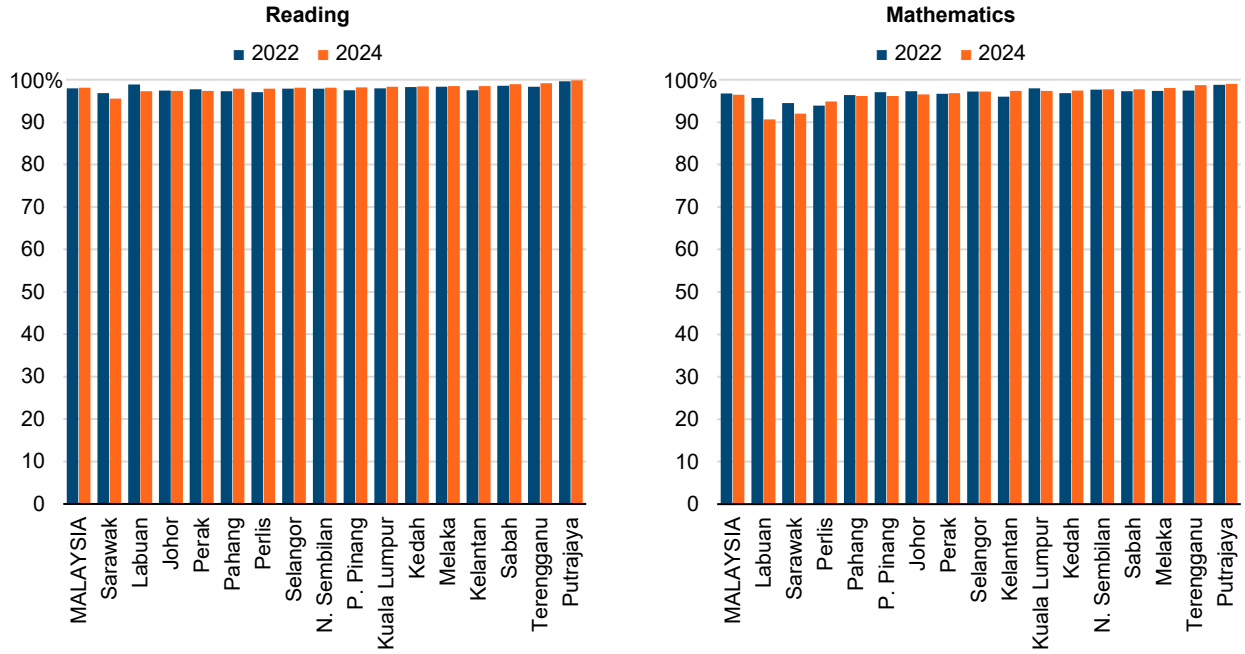



Note: The data refers to Classroom Assessment (PBD) data for Year 3 Bahasa Melayu and Mathematics subjects.
Source: DOSM (2025q)—SDG Report

[95] DOSM (2025h)—Graduate Statistics
[96] World Bank (2022)
[97] Reading and numeracy are foundational skills as they enable students to access and build on further educational opportunities.

Likewise, at the end of primary education (Primary 6), the share of students who meet a minimum proficiency level in reading and mathematics remained under 100%, stagnating at 98.1% and 96.5% in 2024, respectively (Figure 5.8). Certain states such as Sarawak and Labuan, even saw declines between 2022 and 2024 in both reading and mathematics, with a more apparent decline in the latter.

**Figure 5.8: Share of children in Primary 6 with minimum proficiency, by state, 2022 and 2024**




Note: Since *Ujian Penilaian Sekolah Rendah* (UPSR) was abolished in 2020, the 2022 – 2024 data refer to Classroom Assessment (PBD) for Year 6 Bahasa Melayu and Mathematics.
Source: DOSM (2025q)—SDG Report

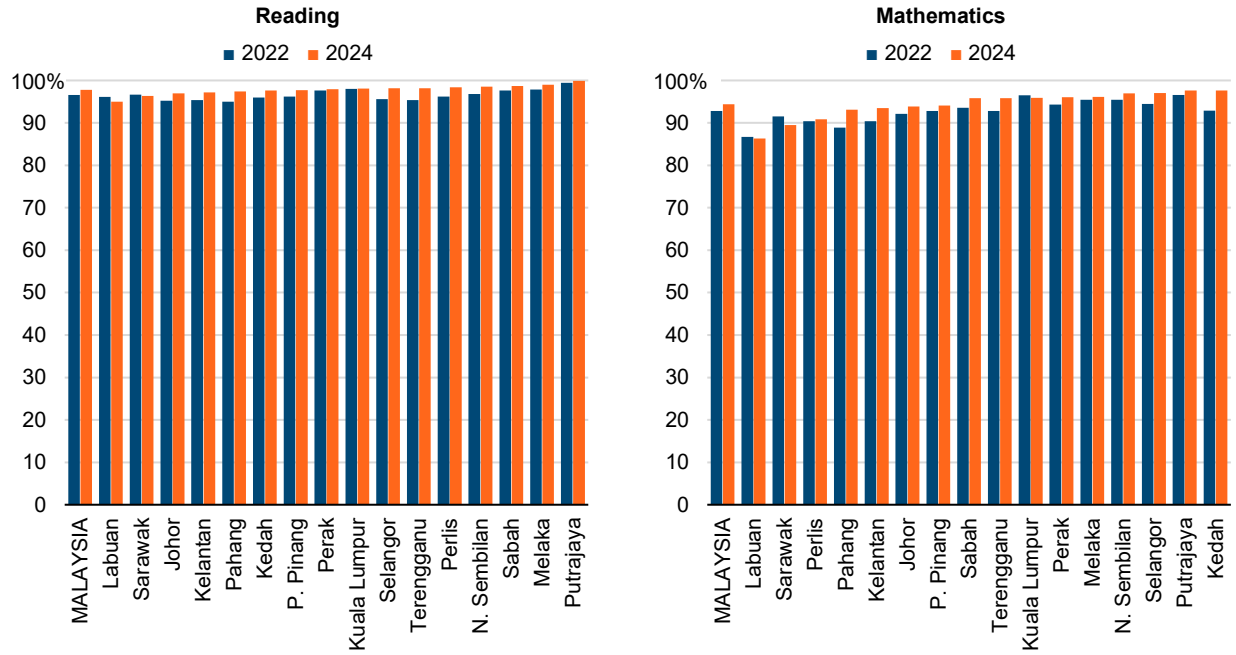
Similarly at lower-secondary level, the share of students with minimum proficiency levels in reading and mathematics showed modest progress between 2022 and 2024 but remained below 100% (Figure 5.9). Between these years, the share of students achieving minimum requirements in reading and mathematics only increased by 1.2 percentage points and 1.6 percentage points, respectively. This was driven by nearly all states except Sarawak and Labuan, which experienced declines in proportions in both subjects.

These findings suggest literacy rates among Malaysian students in primary and secondary schools have improved over time, albeit at a slower pace. Moreover, the literacy rate not yet reaching 100% indicates that there remains room for improvement, especially in addressing learning poverty, which stood at 42% in Malaysia in 2019[98]. Examining additional metrics of learning outcomes alongside the indicators mentioned above may provide a more comprehensive assessment of learning outcomes.

Comparable analysis at the upper-secondary education level is constrained by the unavailability of data for upper secondary assessments. A potential alternative data source would have been the *Sijil Pelajaran Malaysia* (SPM) data were it publicly available at the state level, specifically on *Bahasa Melayu* and Mathematics.

[98] World Bank (2022)

**Figure 5.9: Share of students in lower-secondary with minimum proficiency, by state, 2022 and 2024**




Note: As *Pentaksiran Tingkatan* 3 (PT3) was abolished in 2020 and 2021, the 2022 – 2024 data refer to Classroom Assessment (PBD) data for Form 3 Bahasa Melayu and Mathematics subjects.
Source: DOSM (2025q)—SDG Report

## 5.5 Other Household-Level Considerations

Taken together, the latest trends on school enrolment, completion and learning outcomes suggest that Malaysia has seen gradual progress in expanding access to education and improving students' academic performance through various initiatives. These initiatives include enforcing mandatory primary education, introducing Literacy and Numeracy Screening (Linus) for early screening, improving hiring standards for teachers and building more schools to address overcrowding in classes.

Increasing enrolment and completion rates indicate that most children have entered the education system, while incremental progress in literacy rates suggests positive, albeit uneven, learning outcomes. For tertiary education, although enrolment rates appear notably low at the national level, higher rates are observed in states where higher education institutions are more heavily concentrated. Additionally, the latest graduates' figures also indicate that an increasing number of students have completed their tertiary education.

It is important to acknowledge the household-level factors that are likely to influence these trends in education outcomes. The educational indicators assessed in this section, especially school enrolment, can be influenced by various household dynamics such as parental preferences. Past research has revealed that other factors such as school location[99], parental income and education level[100], school performance[101], academic syllabus[102], school environment and facilities[103], as well as the quality of teachers[104] can also influence education choices and outcomes.

Furthermore, factors beyond household control may affect school participation, such as distance barriers shaped by geographic location and regional development disparities[105]. Hence, considering both educational participation and learning outcomes alongside underlying factors remains imperative for supporting household wellbeing.

[99] Ting and Lee (2019a); Na'asah Nasrudin et al. (2020)
[100] Aiman Alif et al. (2020), Aida Hartini and Zolkepeli (2017)
[101] Ting and Lee (2019b)
[102] Noor Alyani et al. (2014)
[103] Ting and Lee (2019b)
[104] Noor Alyani et al. (2014)
[105] Raymond and Mujiono (2025)

# SECTION

# 06


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SECTION 6
# HEALTH

## 6.1 Introduction: Health and Wellbeing

Health is a key factor of objective and subjective wellbeing. Good health, both physical and mental, allows individuals to attain life satisfaction through various aspects including education, work and community involvement. As such, indices including those put forth by the Organisation for Economic Co-operation and Development's (OECD) and the Department of Statistics Malaysia (DOSM) all incorporate health as a key measure of wellbeing.

Several studies have shown that social, economic and environmental factors contribute towards health outcomes, accounting for between 45% to 60%. This points towards the social determinants of health (SDoH), whereby the conditions in which people are born, live, work and age shape their health outcomes[106].

Based on this understanding of how health contributes to wellbeing and how health in turn is impacted by other wellbeing indicators, we pivot towards an overview of the current state of health of households. A previous State of Households report has already put forth that the Malaysian population is living longer, but not necessarily healthier[107]. Thus, this current report briefly examines the burden of diseases and health outcomes in Malaysia, and selected lifestyle and dietary behaviours that contribute to good health and wellbeing.

## 6.2 Factors Affecting the Health of Malaysian Households

In Malaysia, as well as on a global scale, one of the most pressing health issues is that of non-communicable diseases (NCDs). The latest data from the Global Burden of Disease Study shows that the major causes of loss of healthy years of life in the Malaysian population were NCDs. Specifically, cardiovascular disease (CVD), cancer, diabetes and kidney disease[108].

NCDs have been found to negatively impact mental health, quality of life and individual wellbeing. Based on data from the OECD, those with diabetes, cancer, heart failure, stroke and chronic lung disease were more likely to develop depression than those in good health[109]. Additionally, NCDs also affect workforce participation and productivity[110], whilst the chronic pain, limitations and long-term care requirements result in individuals being unable to live a fulfilling life.

In 2022, the Ministry of Health (MOH) and the World Health Organisation (WHO) published a report detailing the costs of NCDs to Malaysia. It was found that CVDs, diabetes and cancer costed the nation RM9.65 billion in direct healthcare costs in 2017. This included costs of care in outpatient and hospital settings, medications and medical tests[111].

[106] Donkin et al. (2018)
[107] KRI (2020b)—*Social Inequalities and Health in Malaysia: The State of Households 2020 Part III*
[108] IHME (2023)
[109] OECD (2026b)
[110] MOH (2022)
[111] MOH (2022)

It should be highlighted that household health is not solely impacted by NCDs. Other health conditions ranging from communicable diseases, maternal and reproductive health, injuries and road-related incidents as well as occupational health[112] also contribute towards household wellbeing. However, as a leading cause of death worldwide and since a large majority of NCDs are preventable[113], this report raises the issue of NCDs as a significant threat to household wellbeing.

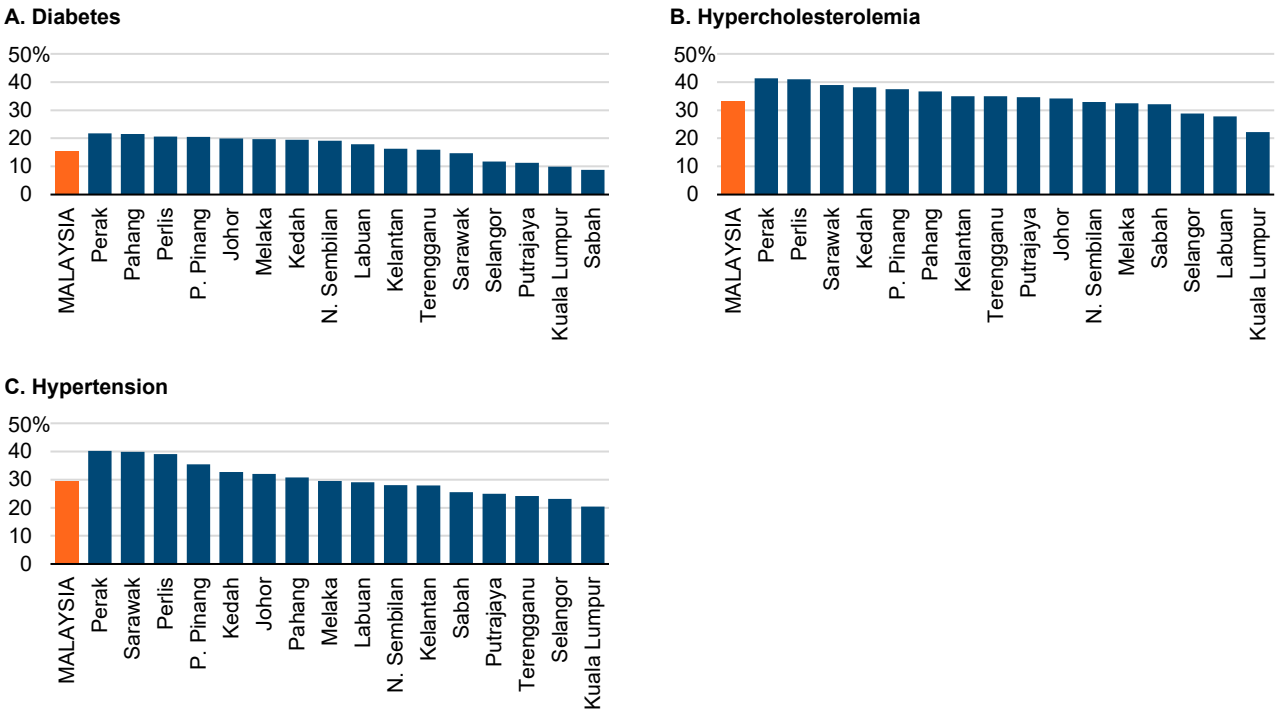
## Progress has been uneven in tackling NCDs across the nation

Data reported by the National Health and Morbidity Survey (NHMS) 2023 and from DOSM were used to obtain an overview of health by state in Malaysia[114]. Many states had a prevalence of diabetes that was above the national average in 2023 (Figure 6.1A), with significantly higher prevalences seen in those of low income, no formal education and in older age groups (Figure 6.2).

For hypercholesterolemia or high cholesterol, Perak and Perlis stand out with higher-than-average prevalences at 41.3% and 41.0% respectively (Figure 6.1B). The prevalence of hypercholesterolemia was concentrated in groups of low income, low level of education and those aged 60 and above (Figure 6.2).

For hypertension, more than half of the states recorded prevalences above the national average (29.2%), with Perak reporting the highest rate at 40.2% (Figure 6.1C). Similar to hypercholesterolemia, the prevalence of hypertension was also higher among individuals with lower income, lower educational attainment and older age groups (Figure 6.2).

**Figure 6.1: Prevalence of non-communicable diseases among adults aged 18 years old and above, by state, 2023**

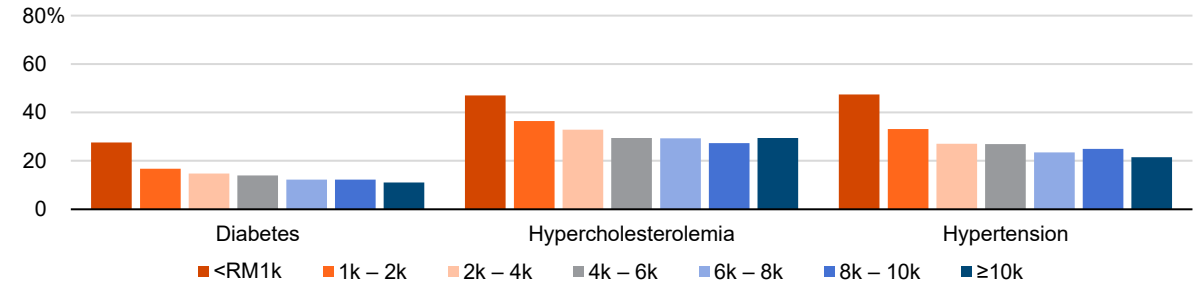



Source: IPH (2024)—NHMS

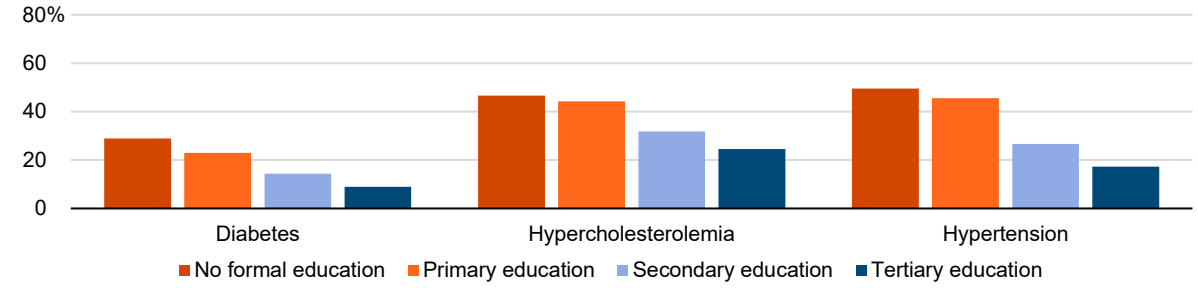
[112] This is a non-exhaustive list of health conditions.
[113] Zhu et al. (2025)
[114] The relevant NHMS data used for this analysis is reported for 2023 while DOSM data is reported for 2024.

**Figure 6.2: Prevalence of non-communicable diseases among adults aged 18 years old and above, by household income, education level and age, 2023**

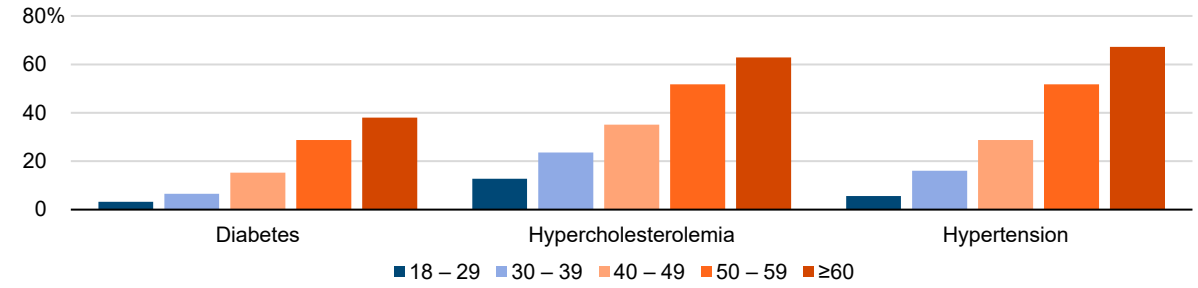
**A. By household income**




**B. By education level**




**C. By age**



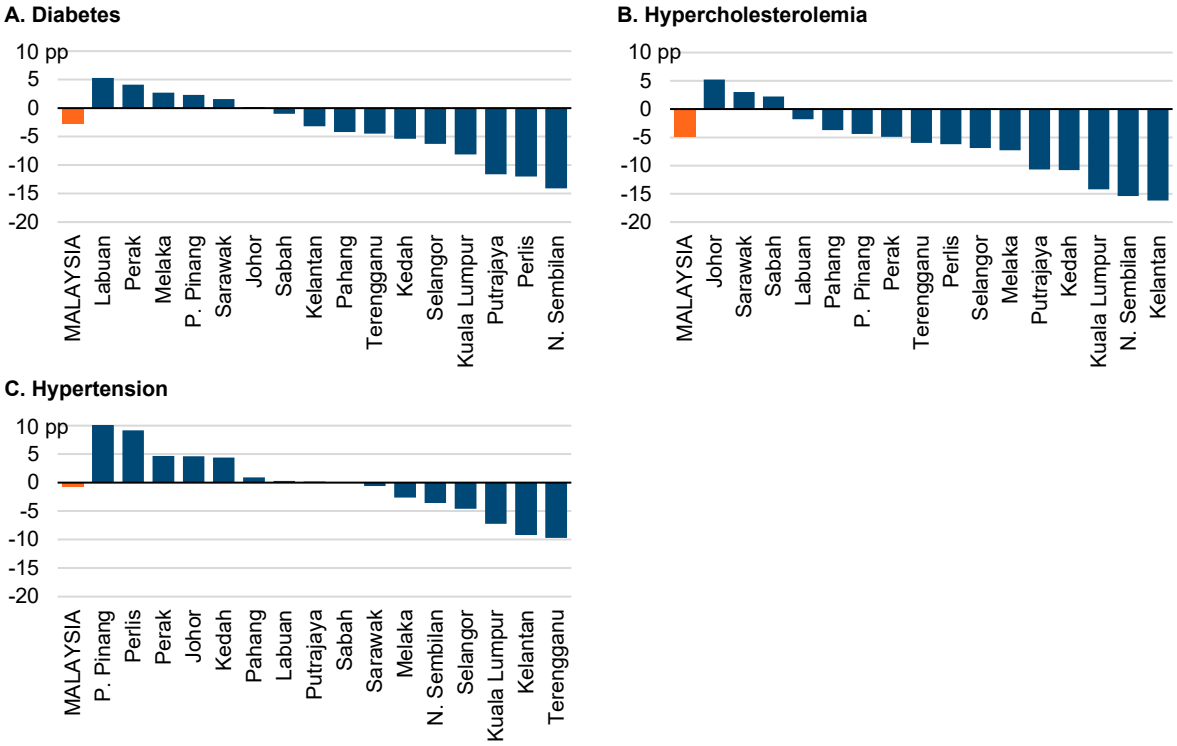

Source: IPH (2024)—NHMS

Figure 6.3 shows considerable variation in changes in NCD prevalence across states between 2019 and 2023. While many states experienced reductions in diabetes, hypercholesterolemia and hypertension, several states recorded notable increases. Increases in hypercholesterolemia were concentrated in Johor, Sarawak and Sabah, while hypertension increased most substantially in Penang and Perlis. Diabetes prevalence increased in states such as Labuan and Perak.

It is important to note that prevalence alone may not accurately reflect progress in terms of tackling NCDs. The WHO has previously monitored efforts to combat NCDs through a set of indicators including tobacco use, salt and sugar consumption as well as environmental exposures[115]. However, the prevalences discussed above and in the following subsections are meant to illustrate how there is still room for improvement, particularly focusing on more disadvantaged groups such as those with low income or no education.

[115] WHO (2025b)

**Figure 6.3: Change in prevalence of non-communicable diseases among adults aged 18 years old and above, by state, 2019 – 2023**




Source: IPH (2024) and IPH (2020)—NHMS

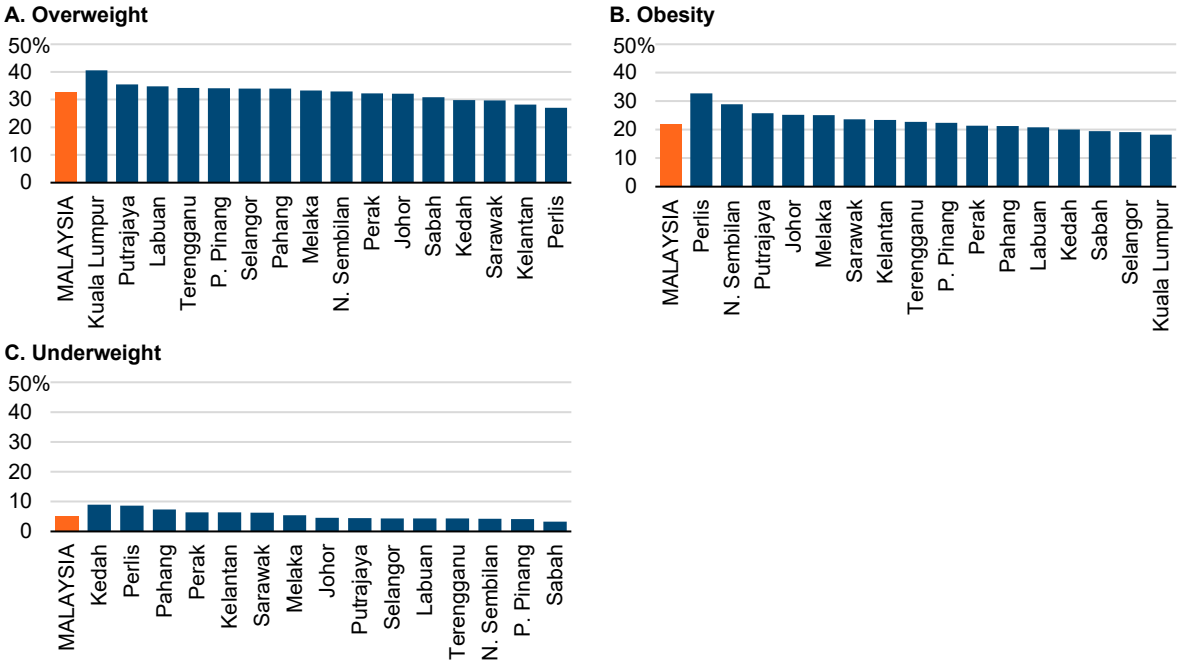
## There is rising prevalence of overweight and obesity

Undernutrition in the form of adult underweight has reduced significantly over the decades, but overnutrition has been on a rise concurrently. At the national level, the scale of the issue is substantial. In 2023, 32.6% of Malaysian adults were overweight and 21.8% were obese, meaning that more than half of the adult population (54.4%) falls above a healthy weight range (Figure 6.4)[116]. This pattern was evident across states. Kuala Lumpur had the highest prevalence of overweight at 40.6% in 2023. Similarly, Perlis and Negeri Sembilan recorded among the highest obesity prevalence, reflecting the rising burden of overnutrition in several states. Overall, these trends are consistent with patterns observed in many middle-income countries, where reductions in physical activity and changes in diet have contributed to rising overweight and obesity[117]. As such, population health risks are increasingly driven by overweight and obesity, which are key risk factors for NCDs.

Figure 6.5 shows that many states experienced a rise in obesity between 2021 and 2023, while changes in overweight were more mixed and the prevalence of underweight declined in several states. In particular, Sabah, Sarawak, Negeri Sembilan and Kelantan saw reductions in underweight alongside increases in obesity. This indicates a transition from undernutrition to overnutrition, where fewer individuals are underweight but more are moving into higher weight categories. Rather than reflecting an overall improvement in nutritional outcomes, these changes point to a growing prevalence of overweight and obesity. Furthermore, the co-existence of underweight alongside overweight and obesity across all states also points to the continued presence of the double burden of malnutrition across Malaysia.

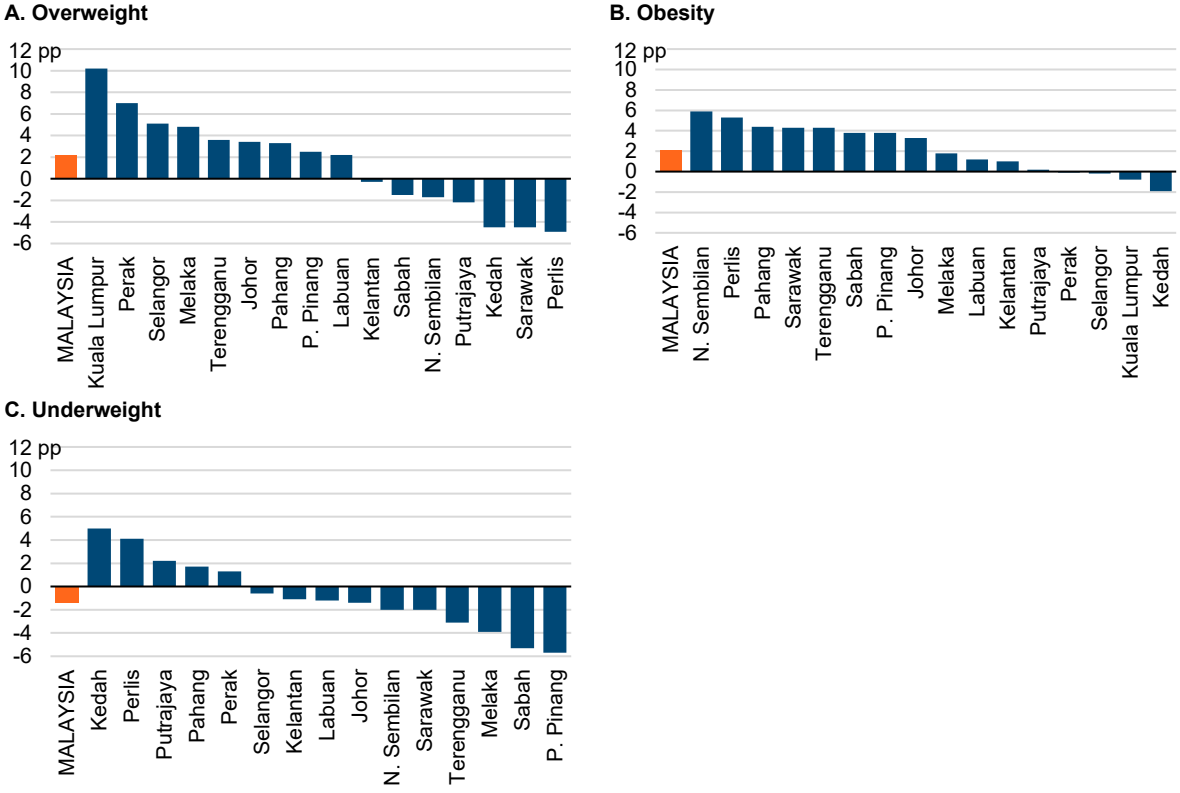
[116] IPH (2024)—NHMS
[117] Popkin et al. (2012)

**Figure 6.4: Prevalence of overweight, obesity and underweight among adults aged 18 years old and above, by state, 2023**




Note: Data on underweight is not available for Kuala Lumpur
Source: IPH (2024)—NHMS

**Figure 6.5: Change in prevalence of overweight, obesity and underweight among adults aged 18 years old and above, by state, 2021 – 2023**

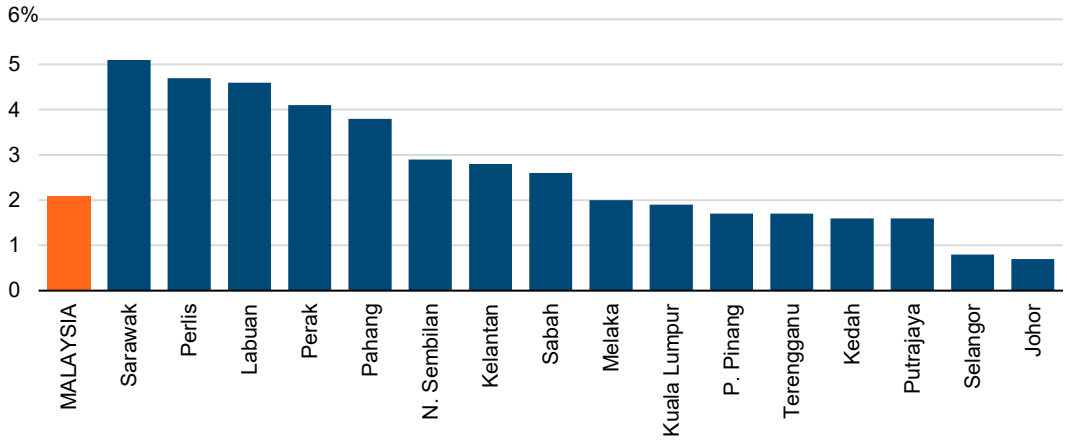



Note: Data on underweight is not available for Kuala Lumpur
Source: IPH (2024) and IPH (2021)—NHMS

## Child undernutrition remains a concern with varying rates across states

While the prevalence of underweight adults has reduced at the national level, underweight remains a concern among children, demonstrating an increase instead of a reduction. In 2024, the combined national prevalence of underweight and severe underweight among children under the age of five was 2.1%, increased marginally from 1.7% in 2022. However, at the state level, the prevalence was generally higher and uneven. Figure 6.6 shows that the prevalence of child underweight varies widely across states. Sarawak recorded the highest prevalence (5.1%), followed by Perlis (4.7%) and Labuan (4.6%). Only six states and two federal territories recorded rates below the national average.

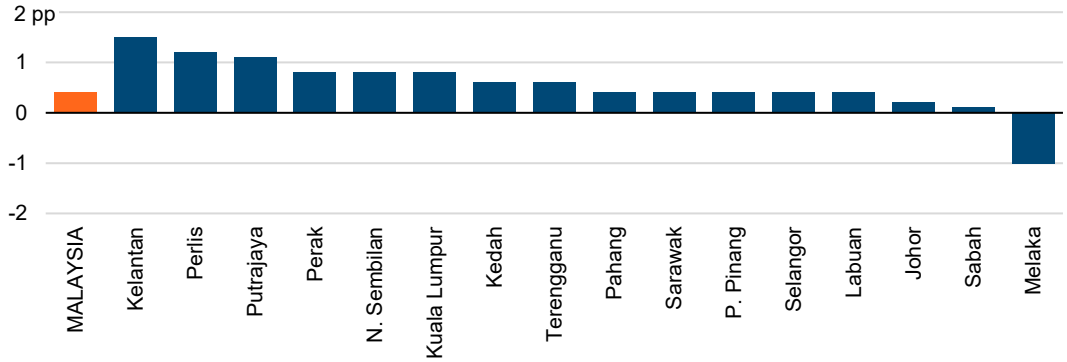
**Figure 6.6: Prevalence of combined underweight and severe underweight among children, by state, 2024**




Note: The prevalence is determined based on children under-5 who attended health facilities.
Source: DOSM (2025l)—Children Statistics

Furthermore, the prevalence of underweight children rose from 2022 to 2024. Figure 6.7 shows that the prevalence has increased across all states except Melaka. Kelantan recorded the largest increase (1.5%), followed by Perlis (1.2%) and Putrajaya (1.1%). Most other states also saw smaller increases, while Melaka was the only state to record a decline. More concerningly, Perlis and Perak, which had among the highest rates of child underweight, also recorded a larger increase compared to most of the states.

**Figure 6.7: Change in prevalence of combined underweight and severe underweight among children, by state, 2022 – 2024**




Note: The prevalence is determined based on children under-5 who attended health facilities.
Source: DOSM (2025l)—Children Statistics

At the societal level, high rates of child undernutrition have been associated with significant economic losses through lower human capital accumulation and reduced labour productivity[118]. The uneven and persistent rates of child malnutrition are, therefore, a significant cause for concern, especially when child overnutrition, characterised by overweight and obesity, is increasing at a fast pace simultaneously[119].

## Disability prevalence varies widely by state and socioeconomic groups

Disability is an important dimension of wellbeing, as it affects an individual's ability to carry out daily activities, participate in the labour market and engage in social life. While disability is often understood through a medical lens that focuses on individual impairments, the social model of disability recognises that disability and disadvantage can also arise from barriers in the physical environment, institutional practices and social attitudes that limit participation in society[120]. Functional limitations in physical, sensory or cognitive domains can present real challenges to independence and are often associated with poorer health and economic outcomes. This relationship is well documented, with disability linked to lower labour force participation, reduced earnings and a higher risk of poverty[121].

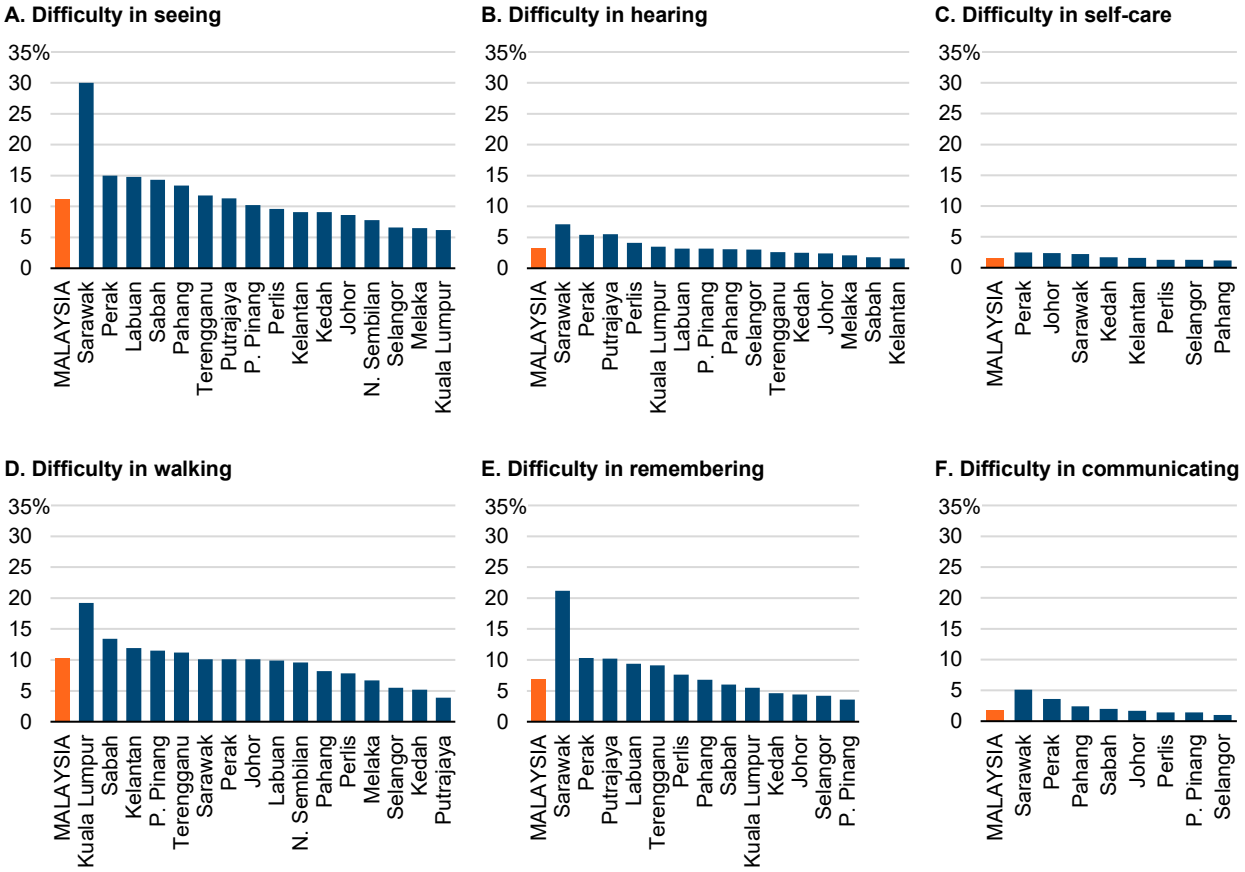
Figure 6.8 shows that disability[122] comprises several domains, with difficulty in seeing, walking and remembering being the most common across states. These forms of functional limitation make up a large share of overall disability, indicating that challenges related to mobility, vision and cognitive functioning are particularly prevalent. Across multiple domains, Sarawak and Perak consistently report higher prevalence. In contrast, difficulty in self-care and communicating is generally less prevalent and remains low across most states.

Differences in disability prevalence are also evident across population groups as seen in Figure 6.9. The prevalence of disability is higher in rural areas than in urban areas (Figure 6.9A). Additionally, there is a clear gradient by both education and income (Figure 6.9B and C), with individuals with lower levels of education and those from lower-income groups reporting higher prevalence of disability. These differences describe patterns of prevalence across population groups but do not, on their own, establish that rural residence, lower education or lower income cause disability.

Overall, these patterns suggest that disability is associated with both individual health and the environments in which people live and work. Differences in access to healthcare, working conditions, occupational risks and the accessibility of physical environments may contribute to the observed differences across population groups, although the available data does not establish these causal pathways. This highlights the importance of considering both functional limitations and the social and physical environments that can shape people's ability to participate fully in daily life.

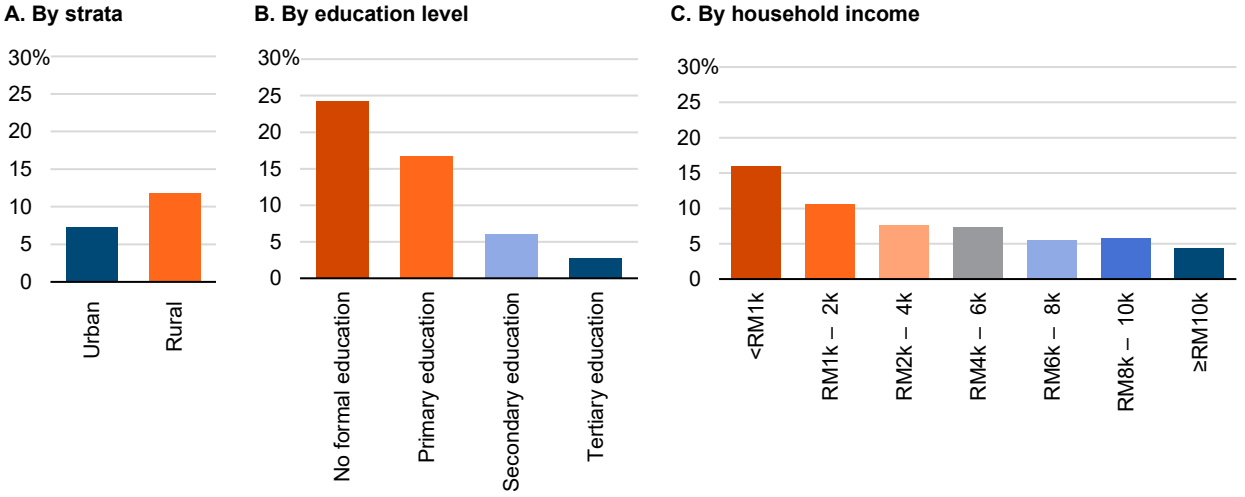
[118] World Bank (2006)
[119] Chua et al. (2024)
[120] Goering (2015)
[121] OECD (2010); WHO (2011)
[122] Disability estimates are based on self-reported functional difficulties collected using the Washington Group Short Set Questionnaire (WG-SS) among adults aged 18 years and above. Respondents were asked whether they experienced difficulties in six domains: seeing, hearing, walking or climbing steps, remembering or concentrating, self-care and communication. Disability was defined as reporting "some difficulty" in at least two domains, or "a lot of difficulty" or "cannot do at all" in at least one domain. Prevalence refers to the proportion of surveyed adults meeting this criterion and does not necessarily correspond to a medically diagnosed disability. Source: IPH (2024)—NHMS

**Figure 6.8: Prevalence of disability among adults aged 18 years and above, by state and disability type, 2023**




Note: States with values not displayed due to unavailable data:
i) Difficulty in hearing: N. Sembilan
ii) Difficulty in remembering: N. Sembilan, Melaka, Kelantan
iii) Difficulty in self-care: Putrajaya, Labuan, Sabah, Terengganu, Kuala Lumpur, N. Sembilan, Melaka
iv) Difficulty in communicating: Putrajaya, Labuan, Terengganu, Kedah, Kuala Lumpur, Melaka, N. Sembilan, Kelantan
Source: IPH (2024)—NHMS

**Figure 6.9: Prevalence of disability among adults aged 18 years old and above, by strata, education level and household income group, 2023**




Source: IPH (2024)—NHMS

## Mental health concerns among children are on the rise

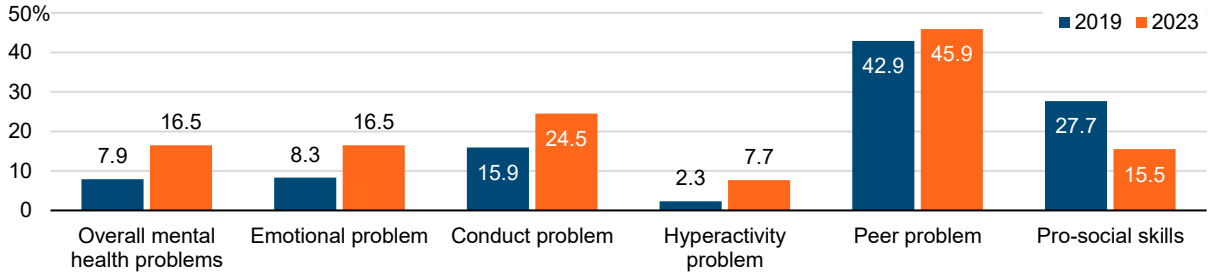
Health encompasses not only physical wellbeing but also mental and social wellbeing. Mental health during childhood is particularly important as it influences emotional regulation, social competence and long-term psychological adjustment[123]. Failure to address mental health conditions during childhood and adolescence can have lasting consequences that extend into adulthood, harming both psychological and physical health and reducing the chance of leading a fulfilling adult life[124]. In 2023, Malaysia's NHMS assessed the mental health of children aged 5 – 15 years using the Strength and Difficulties Questionnaire (SDQ), a behavioural screening that measures emotional symptoms, conduct problems, hyperactivity, peer relationship problems and pro-social behaviours[125].

Figure 6.10 shows that the prevalence of overall mental health problems among children doubled between 2019 and 2023, increasing from 7.9% to 16.5%. Deterioration was observed across most domains of mental health. Notably, emotional problems increased by two-fold from 8.3% to 16.5%, while conduct problems rose from 15.9% to 24.5%. Hyperactivity-related problems also became more common, increasing from 2.3% to 7.7%.

Particularly concerning is the high prevalence of peer relationship problems, which affected almost half of children in 2023. Peer problems increased from 42.9% in 2019 to 45.9% in 2023, indicating persistent difficulties in children's social interactions and relationships. At the same time, the prevalence of pro-social skills declined substantially from 27.7% to 15.5%. Pro-social behaviours, which include helping others, sharing and showing empathy, are important protective factors that support healthy social and emotional development among children.

These challenges are not confined to the child. Children are central to household life, and difficulties in children's emotional and behavioural wellbeing can also affect parental stress and caregiving demands[126]. This relationship can be bidirectional, with child difficulties potentially increasing caregiver stress, while family stress may in turn affect children's wellbeing. Yet, these psychological and relational dimensions of household wellbeing can be overlooked when assessments focus primarily on physical health, income and material conditions.

**Figure 6.10: Prevalence of mental health problems among children aged 5 to 15 years old, 2019 and 2023**




Note: The prevalence of overall mental health problems is not directly comparable to the prevalence of individual SDQ domains. Overall mental health problems are determined using the SDQ Total Difficulties Score (≥14), which is calculated by combining scores from the emotional, conduct, hyperactivity and peer problem domains. In contrast, each domain is assessed and classified separately according to its own threshold. Consequently, the prevalence of individual domains may be higher or lower than the prevalence of overall mental health problems.
Source: IPH (2024) and IPH (2020)—NHMS

[123] Suppiej et al. (2025)
[124] WHO (2025c)
[125] IPH (2024)—NHMS
[126] Cham Choy Qing et al. (2026)

These findings suggest that while Malaysia continues to face significant challenges related to physical health and NCDs, the mental wellbeing of children is also an emerging concern. Mental health is increasingly recognised as a social determinant and outcome of wellbeing, influenced by factors such as family environment, socioeconomic conditions, educational experiences and social connectedness. As such, efforts to improve wellbeing among children and adolescents should not focus solely on physical health outcomes but also consider the psychological and social aspects of development.

It is important to note, however, that nationally representative up-to-date data on mental health among Malaysian adults and older persons remain limited. Recent national health surveys have focused primarily on depression, assessed using screening instruments such as the Patient Health Questionnaire (PHQ-9), rather than providing a broader, multi-domain assessment comparable to the SDQ used for children[127]. While depression is an important indicator of mental health, it does not capture other dimensions such as anxiety, stress, social functioning and positive mental health. Given these data limitations, the analysis of mental health in this report will focus solely on children, for whom more recent and comparable trend data are available.

## Diabetes has emerged as one of the leading causes of mortality

The trend in NCD prevalence lends itself to the question of whether these NCDs are resulting in death amongst the population. Based on medically certified deaths in 2022, the top five causes of death that occurred in all states were ischaemic heart disease, pneumonia and cerebrovascular disease (Figure 6.11A). Since this was still during the pandemic, Covid-19 infections were also a leading cause of death across many states.

However, in 2024, while ischaemic heart disease and pneumonia remained as leading causes of death, diabetes emerged as one of the top five causes in most states[128] (Figure 6.11B). Previously, it only appeared as a major cause of death in two states.

Reflecting on the rising prevalences of hypertension and hypercholesteremia discussed earlier in this section, it could be alluded that these conditions underly the significant numbers of ischaemic heart disease seen here. Studies have asserted that blood pressure and cholesterol are major modifiable risk factors for diseases of the heart, with elevated levels at younger ages potentially contributing to occurrence of heart failure[129] in old age[130].

Another notable trend that can be seen is the emergence of kidney failure as a cause of death in several states in 2023. This could also be explained through the rising prevalences of diabetes and hypertension, both of which are the two major causes of chronic kidney injury[131]. This points to NCDs becoming a cause of death through dysfunctions of other organ systems and thus may not manifest as a cause of death in of itself.

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[127] IPH (2024)—NHMS

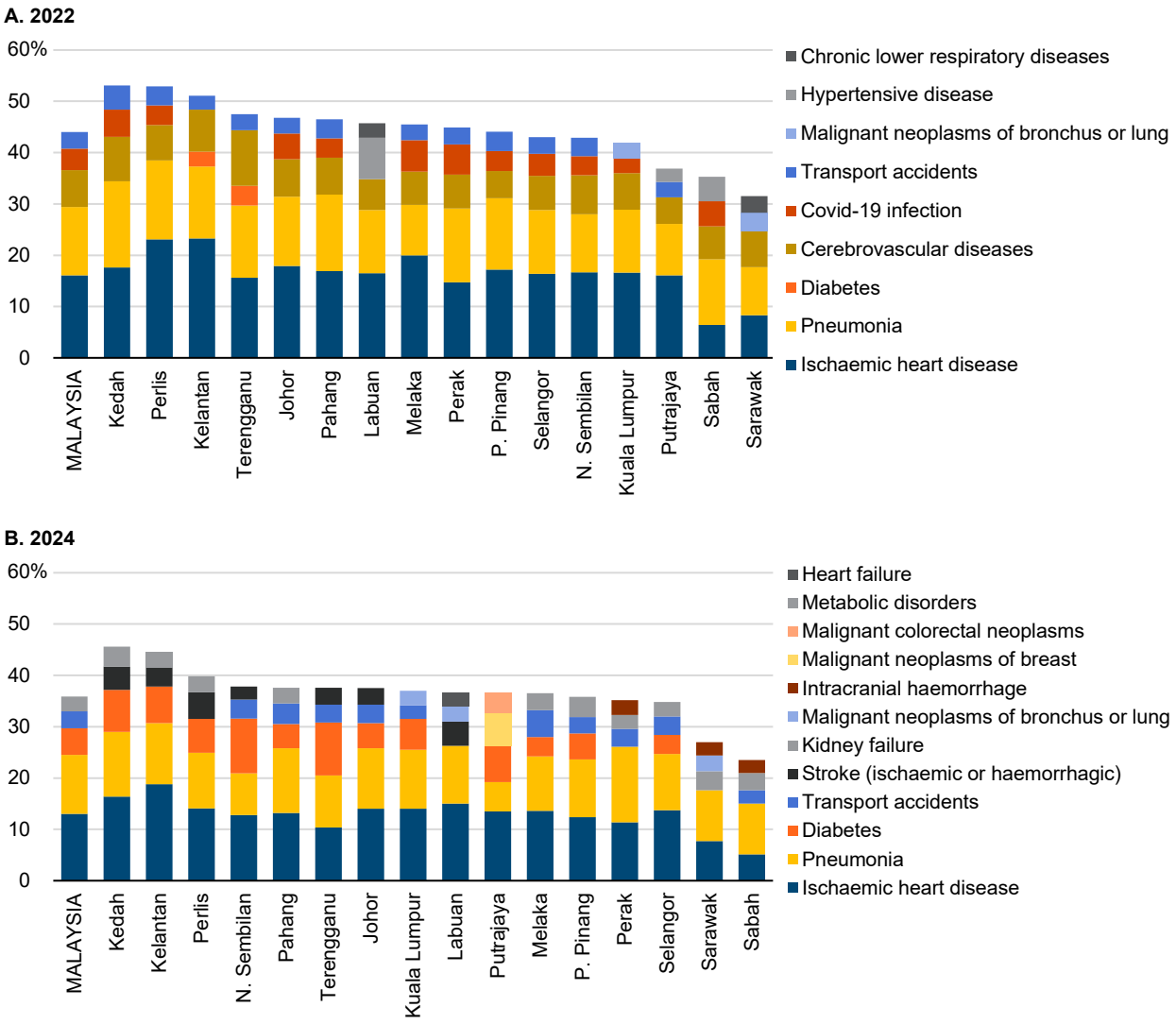
[128] It is noted that diabetes also contributes to mortality to other causes through multiorgan and systemic injury when left untreated, as suggested by S. Li et al. (2019). However, this chapter highlights the attribution of diabetes as a direct cause of death.

[129] Heart failure is a complex clinical syndrome that is characterised by an inability of the heart to pump blood effectively and ischaemic heart disease is the most common cause of heart failure, as noted by Shams et al. (2025). The Institute of Medicine (US) Committee on Social Security Cardiovascular Disability Criteria (2010) define Ischaemic heart disease refers to inadequate blood supply to the heart due to blockage of blood vessels.

[130] Zhang et al. (2019) and Atthobari et al. (2004)

[131] M. Wang et al. (2019), Verma et al. (2016) and Z. Wang et al. (2017)

**Figure 6.11: Top five causes of death (medically certified), by state, 2022 and 2024**




Source: DOSM (2025o) and DOSM (2023b)—Causes of Death

## More Malaysians are dying earlier due to diabetes and cancer

Another question remains as to whether NCDs are causing Malaysians to die earlier. We examined premature mortality, here referring to deaths that occur between the ages of 30 – 69. The incidence of mortality amongst this age group highlights early loss of life that are potentially preventable, known as years of life lost.

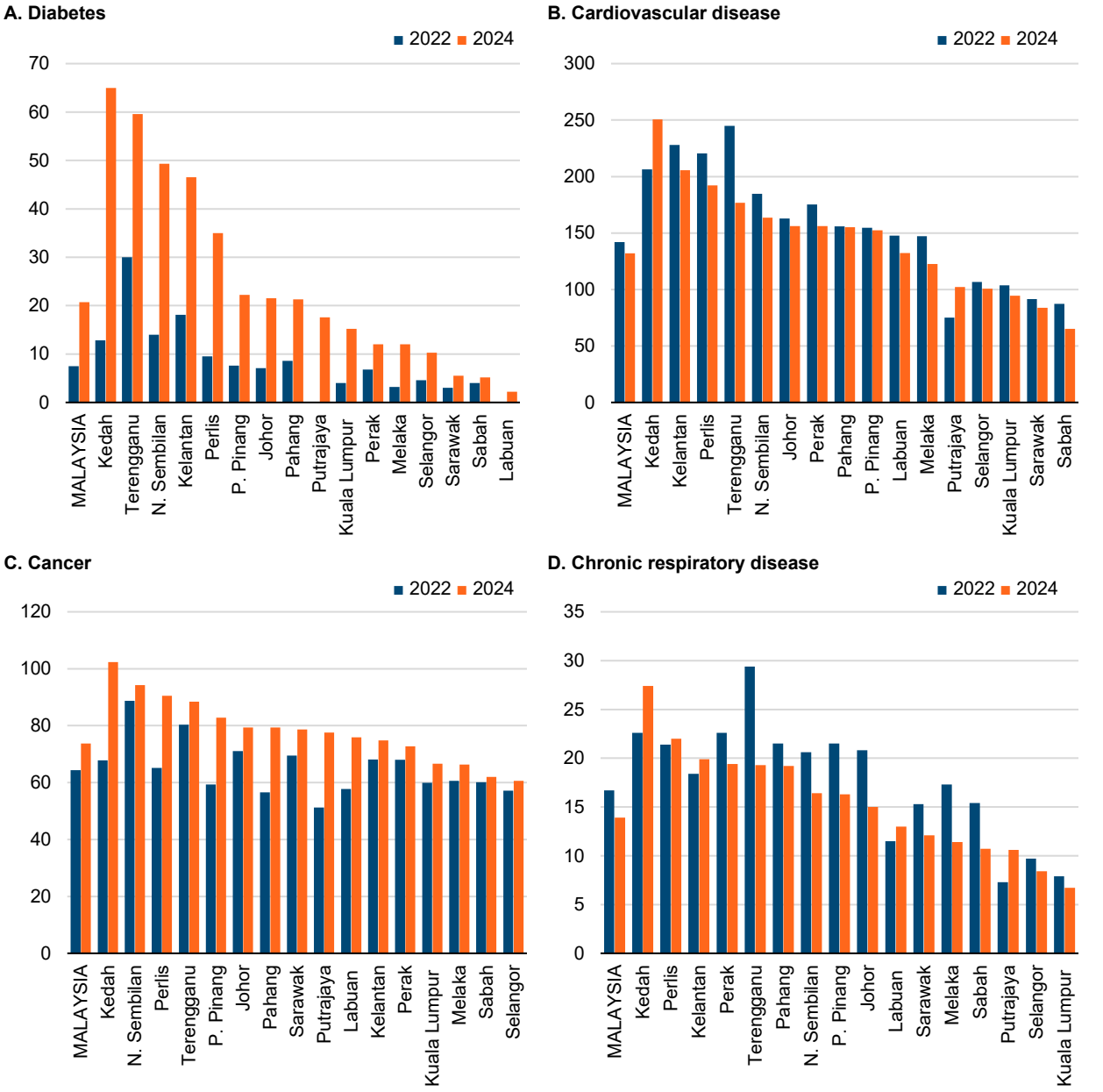
Premature mortality can be considered as either preventable or treatable. Preventable premature mortality is defined as death that "can be mainly avoided through effective public health and primary prevention interventions", whereas treatable mortality is death that "can be mainly avoided through timely and effective healthcare interventions"[132]. It should be noted that some reports such as the OECD use a different age range to define premature mortality (under 75) compared to DOSM. However, the definitions help provide an understanding that most premature death is avoidable and can be tackled through early intervention.

[132] OECD (2026b)

In Malaysia, there has been a rise in premature mortality between 2022 and 2024, mainly attributed to diabetes (Figure 6.12). Most states saw at least a two-fold rise of deaths by diabetes within two years (Figure 6.12A). There was also little progress made in significantly reducing the premature mortality rate due to CVDs in most states (Figure 6.12B).

Like diabetes, the premature mortality rate due to cancer has also risen (Figure 6.12C). Kedah, Perlis, Pulau Pinang, Pahang and Labuan recorded greater increments as compared to the rest. Overall, there was a more significant improvement in premature mortality rate due to chronic respiratory disease (Figure 6.12D). This indicates the impending threat of NCDs not just in affecting quality of life but also in reducing lifespan, especially for those in the economically productive age groups.

**Figure 6.12: Premature mortality rate due to specific diseases, by state, 2022 and 2024 (per 100,000 population aged 30 to 69 years old)**




Source: DOSM (2025o) and DOSM (2023b)—Causes of Death

Current evidence suggests that lifestyle interventions for diabetes prevention are effective at reducing the incidence of diabetes, regardless of whether they are delivered in a clinical or community setting. The latter includes education programmes on healthy eating and physical activity carried out in community spaces such as religious facilities and schools[133]. This highlights the role of other factors beyond healthcare access in ensuring the health of the nation, such as healthcare expenditure (discussed further in Box 6.1). The same has been advocated by organisations such as the WHO to address the burden of cancer through prevention, awareness and support programmes[134].

**Box 6.1: A glance at household healthcare expenditure**

Whilst historically Malaysia was focused on communicable diseases which required curative care, the current issue of NCDs is largely preventable. Preventive care services such as screening for common NCDs and general routine check-ups for child growth are valuable in ensuring that the population stays well and that diseases are detected at early stages for better management[135].

Despite the potential for preventing the onset of NCDs, the country spends a low proportion of the healthcare budget on preventive care services. Preventive care services help to address risk factors and detect diseases early, allowing for management before illnesses reach critical stages. The WHO has also highlighted that investments in strengthening early detection and timely treatment are key to battling NCDs and provide economic returns in terms of cost savings[136]. For example, in the United States, it was found that treating later-stage cancer required more than twice the cost of treating it at its earliest stage[137].

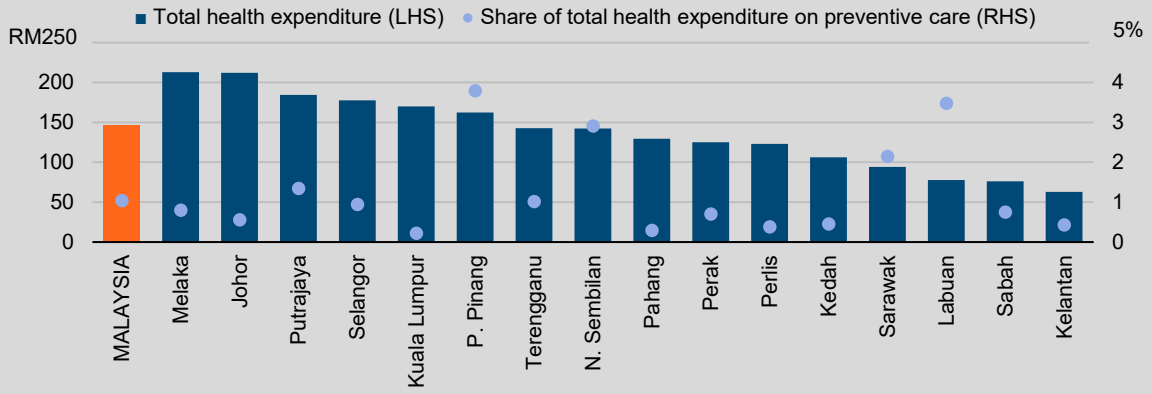
Out of the 4.7% of our GDP spent on health (RM89.83 billion), 6% of this total is spent on preventive care. In 2024, Malaysia's preventive care spending amounted to RM5.4 billion, with the majority of this being spent on maternal and child health, family planning and counselling as well as prevention of communicable diseases. Less than 5% of the preventive care allocation was in fact spent on the prevention of NCDs[138].

This is similar to household expenditure patterns. When examining monthly preventive care expenditure by households relative to the overall expenditure on health (Figure 6.13), many states are seen to be spending less than 1% of their health expenditure on preventive care services. Only Pulau Pinang (3.8%), Negeri Sembilan (2.9%) and Labuan (3.5%) had households spending more than 2% of their total health expenses on preventive care services.

As seen in Figure 6.14, households in most states spend around or below the country average on preventive care services. Pulau Pinang, Negeri Sembilan, Labuan and Putrajaya appear to spend significantly more than the average of RM1.53 per month.

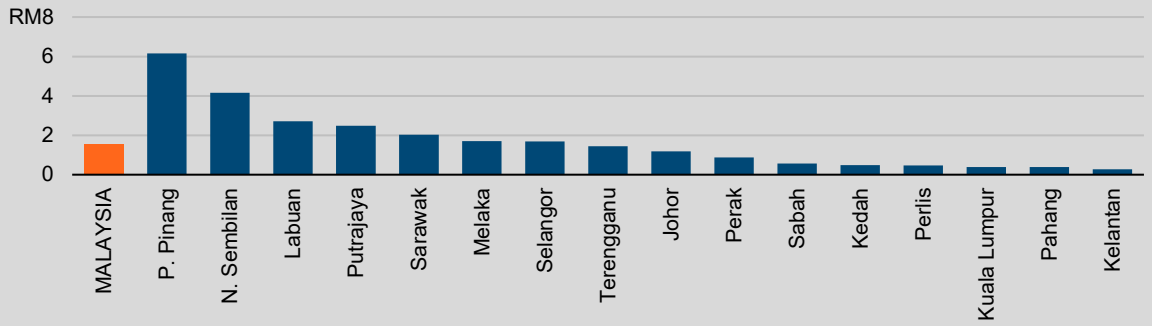
[133] Galaviz et al. (2015)
[134] WHO (n.d.)
[135] Nazihah and Ilyana Syafiqa (2021)
[136] WHO (2025a)
[137] Blumen et al. (2016)
[138] Mesyuarat Jawatankuasa Pemandu MNHA (2025)

**Figure 6.13: Mean monthly household expenditure on health and on preventive care, by state, 2024**




Source: DOSM (2025i)—HES

**Figure 6.14: Mean monthly household expenditure on preventive care services, by state, 2024**



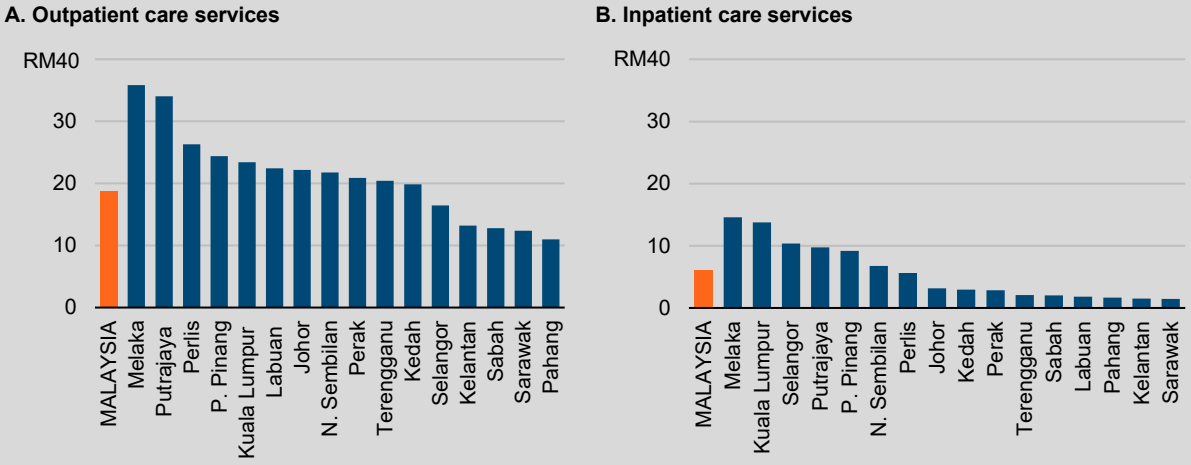

Note: Preventive care spending refers to expenditure on healthcare services aimed at preventing diseases, promoting health and wellbeing, and detecting health conditions at an early stage before they become more serious. These services include immunisation and vaccination, health screening and diagnostic tests (including Covid-19 testing), reproductive and maternal healthcare services, routine health check-ups and child development monitoring, as well as counselling and early detection programmes for communicable and non-communicable diseases.
Source: DOSM (2025i)—HES

Households in most states spend more on curative care services such as outpatient and inpatient care (Figure 6.15). For context, the average monthly expenditure in Malaysia for outpatient services is RM18.79, inpatient services is RM6.00 and preventive care services is RM1.53. The low values spent on services by Malaysian households could be a product of the fact that many Malaysians are seeking care in the public sector, which is highly subsidised, with some groups of citizens paying only ward charges or even accessing care for free[139].

When comparing states, there is no apparent trend of households spending more on preventive or curative services and prevalences of NCDs. This illustrates the role of other determinants of health beyond healthcare services in shaping the health of the nation. A key caveat is also that there is a high reliance of the Malaysian population on subsidised, universal public services, particularly for preventive services such as free screening and vaccination programmes. Health insurance also plays a small role relative to public spending in the procurement of healthcare services, accounting for only 7.9% of the total health expenditure in Malaysia[140].

[139] MOH (2026)
[140] Mesyuarat Jawatankuasa Pemandu MNHA (2025)

**Figure 6.15: Mean monthly household expenditure on curative care services, by state, 2024**




Source: DOSM (2025i)—HES

## 6.3 Lifestyle Behaviours and Dietary Patterns

### A large share of the population is physically inactive and not meeting dietary guidelines

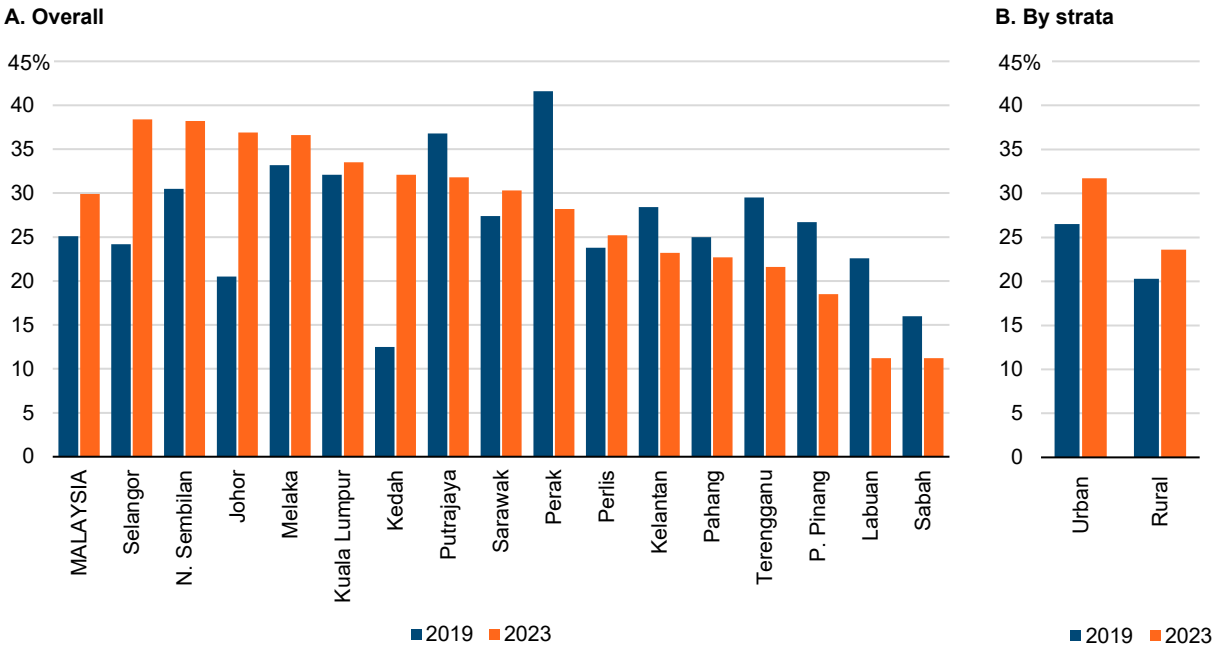
Health outcomes are influenced not only by access to healthcare, but also by everyday behaviours such as physical activity and diet. These behavioural risk factors play an important role in shaping the prevalence of NCDs in Malaysia.

Firstly, a large proportion of the population is physically inactive[141]. Figure 6.16A shows that physical inactivity increased in several states between 2019 and 2023, with notable rises in Kedah, Johor and Selangor. These states also recorded increases in high cholesterol and hypertension (Figure 6.3), suggesting a possible link between sedentary behaviour and cardiometabolic risk.

Physical inactivity is also more prevalent in urban areas than in rural areas (Figure 6.16B). This may reflect differences in occupational structure, transport patterns, lifestyle and living environment, where urban populations are more likely to have sedentary work or daily routines and face constraints in undertaking outdoor exercises.

[141] Physical activity is based on Global Physical Activity Questionnaire (GPAQ) guidelines. Individuals are classified as physically active if they meet at least one of the following: 30 minutes of moderate activity (or walking) on ≥5 days per week, 25 minutes of vigorous activity on ≥3 days per week, or a combination of activities totalling at least 600 Metabolic Equivalent of Task (MET)-minutes per week. Source: IPH (2024)—NHMS

**Figure 6.16: Prevalence of physical inactivity among adults aged 18 years old and above in Malaysia, by state and strata, 2019 and 2023**




Source: IPH (2024) and IPH (2020)—NHMS

Dietary patterns present another important area of concern. A large proportion of Malaysians do not meet the fruit and vegetable intake levels recommended by the Malaysian Dietary Guidelines (MDG) 2020, which advise consuming at least two servings[142] of fruits and three servings[143] of vegetables daily. In this context, inadequate intake is defined as consuming less than two servings of fruit per day, less than three servings of vegetables per day, or fewer than five combined servings of fruits and vegetables daily[144].

In 2023, states such as Pulau Pinang, Putrajaya, Selangor and Sarawak recorded above-average prevalence of inadequate fruit intake (Figure 6.17). This pattern was broadly consistent across income groups and population strata, indicating that insufficient fruit consumption is widespread rather than concentrated among specific groups.

Vegetable intake was similarly low across the country, with most states recording inadequate intake rates exceeding 80% (Figure 6.18). While individuals in higher-income groups and urban areas tended to consume more vegetables, overall intake remains insufficient across most population groups.

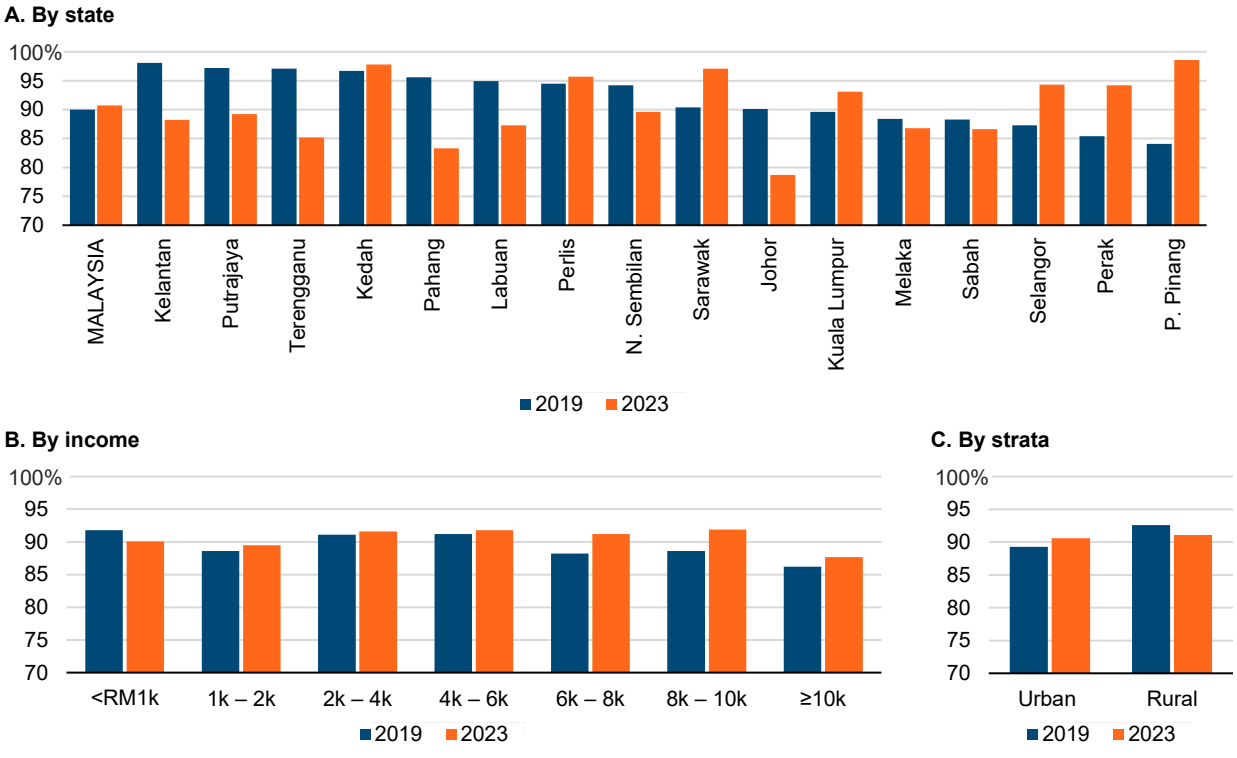
[142] One serving of fruit is approximately equivalent to one medium-sized fruit (e.g., an apple or orange) or an equivalent portion, as defined in the MDG 2020.
[143] One serving of vegetables is approximately equivalent to ½ cup of cooked vegetables (around 40 – 60g, depending on the type), as defined in the MDG 2020.
[144] IPH (2024)—NHMS

**Figure 6.17: Prevalence of inadequate fruit intake among adults aged 18 years old and above, by state, household income and strata, 2019 and 2023**




Source: IPH (2024) and IPH (2020)—NHMS

**Figure 6.18: Prevalence of inadequate vegetable intake among adults aged 18 years old and above, by state, household income and strata, 2019 and 2023**




Source: IPH (2024) and IPH (2020)—NHMS

The consistently high prevalence of inadequate fruit and vegetable intakes, coupled with physical inactivity, suggests that health-seeking behaviour among Malaysians is lacking. These widespread behavioural challenges may further add to the growing NCD burdens discussed in Section 6.2.

Low consumption of healthy food particularly fruits and vegetables points to broader challenges in food availability, accessibility and dietary habits. Despite similarly inadequate fruit and vegetable consumption across income groups, the diversity and quality of diet consumed by households may still differ by income. As elaborated further in Box 6.2, as household income rises, the expenditure on food also expands, contributing to diet diversification. Although the inadequate intake of fruits and vegetables is a widespread behavioural issue, the barrier to promoting diet quality may be greater for lower-income households, limited by their smaller and less flexible food budget.

However, it is important to note that what is seen as lifestyle choices of the Malaysian population may not solely be a matter of choice. This framing of choice overlooks the environments in which individuals and families spend their lives. The SDoH mentioned earlier in this chapter plays a critical role in shaping lifestyles and lies beyond the control of the household. This includes how the working, food, care and transport environments all interplay and affect one's ability to live healthily[145].

**Box 6.2: The contribution of income growth to diet diversification**

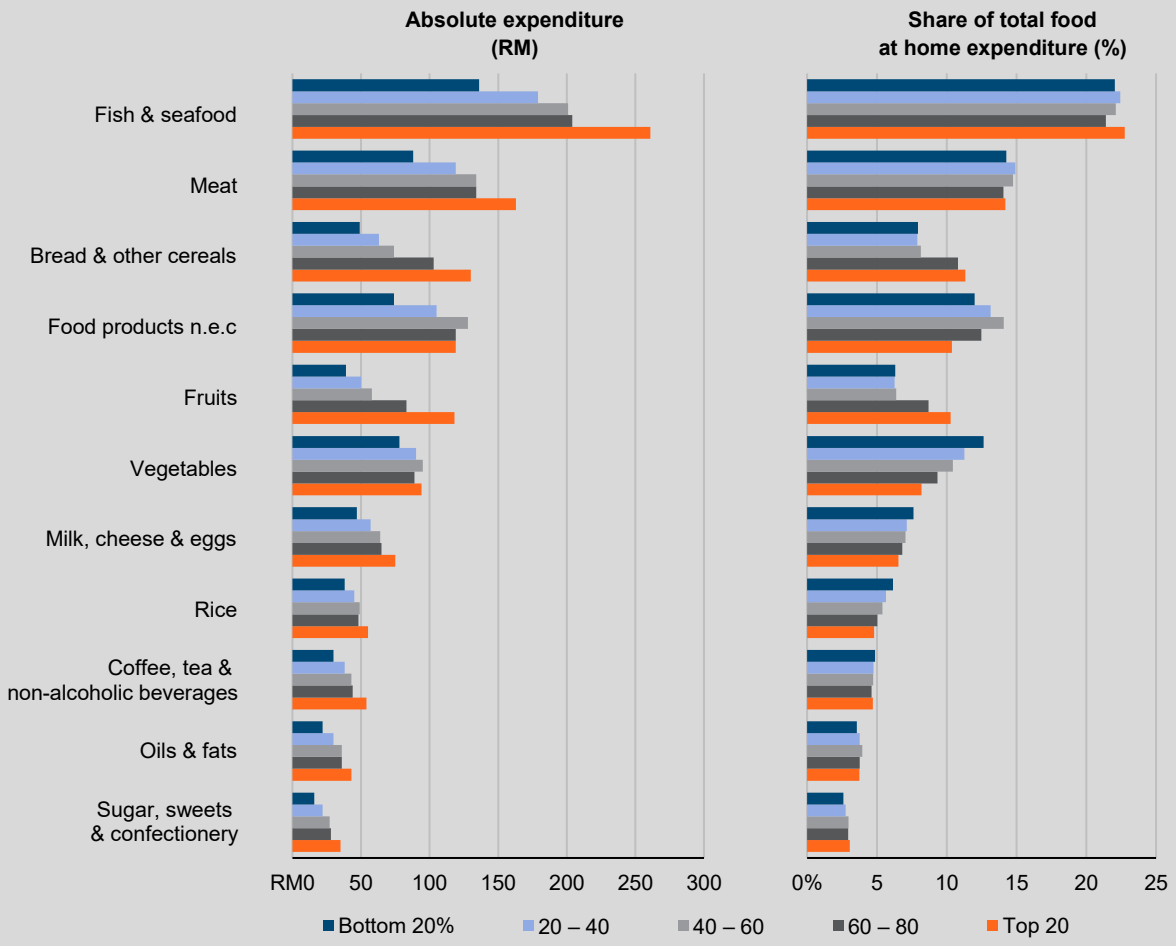
Engel's law states that as household income rises, the percentage spent on food decreases, even when the total food expenditure increases in absolute terms[146]. In 2024, households from the bottom 10% of the income distribution spent RM836 on food, representing 38.3% of their total monthly expenditure. Households in the top 10% spent considerably more in absolute terms, at RM3,130, but this amount made up a smaller share of their overall spending, at 24.5%. A larger food expenditure in absolute terms do not only provide more flexibility in food spending but also allow household to consume a more diverse diet that includes a wider variety of food[147].

As shown in Figure 6.19, households from the higher-income quintiles spend more in absolute terms and proportionally on breads and other cereals as well as fruits. This suggests that as income rises, households diversify their sources of carbohydrates from rice to include bread, breakfast cereals, pasta and other cereal products.

Similarly, higher-income households spend proportionally more on fruits likely due to increased intake and variety. While its absolute spending remains relatively the same as income rises, vegetable spending as a share of expenditure decreases across income quintiles, suggesting that income growth contributes more significantly to the diversification of breads and other cereals as well as fruits spending.

[145] Zhong et al. (2022); Gadais et al. (2018); Heath and Troped (2012)
[146] Atthobari et al. (2004)
[147] Ho and Suraya (2024)

**Figure 6.19: Mean expenditure on food at home, by food group and household income quintile, 2024**




Note: Food products n.e.c. refers to food products not elsewhere classified.
Source: DOSM (2025i)—HES

## 6.4 Beyond Healthcare Provision

Malaysia's provision of public healthcare ensures that all citizens can theoretically access quality and affordable healthcare to ensure their wellbeing. However, in reality, issues of underfunding and overcrowding result in reduced access to healthcare for some segments of the population[148]. Although the country's public healthcare sector is complemented by a for-profit private sector, the bulk of hospital admissions and outpatient attendance is seen in public facilities. In 2024, 65% of hospital admissions and 83% of hospital outpatient attendance were in public hospitals. This is despite there being more private hospitals (214) than public ones (150)[149].

[148] Jabatan Audit Negara Malaysia (2018)
[149] MOH (2025). This public hospital number includes Special Medical Institutions such as the National Cancer Institute, National Leprosy Control Centre, Sarawak Heart Centre and Women and Children Hospital.

Additionally, other factors beyond healthcare provision also have a crucial impact on an individual's health. This includes health literacy, which is not covered in this section, and extends beyond an individual's ability to find and understand health information to their ability to critically appraise and use it to make appropriate health decisions. The Malaysia Health Literacy Survey 2023 found that 27% of Malaysian adults had limited health literacy, highlighting continued challenges in accessing, understanding, appraising and applying health information[150]. However, health literacy is not solely an individual responsibility; health systems and organisations also have a role in making health information and services accessible, understandable and easy to navigate.

These lifestyle behaviours of Malaysian households are highlighted as some of the non-clinical areas of intervention that could be targeted to impact the overall health of the nation. Modifiable determinants such as diet and physical activity play a key role in dictating the progression of NCDs such as diabetes, obesity and CVD. Importantly, households on their own are unable to fully address the risk factors affecting their health. When it comes to unequal circumstances, such as the income of a household that a child is born into, and structural limitations, such as a food environment where healthy food choices are not available or affordable, health lies beyond individual action. Policies must not only focus on the provision of healthcare to the population but also ensure a conducive environment is created and maintained to encourage healthy lifestyle behaviours[151].

[150] MOH (2024)
[151] Alhumaid et al., (n.d.); NCD Alliance, (n.d.); Lachat et al. (2013)

# PART

# 02

**HOW WELLBEING IS SHAPED**


| | | |
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| 7. | CIRCUMSTANCES | 125 |
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# CONCEPTUAL FRAMEWORK (REDUX)

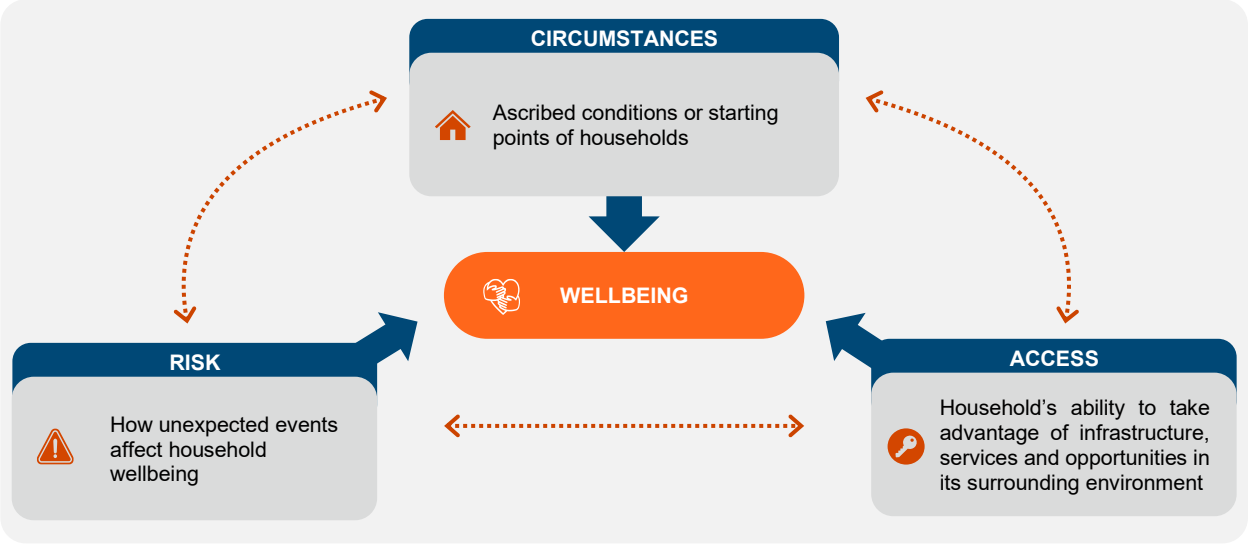
As previously defined at the beginning of this report, factors that affect household wellbeing are categorised into a framework for systematic analysis and discussion.

First, household wellbeing is not solely a product of effort and choice but is profoundly shaped by the **circumstances** the households are born into or inhabit. Circumstances are defined as starting points or ascribed conditions such as age and gender, which are not matters of choice, but which shape the range of choices that affect household wellbeing. These circumstantial starting points create differentiated trajectories that could compound over time and generations.

Second, **access**, is defined as a household's ability, or lack thereof, to take advantage of infrastructure, services and opportunities in its surrounding environment, which depends on these resources being available in the first place. It is a function of location and often the result of policy and development decisions that persist in local communities over time. Consequently, it is this access to basic amenities and job opportunities that can affect wellbeing.

A third factor shaping household wellbeing is **risk,** defined as the extent to which household wellbeing is affected by unexpected events. They can take many forms, ranging from loss of employment, flooding in the neighbourhood or the trickle-down effects from geopolitical actions of other countries.

**Figure A: Framework of factors shaping wellbeing**




Source: KRI visualisation

The following sections of this report discuss examples of circumstances, access and risk to highlight how wellbeing is complex and affected not only by a household's choices and efforts, but also their given circumstances, the infrastructure and opportunities available to them, and the risks of being part of a broader interconnected society.

To reiterate, these three factors are neither parallel nor independent. They can intersect, interact or compound one another in shaping household wellbeing.

# SECTION

# 07


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SECTION 7

# CIRCUMSTANCES

## 7.1 Introduction

Not everything that shapes a household's wellbeing is within its control. Some determinants of wellbeing reflect a combination of effort and choice, for example, how much to work, what to spend on, how much to save or where to invest. Other determinants of wellbeing are circumstances that households are born into or inhabit, which set the terms for how efforts and choices are made. These circumstances include household demographics (e.g. the age and gender of the person who anchors the household) and location (i.e. the state or district a household calls home or where its members work). Most of these are not chosen but are ascribed starting points. Yet each has an impact on what a household can earn and other outcomes. This section examines specifically age and gender as examples of these circumstances and how different circumstances can affect the wellbeing of Malaysian households.

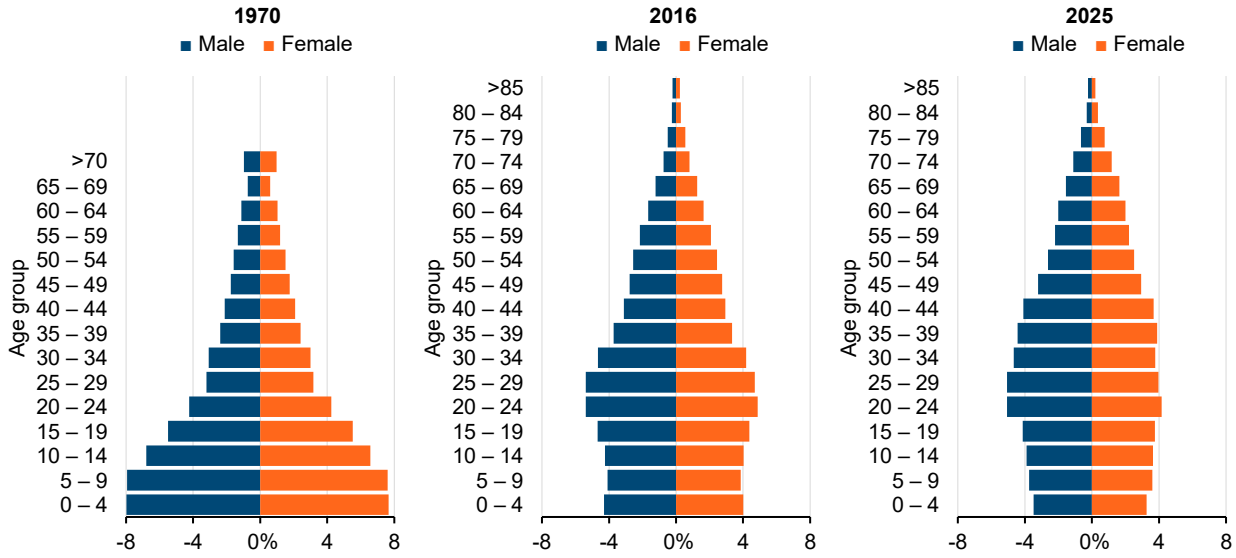
## 7.2 Demographic Shifts in Malaysia

### Malaysia is ageing rapidly but preparation for this shift remains questionable

Malaysia's age structure is now changing faster than at almost any point in its history. A household does not choose the demographic moment it lives in, yet this context sets the terms in which it lives. Population ageing refers to a societal shift where there is a rising share of older persons in the national composition. It does not necessarily mean that every household consists of an elderly member. Rather, it shapes the environment all households operate in. Whether a society is young or ageing affects households profoundly, which is why it is considered to be a circumstantial factor on a household's wellbeing. It signals how many dependents need support, how many earners households have, how long elderly members will need care, and how thin the working generation is spread between the young and the old.

The shape of the age change over time since 1970 is shown in Figure 7.1. In 1970, Malaysia's population formed a broad-based triangle, comprising a relatively young society where a wide base of children narrowed steeply towards a small elderly population, a signature of high fertility and shorter life expectancies. By 2025, this triangle had changed, with the base contracting as fertility rates had fallen. Malaysia's total fertility rate (TFR) has been below the replacement level of 2.1 births per woman aged 15 – 49 years since 2012, having declined in 2024 to 1.6 births per woman aged 15 – 49 years. At the top, the elderly population has expanded as Malaysians live longer. A male born in 1970 could expect to live for 61.6 years and a female for 65.6 years, but by 2025, those figures had climbed to 73.1 and 77.9 years, respectively. This is an additional decade of life within two generations. In between, the working-age population (15 – 64 years) has grown to form the widest group of the population.

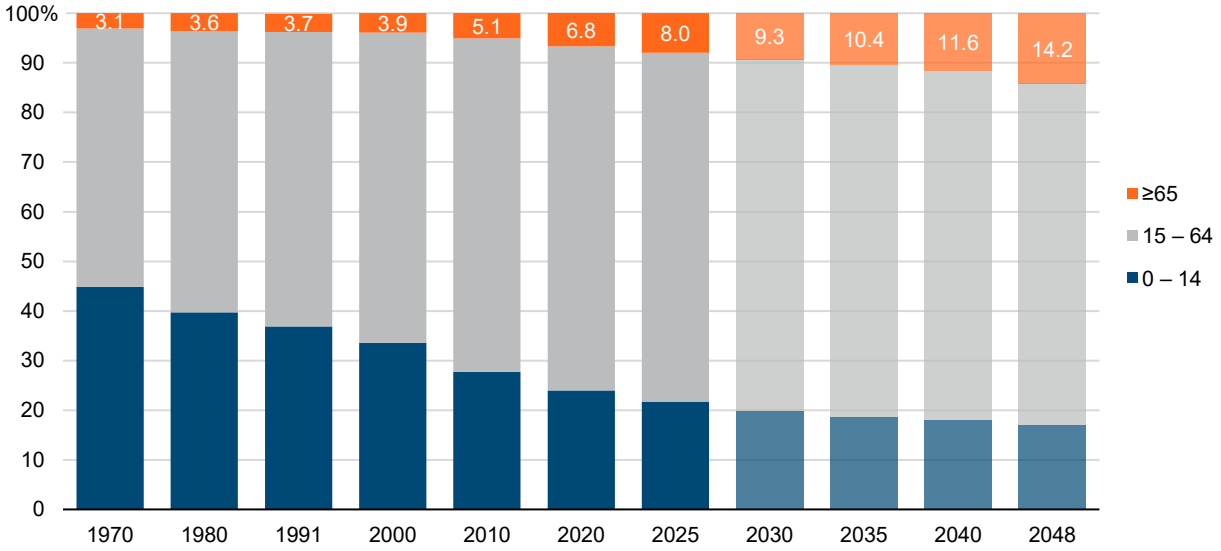
**Figure 7.1: Malaysia's population pyramid, 1970 – 2025**




Source: DOSM (2022b)—Population and Housing Census, DOSM (n.d.)—OpenDOSM and KRI calculations

When looking at the population composition over the years for children (0 – 14), adults (15 – 64) and older adults (65 and over), the same transition is shown (Figure 7.2). The share of Malaysians aged 65 and above stood at just 3.1% in 1970 and barely moved for three decades. It then progressively climbed to 5.1% in 2010 and reached 8.0% by 2025, which is more than double the 1970 figure. This surpassed the 7.0% threshold that marks an "ageing" population[152]. On current projections, it will reach 9.3% by 2030 and 14.2% by 2048, reaching an "aged" status where roughly 1 in 5 of the population is an older person. It is not the direction of this demographic shift that is most striking, but its speed.

**Figure 7.2: Share of population, by age group, 1970 – 2048p**




Source: DOSM (2025d)—Population Projections and DOSM (2022b)—Population and Housing Census

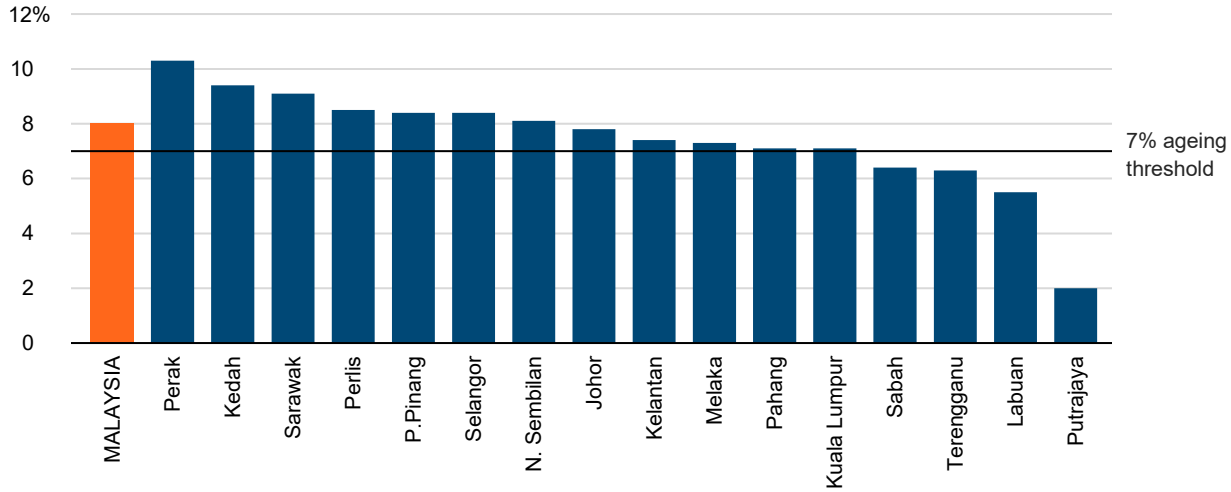
[152] A society is considered "ageing" when the population aged 65 and above exceed 7%, and "aged" once the population exceeds 14%.

As Malaysia is expected to reach an "aged" nation status by 2048, the speed of this transition and the limited time it leaves to prepare are most concerning. The pace at which other countries make this transition varies quite enormously. France, among the earliest to age, took 115 years to move from “ageing” to “aged”, meaning they had over a century to prepare for the shift including building the pension systems and long-term care arrangements that an older population requires[153]. Malaysia's transition at around 25 years matches Japan's pace, but where Japan attained high-income status before it aged, Malaysia is growing old before growing rich.

## 12 out of 16 states are already considered ageing states

Applying these thresholds at the state level shows that Malaysia's ageing transition is not a distant or uniform prospect, but an uneven reality that is already underway (Figure 7.3). In 2025, 12 out of 16 states had crossed the 7% mark that defines an “ageing” society. Perak led at 10.3%, followed by Kedah and Sarawak at 9.4% and 9.1%, respectively. Nine states spanning urbanised Selangor and Pulau Pinang as well as Perlis and Kelantan sit between 7% and 8.5%. Only Sabah, Terengganu, Labuan and Putrajaya remained below the threshold, reflecting the younger age profile of their administrative and industry-based workforce (for Labuan and Putrajaya) and their higher fertility rate (for Terengganu). For Sabah, it is plausible due to a higher proportion of non-citizen workers. Notably, the pace of population ageing varies across states for different reasons, such as lower fertility in wealthier urban states and possibly the out-migration of the young in less urbanised states. The national transition therefore conceals a staggered one where several states will attain an “aged” status years ahead of other states and must meet the care demands of an older population for their wellbeing.

**Figure 7.3: Share of population aged 65 years old and above, by state, 2025**




Source: DOSM (2025d)—Population Projections

[153] KRI (2021)—Building Resilience

## More households have at least one older person in their households

States that are further along in population ageing—like Perak and Kedah—each approaching one in ten residents aged 65 and above, illustrate how the demographic pressure on households is not evenly spread across the country. For the household, this macro shift is not an abstraction but a reshaping of the unit itself, a circumstance that a household has limited control over. A political economy approach and wider critical theories emphasise ageing as a public issue, not necessarily a private one, as social structure creates a structured dependency among older people through constrained access to resources or essential services[154]. A population with more older persons and fewer children is a population of households with more care to provide and fewer hands to provide[155]. On top of that, as people live longer, a longer retirement needs to be financed. These pressures vary across households depending on who they are, their age structure and the gendered expectations within them.

Table 7.1 sets out the 2024 share of households with at least one older person by state, ordered from the highest to the lowest. The gradient is relatively steep at one end. Perak sat at the top with more than four in ten households having someone aged above 65. This was followed by Perlis, Kelantan, Pulau Pinang and Kedah, which trailed closely behind, with approximately one-third of households containing an older person. Read alongside the share of households with a young child under 4 years, the ranking reveals a fairly consistent inverse relationship. Perak and Pulau Pinang illustrated this most starkly as both rank in the bottom tier for having at least one member below 4 years (9.8% and 8.7% respectively) while sitting at the top for older-person households. This suggests that these states are ageing in two ways through a larger share of households with older persons and fewer households with children.

**Table 7.1: Share of households with at least one member under 4 and above 65 years old, by state, 2024**

| State | <4 years old (%) | >65 years old (%) |
|---|---|---|
| Perak | 9.8 | 41.7 |
| Perlis | 13.1 | 35.0 |
| Kelantan | 15.9 | 33.2 |
| P. Pinang | 8.7 | 33.0 |
| Kedah | 13.6 | 32.7 |
| Sarawak | 11.1 | 31.8 |
| N. Sembilan | 11.5 | 31.3 |
| Melaka | 14.1 | 31.0 |
| Pahang | 13.0 | 29.0 |
| **MALAYSIA** | **11.9** | **26.8** |
| Johor | 11.2 | 26.4 |
| Sabah | 16.6 | 24.8 |
| Labuan | 21.7 | 24.2 |
| Terengganu | 18.4 | 22.8 |
| Selangor | 11.5 | 18.4 |
| Kuala Lumpur | 6.0 | 15.3 |
| Putrajaya | 15.9 | 6.0 |

Source: DOSM (2026a)—HIS data request

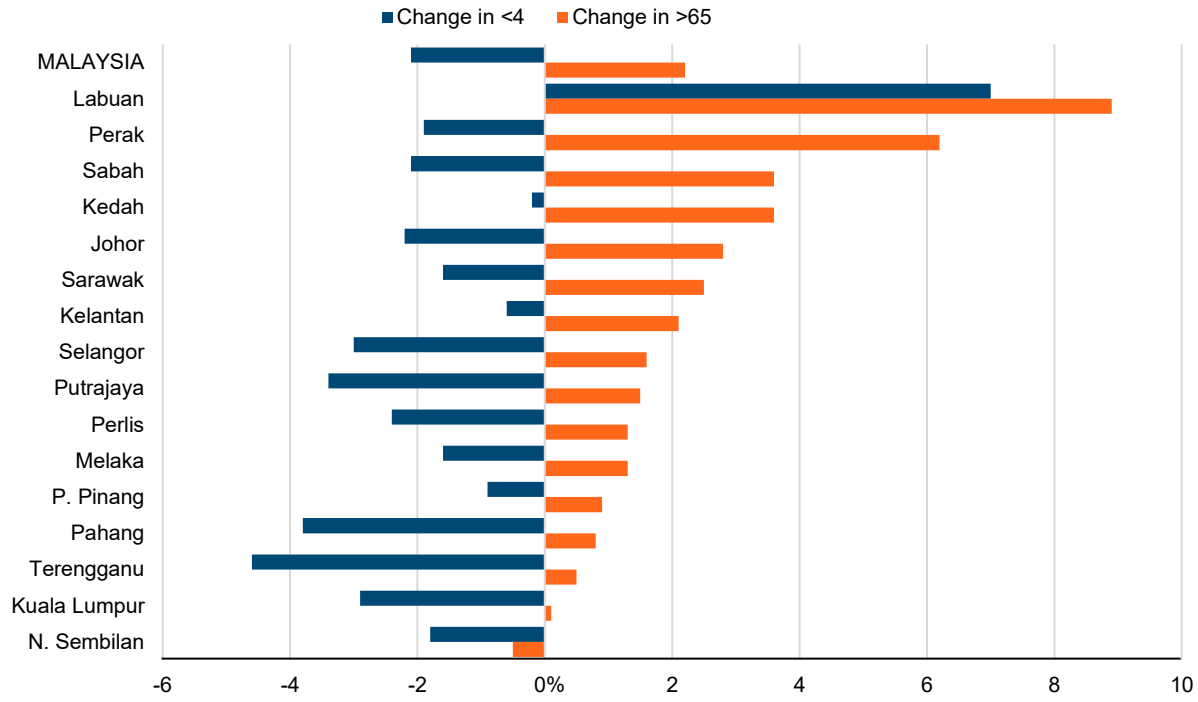
[154] Zaidi and Howse (2017)
[155] Nonetheless, older persons are not only care recipients but can also be caregivers themselves, with grandparents, for instance, often caring for grandchildren whose parents are working.

While Table 7.1 shows a snapshot of households by state in 2024, Figure 7.4 shows the change between 2022 and 2024. With the exception of Labuan, most states moved in the same direction for the change in both the share of households with an older person and those with a young child. Negeri Sembilan, despite recording a relatively higher share of households that have at least one member >65 years old (31.3%), experienced a slight decline of 0.5 percentage points.

A starker pattern can be observed in the states where the change is concentrated. Perak, already at the top of the ranking in the share of households with older persons, recorded the second-largest rise, followed by Sabah and Kedah. Conversely, one of the 'youngest' states such as Kuala Lumpur experienced among the lowest change to their share of households with an older person. The changes may reflect different explanatory factors such as birth rate, longer life expectancy and migration.

For households in these states, the demographic shift reflects circumstances at the state level, even where households can exercise their agency in terms of their household composition. A rising share of households with at least one older person means that more households need to care for the needs of an older generation in terms of health, mobility and income security. The circumstance of growing old, and of living in a household and a state that is growing old around you, falls hardest precisely where the means to meet it are the thinnest. These are circumstances that affect a household's wellbeing.

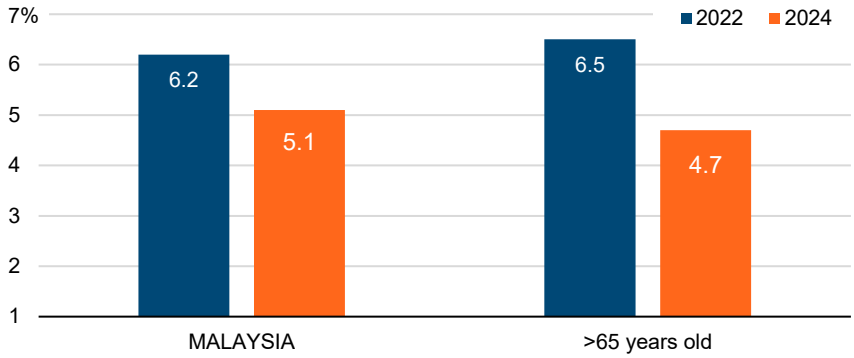
**Figure 7.4: Change in the share of households with children and older persons, by state, 2022 – 2024**




Source: DOSM (2026a)—HIS data request

The presence of dependents identifies who must be provided for. Based on Figure 7.5, households with at least one member of an older person recorded a poverty rate of 4.7% in 2024, down from 6.5% in 2022. This is a faster decline than the national rate (from 6.2% to 5.1%). These households move from being above the national poverty rate to below it within 2 years.

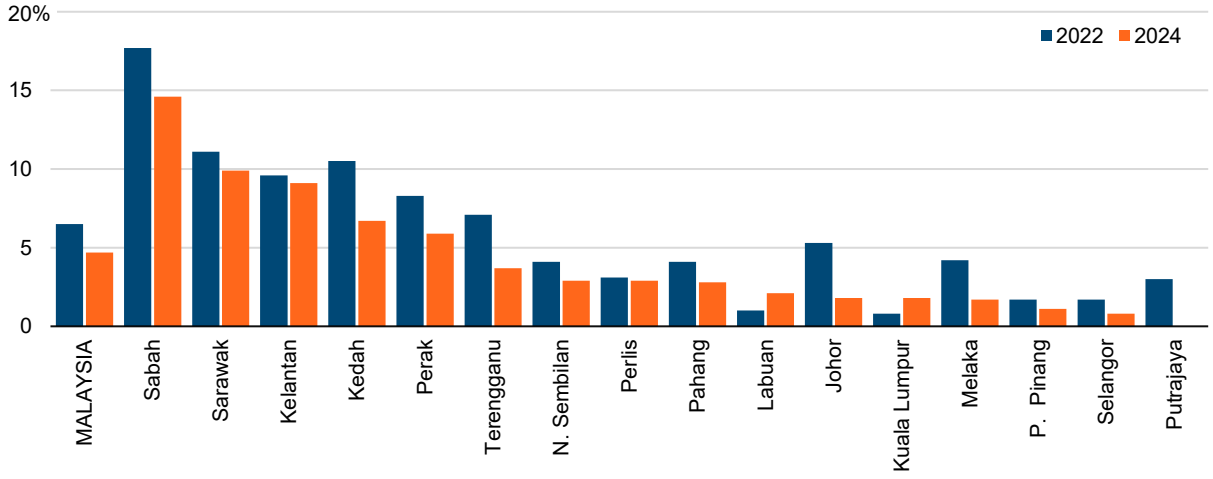
**Figure 7.5: Absolute poverty rate of households with at least one member above 65 years old, 2022 – 2024**




Source: DOSM (2026a)—HIS data request

When zooming into the state level, nearly every state recorded a decline in the poverty rate among households with an older person between 2022 and 2024 (Figure 7.6). The exceptions were Labuan and Kuala Lumpur, where the rates edged upward, though from low levels, and in Labuan's case, is subject to the small-sample caution.

**Figure 7.6: Absolute poverty rate among households with members above 65 years old, by state, 2022 – 2024**




Source: DOSM (2026a)—HIS data request

## 7.3 Household Headship by Older Persons

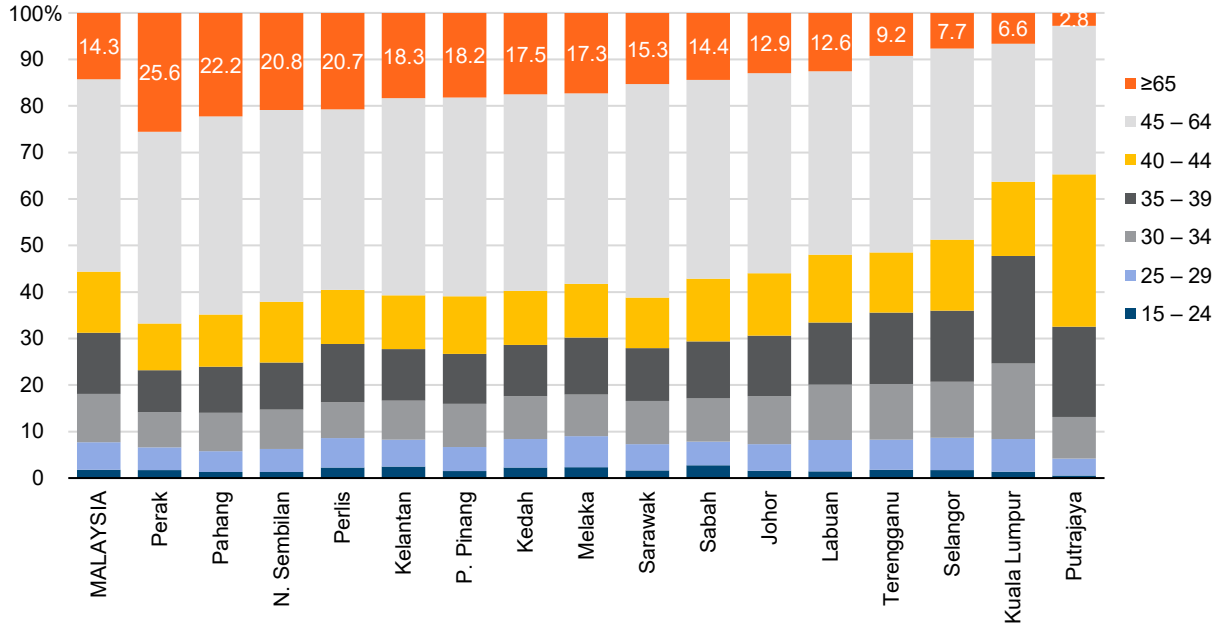
### There is regional variation in older person-headship in households

A household that consists of an older person may still be anchored by a working-age earner, but a household headed by an older person relies on income and decisions from someone at or beyond the conventional end of working life. Households might receive income from retirement savings, pensions and transfers besides wages, and have a narrower capacity to absorb shocks. Headship, then, is another lens through which demographic circumstances shape household wellbeing. The composition of household heads by age could therefore be another alternative gauge of how the demographic shift is felt. It marks not just where older persons live but where they remain the mainstay of the household.

According to Department of Statistics Malaysia's (DOSM) Household Income and Expenditure survey (HIES), a head of household is defined as *"any member whether male or female who is considered the head of household by other members of the household. The head of the household must be an income recipient aged 15 years and over."*[156]

Based on Figure 7.7, 14.3% of Malaysian households in 2024 (an increase of 1.9 percentage points from 2022) were headed by a member aged 65 or over—but the national figure conceals a wide variation across states. At one end, more than a quarter of households in Perak (25.6%) were headed by an older person, while Pahang (22.2%), Negeri Sembilan (20.8%) and Perlis (20.7%) follow closely. At the other end, the federal territories stand apart in Kuala Lumpur with 6.6% and Putrajaya with just 2.8% of households being older person-headed, reflecting its younger state administrative workforce. Overall, 10 states sit above the national average, and the ranking almost mirrors the age structure of state populations seen earlier.

**Figure 7.7: Share of heads of household by age group, by state, 2024**



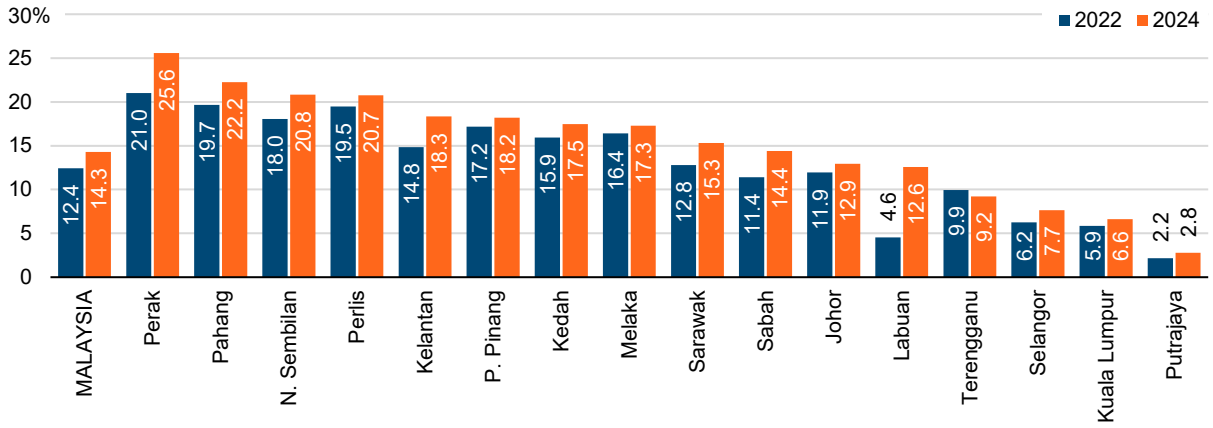

Source: DOSM (2026a)—HIS data request

A comparison with 2022 shows the shift is not only obvious but accelerating in some states. Nearly every state recorded a rise in older person-headship over the course of two years, except Terengganu (Figure 7.8). The increase was largest in the states already at the top for ageing, Perak (by 4 percentage points), followed by Kelantan, Negeri Sembilan, Sabah and Sarawak. Labuan stands out as an outlier, with its share more than doubling from under 5 to above 12%, while Terengganu was the sole state to record a decline.

Figure 7.9 shows how districts compare to the state averages. In the leading districts, the share of older-person-headed households runs far above any state figure and well beyond the national. The three highest districts—Jempol (40%), Kampar (38.5%) and Maran (35.7%)—recorded shares more than double the national average.

[156] DOSM (2025j)—HIS

**Figure 7.8: Share of households headed by older persons (aged 65 and above), by state, 2022 and 2024**

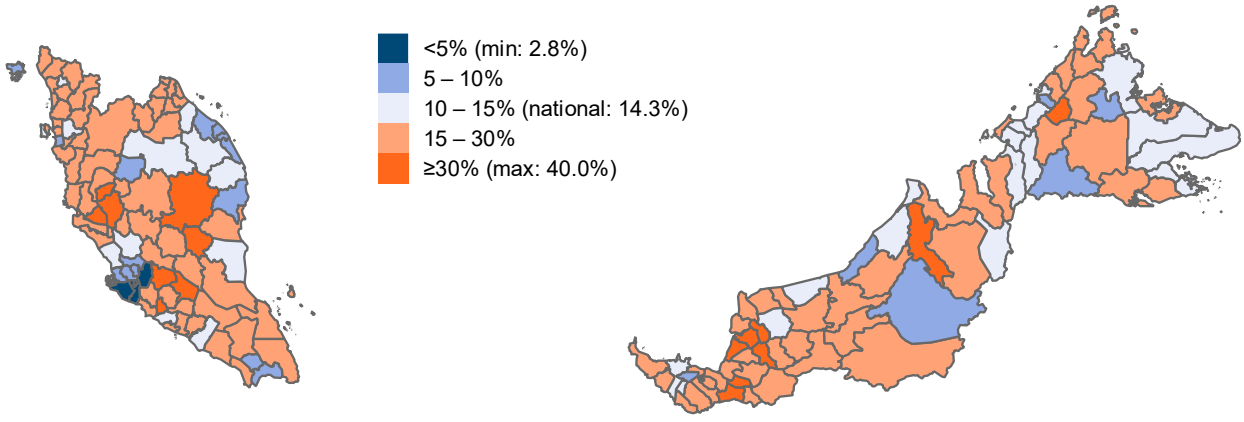



Source: DOSM (2026a)—HIS data request

Across the top 20 districts, the pattern clusters heavily in Sarawak, Perak and Negeri Sembilan (Table 7.2). In Sarawak, these districts were Pakan, Kabong, Maradong, Sarikei, Dalat, Bukit Mabong and Daro; in Perak: Kampar, Hilir Perak, Perak Tengah and Kuala Kangsar; and in Negeri Sembilan: Jempol, Rembau, Kuala Pilah and Tampin. The breadth of the pattern is telling as 115 out of 166 districts sat above the national figure of 14.3%. Elderly headship above the national figure is not the exception but a prevailing pattern across most of the districts, and the national figure is pulled down by a handful of young, populous urban centres.

This matters directly for household wellbeing. A household headed by an older person is, more often than not, a household whose income shifts from wages to savings, pensions or transfers, and whose capacity to absorb a shock narrows. Whether someone heads a household in old age, and whether they must keep doing so, depends largely on forces beyond any household's control. This illustrates a possible strain on older persons in the household, who may not only require care themselves but are also providing care to other household members at the same time.

**Figure 7.9: Share of households headed by older persons (aged 65 and above), by district, 2024**




Source: DOSM (2026a)—HIS data request

**Table 7.2: Top 20 districts with the highest shares of older person-headed households, 2024**

| District | State | Household head aged ≥65 (%) |
|---|---|---|
| Jempol | N. Sembilan | 40.0 |
| Kampar | Perak | 38.5 |
| Pantu | Sarawak | 38.2 |
| Maran | Pahang | 35.7 |
| Tambunan | Sabah | 34.7 |
| Hilir Perak | Perak | 34.1 |
| Lingga | Sarawak | 33.3 |
| Pakan | Sarawak | 32.7 |
| Kabong | Sarawak | 31.8 |
| Maradong | Sarawak | 31.6 |
| Sarikei | Sarawak | 31.2 |
| Rembau | N. Sembilan | 30.5 |
| Song | Sarawak | 29.6 |
| Perak Tengah | Perak | 29.5 |
| Dalat | Sarawak | 29.0 |
| Kuala Pilah | N. Sembilan | 28.6 |
| Matu | Sarawak | 28.4 |
| Tampin | N. Sembilan | 27.8 |
| Bukit Mabong | Sarawak | 27.1 |
| Daro | Sarawak | 26.8 |

Source: DOSM (2026a)—HIS data request

Additionally, as described in Part 1 Section 6.2, there is a concentration of poor health outcomes amongst the elderly. Those aged 60 and above were found to have higher prevalences of diabetes, hypertension and hypercholesterolemia compared to other age groups. Such non-communicable diseases (NCDs) negatively impact economic productivity and exert additional financial strain on regular healthcare services[157]. For older person-headed households, this poses a significant threat towards their ability to continue procuring income and sustaining the livelihood of the other members of their household.

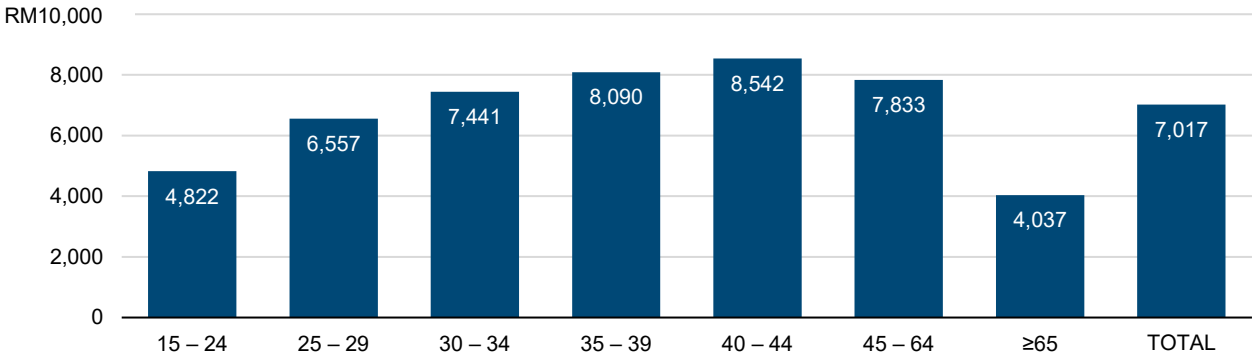
## Households headed by older persons have lower incomes but not higher poverty rates

Household headship determines a household's economic engine. A household headed by an older person typically runs on retirement savings, pensions or transfers, rather than wages—and this shows up directly in income. According to DOSM's Household Income Survey (HIS), the median household income was reported highest in 2024 among households headed by members aged 40 – 44 years old, revealing a huge gap in households headed by persons above 65 years old (Figure 7.10). In 2024, the difference between the median income for the '≥65' and '45 – 64' group (the second oldest group) was nearly 50%.

Nonetheless, despite households headed by older persons registering the lowest median income in 2024, their poverty rate of 4.7% was not the worst (Figure 7.11). Instead, the worst was recorded by households headed by members aged 40 – 44 (7.0%). In fact, the 4.7% recorded by households headed by elders is lower than the national rate of 5.1% in 2024. This marks a notable improvement, as their previous rate of 6.5% in 2022 was higher than the national rate of 6.2%.

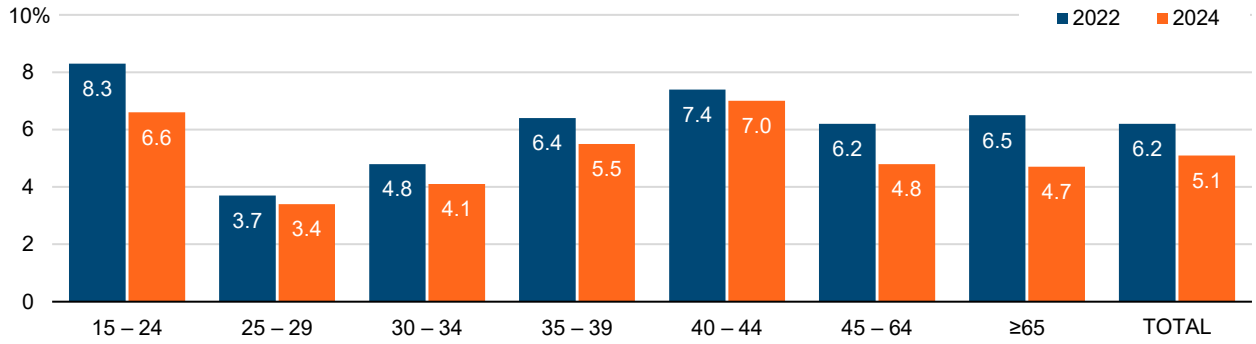
[157] OECD (2026a)

**Figure 7.10: Real median household income (2024 prices), by age of head of household, 2024**




Source: DOSM (2025j)—HIS

**Figure 7.11: Absolute poverty rate, by age of head of household, 2022 – 2024**




Source: DOSM (2025j)—HIS

The lower poverty rates among households headed by older persons may partly reflect differences in household composition, as this sets the poverty line income (PLI) threshold below which a household is considered poor. Older person-headed households may consist of an older couple, a widowed person living alone or older parents with only one or two other household members. Their total household income may therefore be low partly because there are fewer working-age earners, but a smaller household also means fewer people whose needs must be supported.

DOSM's HIS shows that the PLI is considerably lower for smaller households than larger households. For example, in 2024, the PLI for a one-person household was only RM905 while the PLI for a four-member household was RM3,023[158]. However, there is a lack of publicly available data to confirm that households headed by older persons are smaller households. Another important consideration is that persons above 60 years old have lower caloric requirements by around 7% compared to persons aged 30 – 59[159], implying a lower PLI requirement for food for older persons over 65. However, with the lack of publicly available data, the magnitude of effect from this factor is unclear.

Nonetheless, lower poverty rates should not be interpreted as indicating that older-person-headed households face fewer vulnerabilities. As mentioned before, older persons face greater healthcare needs and less scope to absorb the loss of an income source or other financial shocks. These are dimensions of vulnerability that are not fully captured by whether or not their household income falls below the PLI.

[158] DOSM (2025j)—HIS
[159] DOSM (2025j)—HIS; NCCFN (2017)

## 7.4 Household Headship by Females and their Labour Participation

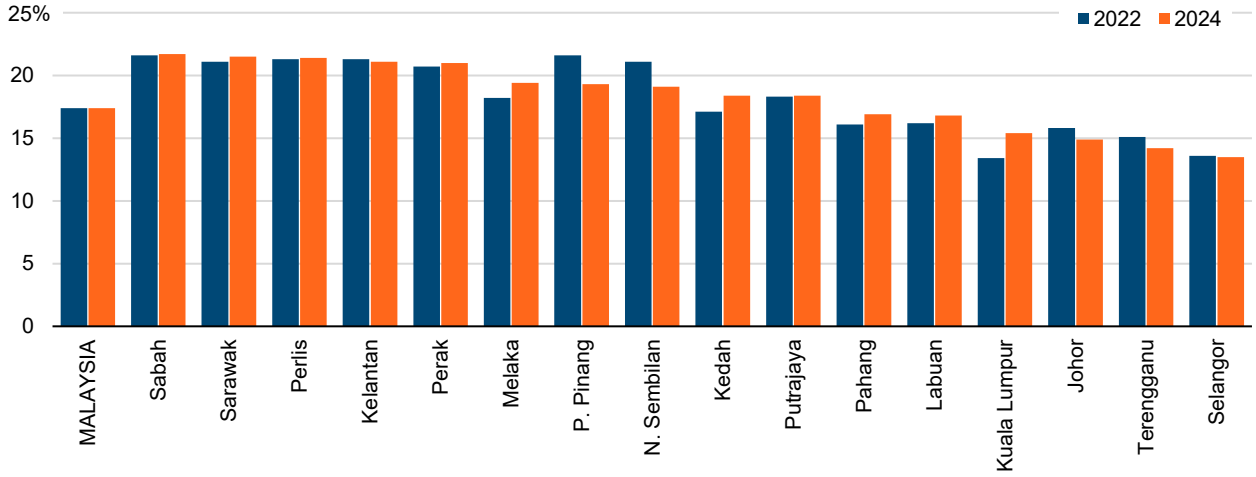
### Female headship is lower in more urbanised states

Age is one lens on how demographic circumstance is felt and gender offers a second. Examining households by the gender of their head reveals how the pressures of sustaining a living may be felt more acutely, especially by women, and how this can subsequently shape household wellbeing. Statistically, women outlive men by nearly five years as the life expectancy of women is 77.9 years against 73.1 years for men. In this context, the longer a society ages, the more likely its oldest households come to be anchored by women. Female headship in later life could be through widowhood, which is largely inevitable rather than chosen.

Across Malaysia, roughly one in six households were female-headed (17.4%), a share that has been remarkably steady between 2022 and 2024, nationally and in most states. Over a longer arc, census data revealed a slow rise from 13.9% in 2000 to 15.6% in 2010 and to 17.4% in 2024[160].

Though steady at the national level across the years, it is far from even across the country in 2024. By state, female headship ran highest in Sabah, Sarawak, Perlis, Kelantan and Perak, exceeded a fifth of households, and the lowest in the urban federal territories, Selangor as well as Terengganu and Johor (Figure 7.12). This suggests an urban-rural divide. In less urbanised states, the out-migration of working-age men and the widowhood of older rural populations may leave more households anchored by women, while the younger and married-couple households of the cities remain predominantly male-headed.

**Figure 7.12: Percentage of households headed by female, by state, 2022 and 2024**




Source: DOSM (2026a)—HIS data request

Table 7.3 shows the top 20 districts with the highest share of households headed by an older person, as well as the share of female headship. In the districts with the highest female headship such as Dalat, Song, Matu, Kapit—clustered heavily in rural Sarawak, close to or above three in ten households were headed by a woman, well above any state figure. Moreover, these were, in large part, the same districts that ranked high on older person headship. The two circumstances tend to rise together across districts, though the relationship is moderate rather than strong[161].

[160] DOSM (2022b)—Population and Housing Census
[161] Pearson's r = 0.36 across all districts

**Table 7.3: Top 20 districts with the highest shares of female-headed and older-person-headed households, 2024**

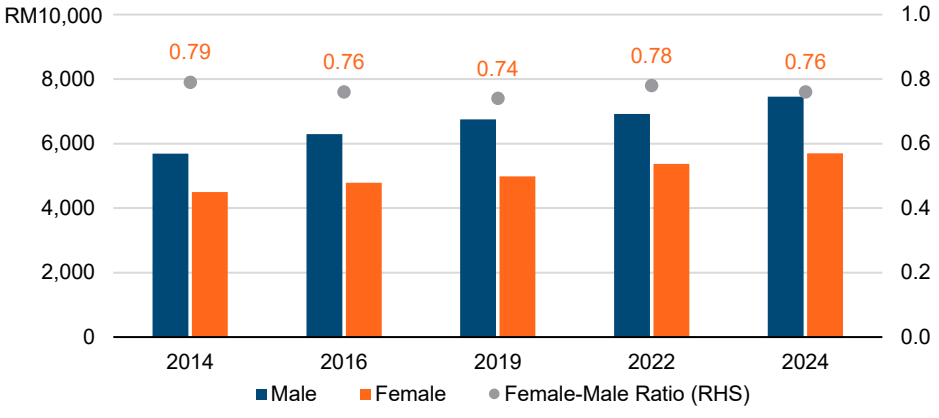
| District | State | Female household head (%) | Household Head aged 65+ (%) |
|---|---|---|---|
| Kanowit | Sarawak | 37.2 | 19.2 |
| Dalat | Sarawak | 36.2 | 29.0 |
| Pusa | Sarawak | 32.3 | 22.9 |
| Tawau | Sabah | 31.1 | 15.9 |
| Song | Sarawak | 31.0 | 29.6 |
| Matu | Sarawak | 30.7 | 28.4 |
| Kapit | Sarawak | 30.3 | 25.1 |
| Sri Aman | Sarawak | 29.9 | 21.8 |
| Julau | Sarawak | 29.1 | 24.1 |
| Sarikei | Sarawak | 27.6 | 31.2 |
| Sibu | Sarawak | 27.6 | 11.0 |
| Maradong | Sarawak | 27.4 | 31.6 |
| Pasir Puteh | Kelantan | 27.3 | 25.6 |
| Simunjan | Sarawak | 27.3 | 23.2 |
| Sandakan | Sabah | 26.7 | 20.0 |
| Kabong | Sarawak | 26.1 | 31.8 |
| Jempol | N. Sembilan | 25.8 | 40.0 |
| Maran | Pahang | 25.3 | 35.7 |
| Lawas | Sarawak | 25.3 | 20.8 |
| Machang | Kelantan | 25.2 | 21.2 |

Source: DOSM (2026a)—HIS data request

## Female-headed households have lower incomes…

Given the circumstances for women in sustaining a household, their income levels might not necessarily be adequate in supporting their livelihoods and this would eventually affect the wellbeing of their households. In terms of household income, according to DOSM's HIS, the median income of female-headed households was 0.76 times lower than that of male-headed households in 2024 (Figure 7.13). This was marginally worse than the 0.78 in 2022, itself a temporary improvement compared to years prior when it had also been worsening. The gender gap can also be observed vis-à-vis the labour force participation rate (LFPR), where women typically have a lower LFPR and a greater tendency to drop out of the labour force during their mid-working years. This is discussed later in this section.

**Figure 7.13: Real median household income (2024 prices), by sex of head of households, 2014 – 2024**




Source: DOSM (Various years -b)—HIS and KRI calculations

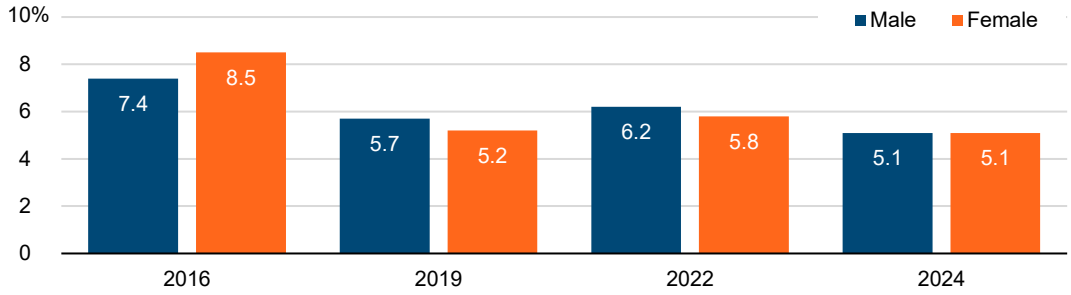
However, the gender gap in household income is very much tied to ethnic and regional dynamics. While the gender gap certainly exists *within* each and every ethnic group and state, female-headed households are not always behind male-headed households when compared *between* groups. In terms of ethnicity, Chinese female-headed households recorded a lower median income than Chinese male-headed households in 2024 (by 0.72 times less)—but their median income was nearly identical to Bumiputera male-headed households[162]. The same can be said when comparing households from higher-income states to households from lower-income states. Kuala Lumpur recorded the highest median income for female-headed households (RM9,663), which was 2.32 times higher than the median income of male-headed households in Kelantan (RM4,160, the lowest recorded median among male-headed households). The importance of regional development in shaping gendered access to employment opportunities and wages, and thereby household income, are further discussed in Section 8.3 (Box 8.5).

## …but not necessarily higher poverty rates

In Malaysia, the measure of absolute poverty is based on whether a household's income is above or below the PLI, which is the minimum income needed to afford basic needs. However, despite female-headed households recording a lower median income than their male counterparts, they do not necessarily record higher poverty rates.

In 2024, the absolute poverty rate of female-headed households was 5.1%, the same for males (Figure 7.14). Previously in 2022 and 2019, male-headed households recorded higher poverty rates by 0.4 – 0.5 percentage points. Prior to these years, female-headed households did record higher poverty rates, including in 2016, when the gap was quite considerable (8.5% vs 7.4%). Higher poverty rates for female-headed households have also been observed more recently among Indian and Other ethnic groups, in contrast to Bumiputera and Chinese households.

**Figure 7.14: Absolute poverty rate, by sex of head of household, 2016 – 2024**




Note: Data prior to 2016 were based on the older methodology.
Source: DOSM (Various years -b)—HIS

One reason why female-headed households may not record worse poverty rates despite their lower incomes may be due to varying household compositions that imply lower PLI thresholds (i.e. the minimum amount of income needed to not be considered poor)[163]. However, there is a lack of publicly available data to confirm this.

[162] DOSM (2025j)—HIS
[163] In Malaysia, the PLI is defined uniquely for each type of household composition, based on the number of members, their age and their gender, while considering state and strata. Source: DOSM (2025j)—HIS

KRI's previous case study[164] on the urban poor residing in public low-cost housing in 2016–17 found that poverty rates are higher for female-headed households. However, this may be due to differences in sampling as the study surveyed residents in low-cost housing intended for the poor, while the figure in Figure 7.14 is based on a nationally representative sample including non-poor households.

In the same survey, women household heads were typically widowed, divorced or separated, while also being more likely to head larger household sizes comprising extended family members[165]. These characteristics should imply a higher PLI and, therefore, greater vulnerability. This is consistent with a substantial body of literature as well as policy that gives attention to single mothers as a particular vulnerable segment of society[166].

## Female labour force participation is lower among older age groups, declining earlier than for men

At the root of the income gap is a fundamental asymmetry in labour force attachment across the life course, which in the context of gender as a circumstance, would affect wellbeing. It should be noted that LFPR comparisons across years are cross-sectional, not cohort-based. This means each year captures a different composition of the population. The apparent trend in LFPR among older women may, therefore, partly reflect generational differences, rather than pure age effect.

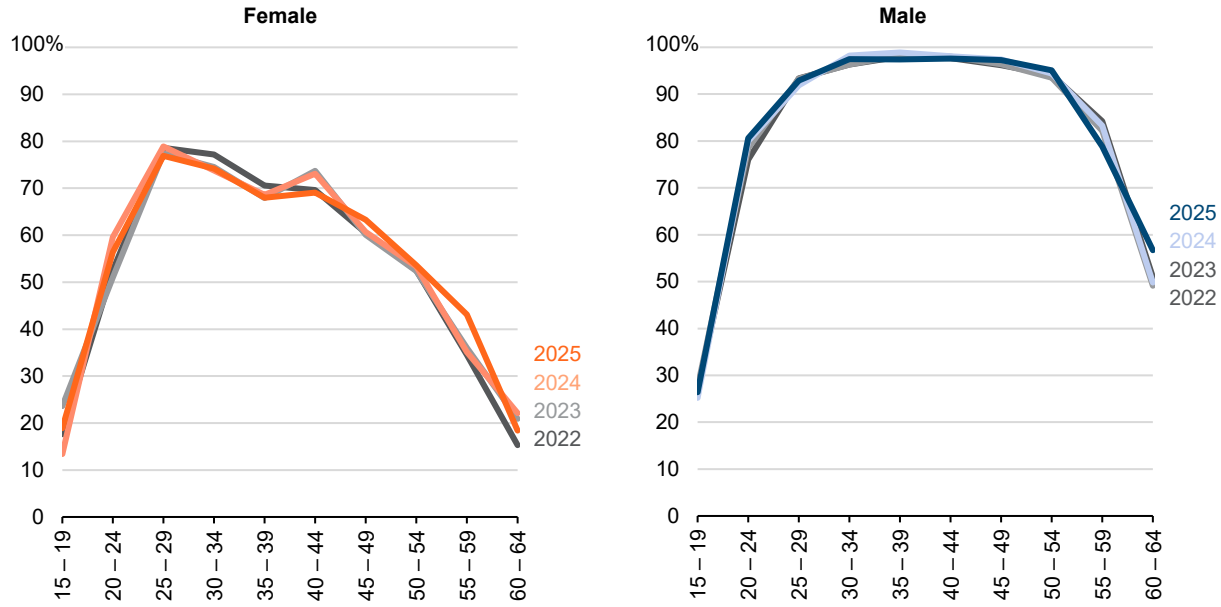
Figure 7.15 shows labour force participation rates by age group and sex from 2022 to 2025. The contrast in the shape of the two sets of curves tells the story of Malaysian working lives. Male participation followed a broad plateau: it climbed steeply in their early twenties, held near-universal levels of above 95% throughout their thirties and forties, and declined only as retirement approaches. Female participation, by contrast, formed a single peak. It rose to just under 80% among women aged 25 – 29, approaching male levels, then declined steadily and continuously from their early thirties onwards, coinciding with childbearing years, dipping below half by the mid-fifties.

Nevertheless, previous KRI studies explored the "synthetic" labour force participation, taking into consideration the absence of individual longitudinal data of the labour force. Across different generations, it was observed that the double-peak pattern was more distinct for younger generations, as Millennials born in 1980 experienced a second peak between the ages of 35 – 39, compared to older generations of Baby Boomers born in 1946, who did not[167].

The shape matters as much as the level. In other economies such as Japan and Korea, female participation historically followed an "M-curve": an exit around marriage and childbearing followed by a visible re-entry once children reached school age. Malaysia's curve showed a faint, or almost no second peak. This means that it is likely that women who leave the labour force in their thirties largely do not return to the workforce. Each cohort's exit is, in effect, permanent, and the years between 2022 and 2025 showed the pattern essentially unchanged. The single-peak curve is thus not a temporary interruption in working lives but permanent for some, with consequences that accumulate over decades.

[164] KRI (2023)—Decent Shelter for the Urban Poor
[165] KRI (2023)
[166] Mohamad Fazli et al. (2021) and EPU (2021)—Twelfth Malaysia Plan
[167] Puteri Marjan and Hawati (2024)

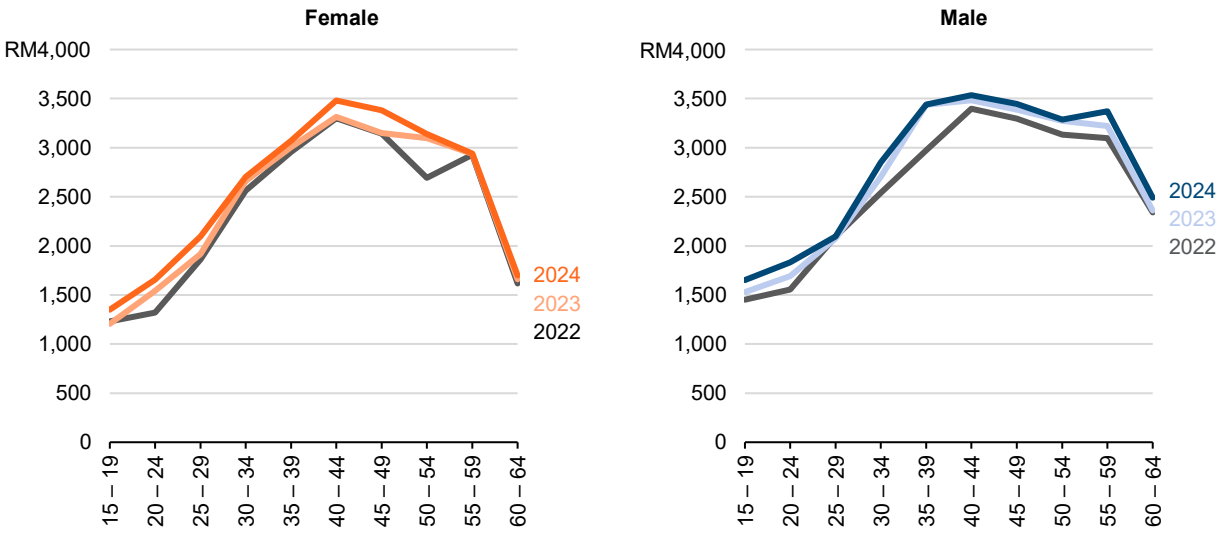
**Figure 7.15: Labour force participation rate, by sex and age, 2022 – 2025**




Source: DOSM (2026c)—LFS

Figure 7.16 traces median wages by age group and gender. Across both genders, wages followed a clear life-cycle pattern: started relatively low among 15 – 19-year-olds (around RM1,200 – 1,700), rose steadily through the 20s and 30s, peaking in the 40 – 44 age group at roughly RM3,300 – 3,500 before gradually declining, then fell sharply starting at the age of 60. This trajectory held consistently across 2022, 2023 and 2024, with wages in 2024 exceeded those of the prior two years across nearly every age bracket. Following the 40 – 44 peak, the decline is more pronounced for women than for men. Female wages fell off more steeply through the 50s, ahead of the sharper drop-off common to both genders at 60 – 64, which likely reflects retirement transitions or a shift toward reduced hours or lower-paid roles. Male and female wage patterns were broadly similar in shape, though male wages were marginally higher at their peak and declined somewhat less sharply after 60 – 64.

**Figure 7.16: Nominal median wage, by sex and age, 2022 – 2024**




Source: DOSM (2025e)—SWS

Taken together, age and gender emerge not as isolated demographic variables but as intersecting circumstantial factors that shape wellbeing across the life course. While men's participation remained largely stable from early adulthood until retirement, women's engagement with the labour force followed a markedly different trajectory across age groups. The pattern was consistent with women exiting the labour force earlier at certain life stages. However, it is important to note that these are cross-sectional illustrations. Furthermore, some women may already be in unpaid care work, work in every meaningful sense, even if it goes under-captured in official labour force statistics. As a result, official LFPR figures are likely to understate women's overall engagement with paid and unpaid work combined.

Low participation today means thin retirement savings or pensions tomorrow, and today's mid-career exits can become the vulnerable older person- or female-headed households of the future, on top of their unpaid care-giving work. Section 8.3 delves more into access to job opportunities for the working-age population. The demographic trend of ageing, then, is not merely a backdrop against which these outcomes unfold, but a circumstance that actively manufactures household vulnerability along gendered lines. This shift in demography is not a private issue of the household but a public one. The fact that care increasingly falls on the family, given Malaysia's still-limited elderly care infrastructure, raises the question of how resources and responsibilities ought to be distributed between household and state. The pressing question that follows is what policies can be put in place to safeguard household wellbeing.

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SECTION 8
# ACCESS

## 8.1 Introduction

Besides circumstances, the environment in which households live also lies largely outside of their choice and control. A household does not translate its effort into wellbeing in a vacuum. Rather, it does so through the infrastructure, services and opportunities around it. These include a secure roof over its head, running water, uninterrupted electricity, educational institutions within reach and a labour market that shapes what kinds of jobs are available to its members.

These conditions are not features of the household but of the environment in which a household lives, and they are often the product of policy and development decisions whose effects persist in local communities. They can help or hinder a household's ability to live a good life. Households of identical composition and equal effort can arrive at very different levels of wellbeing because one has more reliable amenities and job opportunities within reach, and the other does not. Access, in this sense, is a determinant of household wellbeing in its own right. This section examines two of its dimensions, namely basic amenities and job opportunities.

## 8.2 Household Access to Basic Amenities

Basic amenities have been recognised as fundamental dimensions in influencing household wellbeing, underpinned by the argument that such access is necessary for decent living standards[168]. Decent living standards are defined as a basic set of material conditions, regardless of how one views a good life[169]. More importantly, these conditions are considered basic needs for households to realise their economic potential and lift them out of poverty[170].

Shelter, specifically, is seen as the foundation on which household wellbeing is shaped, as it is meant to provide protection, a sense of stability and security. But shelter alone is insufficient if a house lacks access to essential services like electricity, water, waste management and connectivity. Households need these essential services to ensure decent living conditions and carry out daily activities.

Neither can households function well without access to social infrastructure such as schools and healthcare that enable opportunities and long-term development. Taking this lens allows a focus on the essentials needed to achieve good wellbeing rather than merely viewing these basic amenities as outcomes of wellbeing.

Based on this framing, this section explores the state of household access to shelter and selected essential services and social infrastructure. It begins by assessing the adequacy of shelter in terms of physical housing conditions, then extends to essential services that contribute to completing the range of provisions within a household such as water supply, electricity, garbage collection and telecommunications, and social infrastructure like schools and healthcare facilities.

[168] Rao and Min (2018)
[169] Rao and Min (2018)
[170] Wong (2012)

## More households reside in sturdy housing but there is room for improvement

In Malaysia, the share of households who own their homes stood at 78% in 2024, an improvement from 76.1% a decade ago[171] (see Box 8.1 for further discussion on home ownership and the case for making a viable rental sector). Nonetheless, there is a need to look beyond mere ownership towards housing conditions, which have an impact on health and wellbeing[172].

Dilapidation, mould and overcrowding are some examples of poor housing conditions, which can adversely affect household physical health through the prevalence of respiratory problems and accidents or injuries[173]. Furthermore, there is evidence showing that non-decent and overcrowded housing conditions have led to increased mental health problems, particularly since the emergence of the Covid-19 pandemic, which forced households to stay indoors[174]. These altogether point to how housing conditions can influence household wellbeing.

**Box 8.1: Fostering household wellbeing through a functional residential rental market**

Malaysia is often regarded as a nation of homeowners, with 78% of households owning their homes in 2024, a rate higher than in most developed nations[175]. Yet beneath this headline figure lies a growing reality: renting has become an increasingly important form of tenure for Malaysians, particularly as urbanisation progresses. Nationally, the share of households renting is higher in urban than in rural areas (23.1% vs 7.6%) (Table 8.1). This urban-rural gap occurs across all states, with the rate of renting reaching 38.2% in Kuala Lumpur, a fully urbanised state.

These figures suggest that renting has become essential in Malaysia, especially in urban and central economic zones, as they continue to attract workers, students and young families who seek better employment opportunities or services. While some segments of society prefer to rent for the flexibility to move, others may rent because they cannot afford to own a house.

**Table 8.1: Share of households by type of ownership of occupied dwelling, state and strata, 2024**

| | Owned | | | Rent | | | Quarters | | |
|---|---|---|---|---|---|---|---|---|---|
| | Urban | Rural | Total | Urban | Rural | Total | Urban | Rural | Total |
| **MALAYSIA** | **75.0** | **88.5** | **78.0** | **23.1** | **7.6** | **19.7** | **1.9** | **3.9** | **2.4** |
| **Johor** | 76.3 | 88.0 | 78.8 | 21.7 | 10.3 | 19.3 | 2.0 | 1.7 | 1.9 |
| **Kedah** | 81.1 | 93.9 | 85.3 | 16.7 | 4.6 | 12.7 | 2.2 | 1.5 | 2.0 |
| **Kelantan** | 80.3 | 88.9 | 85.0 | 17.9 | 9.6 | 13.4 | 1.9 | 1.5 | 1.7 |
| **Melaka** | 84.8 | 93.5 | 85.6 | 13.9 | 6.2 | 13.3 | 1.2 | 0.4 | 1.2 |
| **N. Sembilan** | 79.6 | 85.3 | 81.2 | 19.6 | 11.4 | 17.2 | 0.8 | 3.3 | 1.6 |
| **Pahang** | 75.3 | 83.0 | 78.7 | 23.9 | 10.6 | 18.0 | 0.9 | 6.4 | 3.3 |
| **P. Pinang** | 80.7 | 89.9 | 81.4 | 18.2 | 10.1 | 17.6 | 1.1 | 0.0 | 1.0 |
| **Perak** | 83.5 | 89.8 | 85.2 | 15.7 | 8.9 | 13.9 | 0.8 | 1.3 | 0.9 |
| **Perlis** | 80.3 | 92.9 | 85.8 | 13.7 | 5.6 | 10.2 | 6.0 | 1.5 | 4.0 |
| **Selangor** | 71.3 | 86.3 | 71.9 | 28.0 | 11.9 | 27.3 | 0.7 | 1.8 | 0.8 |
| **Terengganu** | 81.1 | 91.4 | 84.8 | 16.6 | 5.3 | 12.6 | 2.3 | 3.3 | 2.7 |
| **Sabah** | 69.0 | 87.0 | 76.2 | 27.0 | 5.8 | 18.5 | 4.0 | 7.2 | 5.3 |
| **Sarawak** | 81.8 | 88.5 | 84.5 | 13.3 | 2.6 | 9.0 | 4.9 | 8.9 | 6.5 |
| **Kuala Lumpur** | 61.4 | n.a. | 61.4 | 38.2 | n.a. | 38.2 | 0.5 | n.a. | 0.5 |
| **Labuan** | 59.6 | 79.5 | 61.1 | 34.6 | 18.2 | 33.3 | 5.8 | 2.3 | 5.5 |
| **Putrajaya** | 27.1 | n.a. | 27.1 | 7.7 | n.a. | 7.7 | 65.1 | n.a. | 65.1 |

Source: DOSM (2025g)—BA

[171] DOSM (2025g)—BA
[172] Bentley et al. (2025)
[173] Simpson et al. (2024)
[174] Alonso and Jacoby (2023)
[175] World Population Review (2026)

A pressing policy challenge is ensuring that the residential rental market is fully functional[176], offering a viable and secure alternative to home ownership. There is a need for a comprehensive legal framework that serves as a central reference for rental activities. This would formalise the rental market, improve transparency and provide the government with clearer mechanisms to intervene when necessary. It would also strengthen protections for both landlords and tenants while promoting greater confidence in the rental sector.

Presently, residential tenancy arrangements are governed by a combination of laws such as the Contracts Act 1950, the National Land Code and even the Special Relief Act. These laws were not specifically designed to regulate modern residential renting and therefore leave important gaps in tenant and landlord protection.

One notable gap concerns discrimination in the rental market. Under existing arrangements, landlords and prospective tenants are generally free to enter into or refuse a tenancy agreement. While freedom of contract is an important legal principle, this framework also creates space for discriminatory practices. Studies have repeatedly highlighted the prevalence of race-based preferences in Malaysia's rental market, with prospective tenants from certain ethnic groups reporting greater difficulty in securing rental accommodation[177].

Discrimination becomes particularly concerning when viewed through the lens of urban migration and social mobility. Many Malaysians relocate to cities in pursuit of better employment opportunities, higher incomes, education and access to services. However, these aspirations can be undermined if individuals are denied housing opportunities due to factors unrelated to their ability to pay rent or fulfil tenancy obligations. Access to adequate housing should not be constrained by race, ethnicity or other forms of arbitrary discrimination.

In addition, rental deals are often based on the *laissez-faire* principle, or 'left to the market', along with the *caveat emptor* (let the buyer beware) principle. This raises questions about liveability. Whether it is legal to rent a coffin-sized room in a retrofitted commercial space is unclear, as there is no law requiring landlords to ensure their units are habitable.

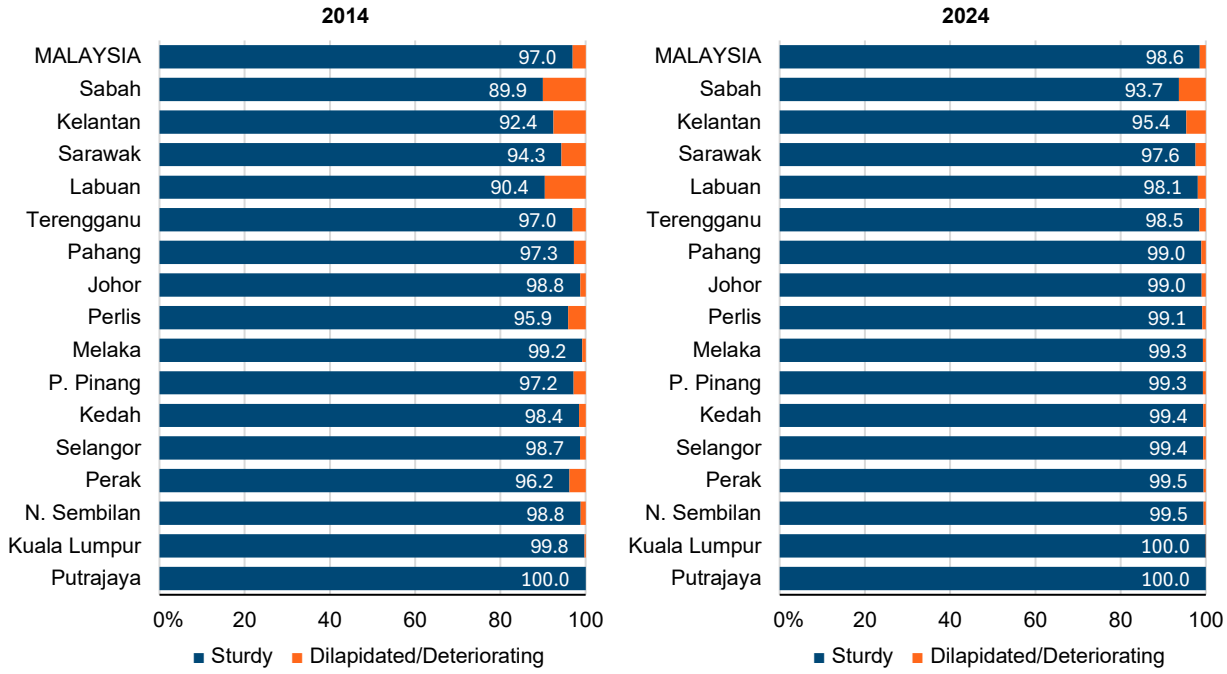
Furthermore, despite their significant numbers, renters are often excluded from government assistance programmes. For example, during the Covid-19 pandemic, mortgage payment moratoriums helped many homeowners sustain their living expenses during the crisis, but renters were dependent on their landlords' discretion[178]. By having legislation that can formally record and monitor residential rental activities, informed government intervention and assistance programs can be formulated with minimal policy exclusion and inclusion errors.

The share of Malaysian households with access to sturdy housing rose to 98.6% in 2024 from 97% in 2014, a 1.6 percentage-point difference from a decade ago. Across states, most households resided in sturdy housing, with the share exceeding 90% in all states (Figure 8.1). However, a considerable share of households in some states still lacked access to decent housing. Specifically, 6.3% of households in Sabah and 4.6% in Kelantan still lived in dilapidated or deteriorating housing.

[176] See Muhammad Nazhan and Ammar Hanania (2025) for further discussion.
[177] Simraatraj Kaur Dhillon (2024); Jason Wee (2026)
[178] Nozan et al. (2023)

Nonetheless, evaluations of housing conditions should be interpreted carefully as they are based entirely on visual assessments by enumerators[179].

**Figure 8.1: Share of households by housing conditions, by state, 2014 and 2024**




Source: DOSM (2025g)—BA and DOSM (2015)—HISBA

It is worth noting that although many households own their homes, it may not be entirely within a household's ability to make housing changes even when it wants to. Factors such as disposable income, rising maintenance costs, the initial housing condition or housing age can affect a household's ability to choose or maintain decent housing conditions[180].

Box 8.2 provides further discussion on minimum housing standards in Malaysia and the proposed method for embedding continuous improvements based on KRI's extensive research on housing.

**Box 8.2: Ensuring decent housing standards in Malaysia**

In Malaysia, existing regulations on minimum housing standards only apply to the construction of new housing units. These include the Uniform Building By-Laws (UBBL) 1984 and CIDB's National Housing Standard for Low Cost Housing 1998[181]. Under these regulations, owners of existing housing stock that has fallen into disrepair do not have a guideline for improvement and are not required to enhance the overall quality of the housing unit to meet any standard of adequacy or decency for its occupants.

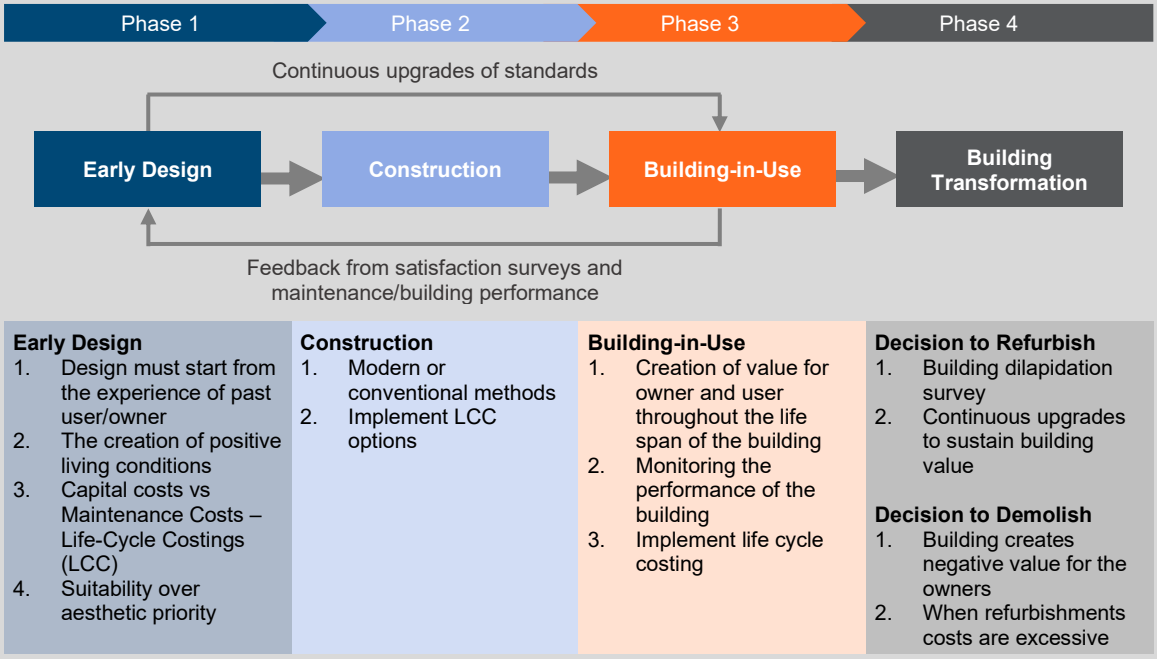
[179] Based on the HISBA questionnaire by DOSM, a housing unit is classified as sturdy or dilapidated/deteriorating based on enumerators' visual assessment. Source: DOSM (2025j)—HIS
[180] Housing Solutions Lab (2026); Tng (2025)
[181] KPKT (1984); CIDB (1998)

Existing regulations focus extensively on building and construction specifications but do not provide guidance on ensuring the liveability or usability of the building. A different standard must be developed to guide practitioners to determine whether a housing unit is adequate for the people who live in it.

There are several instruments that governments can use to create a set of "adequate standards" for their citizens. For example, scientific physical environment analysis, building maintenance costs, residents' satisfaction surveys and user post-occupancy evaluations. The parameters involved in the design of buildings should not just be limited to the design of the housing units, but also the surrounding amenities (or shared spaces) in the neighbourhood. These findings can be further refined by incorporating local population social norms and cultural habits to better comprehend the parameters involved in creating 'decent' living conditions. All these steps will lead to better-designed housing complexes by continuous improvements of building standards through a combination of scientific and perception studies.

An earlier KRI report[182] proposed a method for embedding continuous improvements in housing standards into the building redevelopment framework. It consists of 4 phases: Early Design, Construction, Building-in-Use and Building Transformation (Figure 8.2).

**Figure 8.2: The continuous improvement of building standards**




Source: KRI (2023)—Decent Shelter for the Urban Poor

[182] KRI (2023)—Decent Shelter for the Urban Poor

Adequate housing standards must take into consideration the motivation to create value for both owner and user during the building's lifespan. These standards and regulations must be updated regularly, specifying characteristics such as the minimum amount of (GFA), ventilation rates or daylight access percentages[183]. This iterative process differs from the current linear process for devising building standards, which lacks a feedback loop from users and building owners into the design process.

In many parts of the world, building regulations have been updated continuously. Continuous research has been carried out on the effects of indoor environment quality on health and wellbeing, frequently in combination with the type of housing[184]. Housing satisfaction surveys among homeowners and renters are also conducted to continuously improve building standards. Both types of studies, scientific building testing and users' perspectives, can contribute to major building transformation projects.

Positive residential environments also depend on households and surrounding communities. Neighbourhood revitalisation programmes tend to be more successful and sustainable when there is community participation (a bottom-up approach) in strategising initiatives to improve residents' living conditions.

## There is room to address state-level disparity in essential services

### Clean water access has improved but is below par in some states

As underlined by the United Nations, access to safe and adequate water is a basic human need that influences health and wellbeing[185]. Water is important for various daily uses, including drinking, cooking, bathing and cleaning. A lack of access to water could therefore expose households to risks of water contamination and significant health implications such as infections and diseases. Although incomplete, household access to treated piped water is an indicator of the adequacy of basic water services.

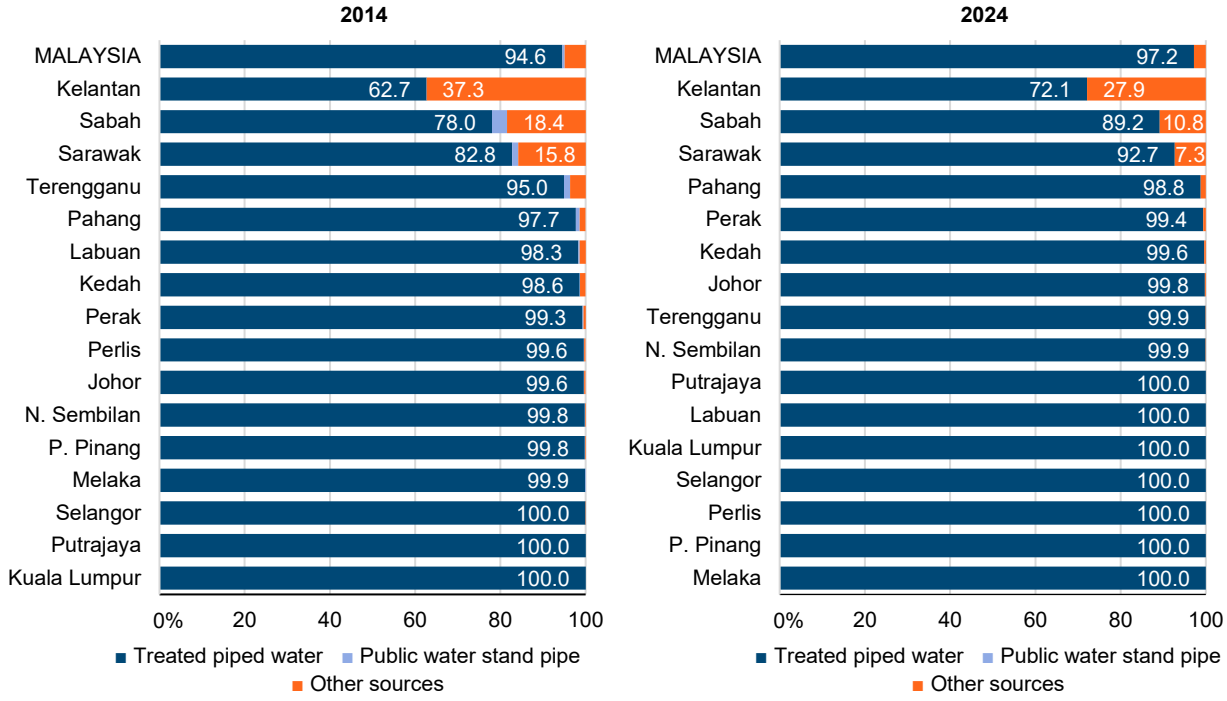
In Malaysia, nearly all households across states had full access to treated piped water in 2024 (above 90%) (Figure 8.3). However, a considerable share of households in several states sourced their water supply from elsewhere. In Kelantan, Sabah and Sarawak, 27.9%, 10.8% and 7.3% of households, respectively, still relied on other types of water supply in 2024, despite improvements from a decade ago.

In 7 out of 11 districts in Kelantan, more than 20% of households relied on other types of water supply (Figure 8.4). These seven districts were Bachok (where 55.5% of households relied on other types of water supply), Pasir Puteh, Machang, Pasir Mas, Jeli, Kota Bharu and Tumpat.

[183] Coad (2006); Neufert et al. (2012)
[184] Appold and Yuen (2007); T. K. Lee et al. (2012)
[185] United Nations (n.d.)

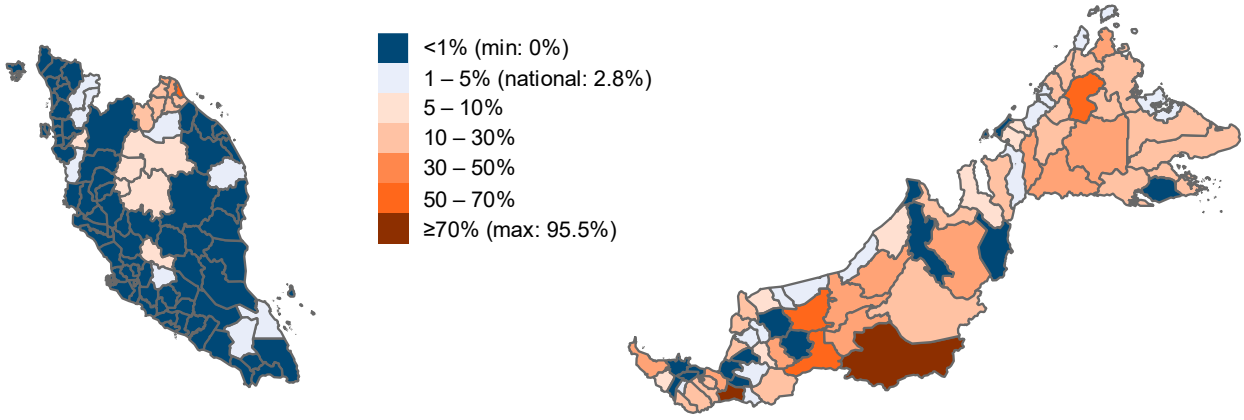
An alternative source in Kelantan appears to be groundwater, as residents rely heavily on boreholes and wells[186]. This has been attributed to limited water supplies, driven by poor-quality surface water, inadequate water infrastructure and issues with water management[187]. Given that these water sources are likely to be untreated, concerns have been raised about their safety due to the lack of regulations and contamination that can affect households[188].

**Figure 8.3: Share of households with access to water, by type of supply and state, 2014 and 2024**




Source: DOSM (2025g)—BA and DOSM (2015)—HISBA

**Figure 8.4: Share of households with access to water supplies other than treated piped water, by district, 2024**




Source: DOSM (2025g)—BA

[186] Narita et al. (2024), BERNAMA (2025a)
[187] Narita et al. (2024), BERNAMA (2025a)
[188] Narita et al. (2024), BERNAMA (2025a)

In Sabah, 10 out of 28 districts had households notably deprived of treated piped water (with 20.5% to 53.5% of households per district relying on other types of water supply). These include Semporna, Kinabatangan, Beluran, Ranau, Kota Marudu, Tambunan, Tongod, Nabawan, Tenom and Pitas. The differences in access in rural areas compared to more developed districts such as Kota Kinabalu and Sandakan are striking.

As a substitute for treated water, households in Sabah mainly depend on three key abundant water sources in the state, namely surface water, groundwater and rainwater[189]. This is reported to be caused by a longstanding water issue linked to ageing pipeline infrastructure, insufficient manpower to improve water networks and a high level of water loss[190].

In Sarawak, 15 out of 45 districts had 24.7% to 75.3% of households that rely on other water sources for daily use, likely to be surface water from rivers and dams[191]. Similar to Sabah's case, the limited treated water supply can be attributed to damaged and old underground pipes[192].

These findings suggest that while households in Kelantan, Sabah and Sarawak may be able to source water externally for domestic use, the inadequate supply of treated water should be of concern. As these sources are unlikely to be treated, households would be vulnerable to health risks which can affect their wellbeing.

### Direct access to garbage collection services can still be improved throughout the country

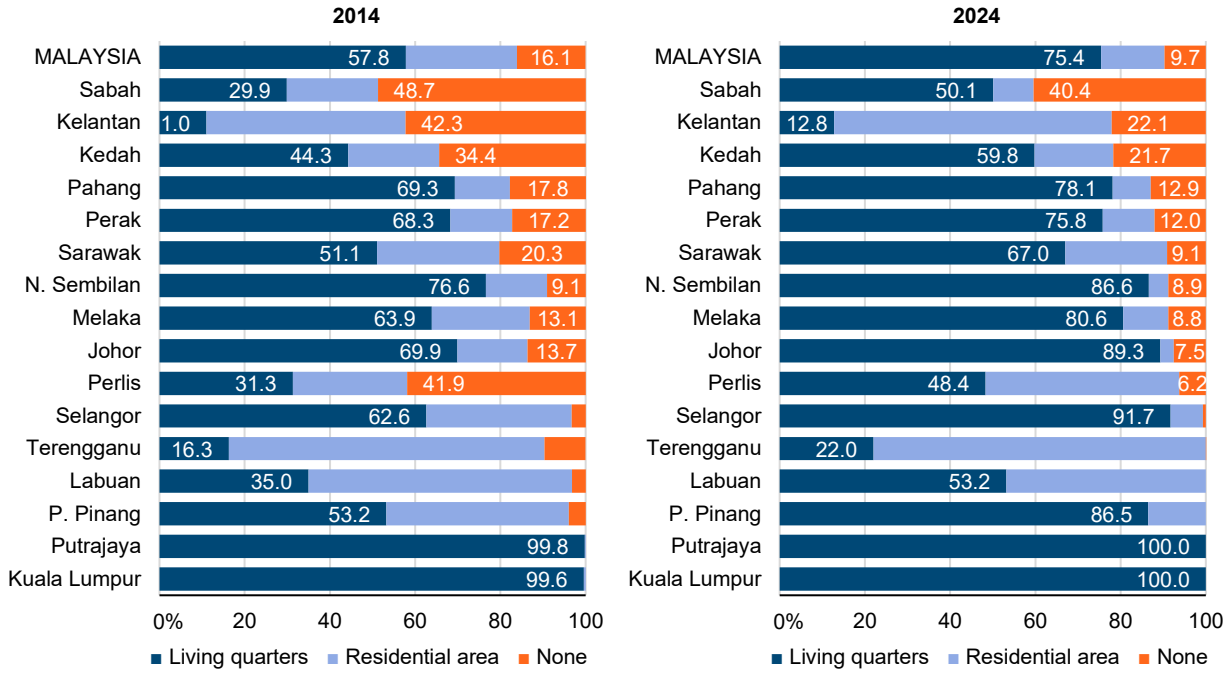
Like clean water, garbage collection is another essential service that affects household wellbeing, particularly through its impact on health. For instance, when waste in or around residential areas is not regularly collected or dumped at non-designated sites, it can lead to adverse effects such as respiratory diseases, cancer, congenital anomalies and mental health disturbances[193], some of the health outcomes assessed in Section 6.2.

In Malaysia, household access to garbage collection services within their living quarters substantially improved in the past decade—from 57.8% in 2014 to 75.4% in 2024 (Figure 8.5). However, direct access or house-to-house collection remains a challenge in several states and federal territories, where the share of households with direct access was below the national level—Kelantan (12.8%), Terengganu (22%), Perlis (48.4%), Sabah (50.1%), Labuan (53.2%), Kedah (59.8%) and Sarawak (67%). Nonetheless, while a large share of households in Kelantan, Terengganu, Perlis and Labuan lack direct access to garbage collection services, these services remain accessible for 45.4% to 78% of households within their residential area[194].

[189] Sarbatly et al. (2023)
[190] Sarbatly et al. (2023)
[191] Nur Rasfina and Onni Suhaiza (2016)
[192] Bong (2025)
[193] World Health Organization (2025)
[194] According to DOSM's BA, garbage collection is considered within the residential area if more than 100 metres away from a household's living quarters. Source: DOSM (2025g)—BA

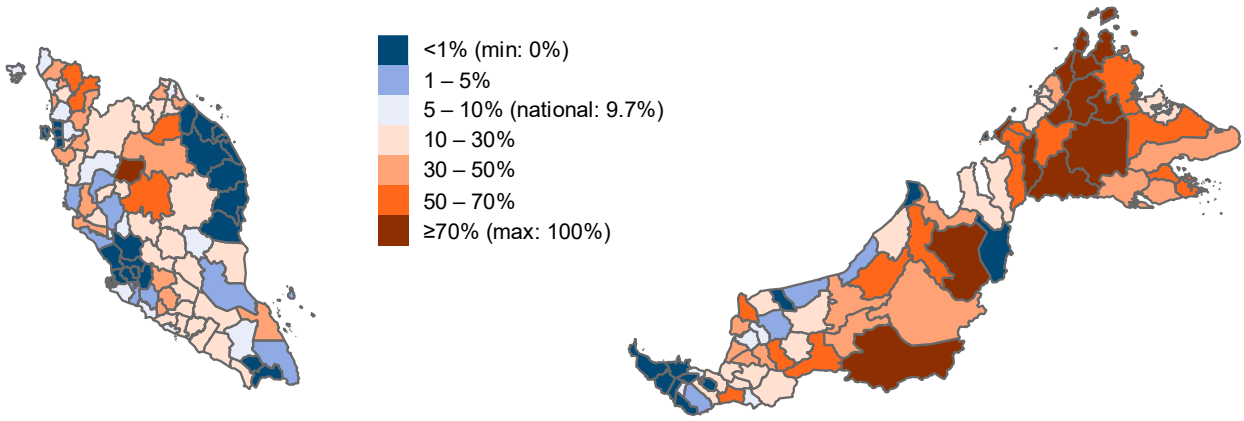
District-level data show that high shares of households in Sabah, Kelantan, Kedah and Sarawak had no access at all to garbage collection services in 2024 (Figure 8.6). In Sabah, at least 50% of households in 19 out of 28 districts had no access at all, with the highest share in Pitas (95.7%). In Kelantan, a similar issue was apparent in Kuala Krai (63.2%) and Kecil Lojing, where all households had no access. In Kedah, at least 50% of households had no access in Sik (54.9%) and Padang Terap (62.4%). In Sarawak, at least 50% of households in 8 out of 45 districts had no access at all, including Bukit Mabong, where 100% of households had no access at all.

**Figure 8.5: Share of households with access to garbage collection service, by location of service and state, 2014 and 2024**




Source: DOSM (2025g)—BA and DOSM (2015)—HISBA

**Figure 8.6: Share of households with no access to garbage collection service, by district, 2024**




Source: DOSM (2025g)—BA

Limited evidence, supported by the observations above, suggests a gap in garbage collection between urban and rural areas. In urban areas, the majority of households have access to waste containers near their residences, while rural households often face issues like insufficient garbage bins and longer distances to waste disposal facilities[195]. In some cases, house-to-house waste collection can be difficult to implement due to geographical constraints that limit access to residential communities in rural areas[196].

These challenges are compounded by financial constraints and manpower shortage to carry out waste collection services[197]. Consequently, households may resort to burying, burning or dumping the waste in open landfills[198]. While the data does not capture how households dispose of their waste or whether they are satisfied with existing services, access to garbage collection service remains an important indicator for identifying areas for further research or improvement.

Limited access to garbage collection may lead to uncontrolled garbage accumulation and poor disposal, which could compromise household wellbeing through health consequences such as psychosocial effects and possibly even non-communicable diseases and birth defects[199].

## Electricity access nears 100% but Sabah and Sarawak face localised deprivation

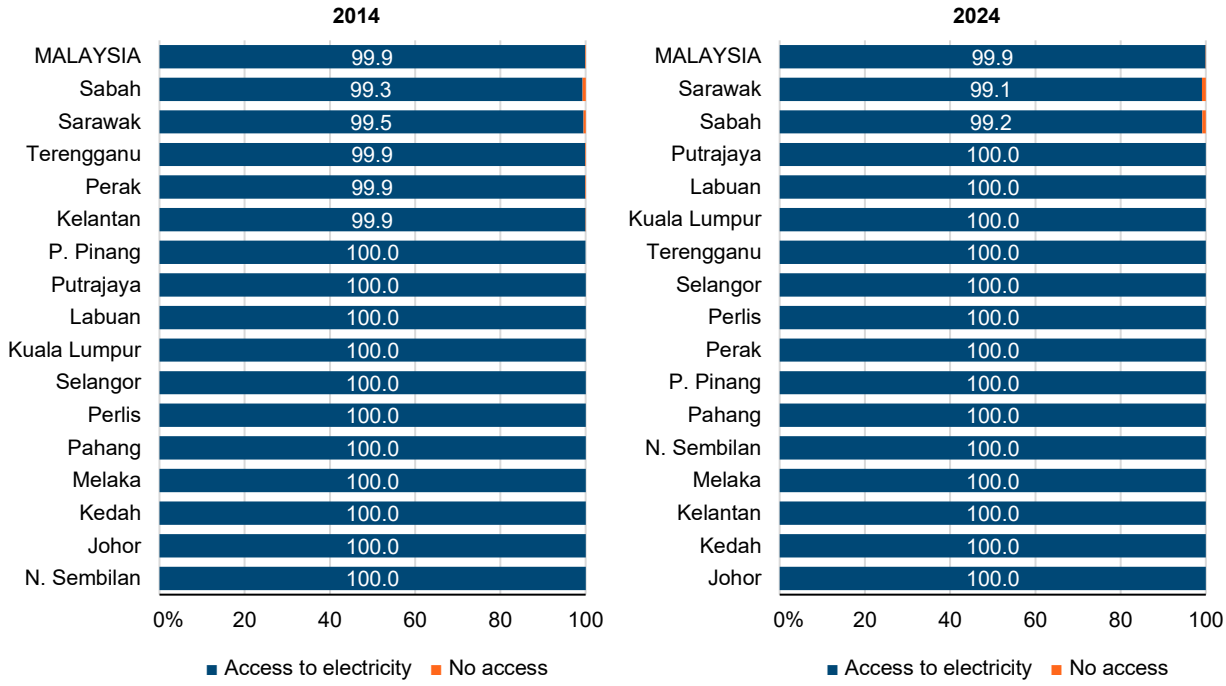
Access to energy, including electricity, is another essential service for fulfilling basic household needs[200]. Households use electricity for various purposes that are imperative for human development: home food preservation, cleaner cooking, access to information and education. Studies have shown that electrification, especially in rural areas, can positively impact household income, expenditure and educational outcomes[201]—dimensions we consider in our assessments of wellbeing in this report.

In Malaysia, the state of electricity access appears significantly better than that of other utility services highlighted previously. Nationally, the share of households with access to electricity was just under 100% at 99.9% in 2024, unchanged from 2014.

Zooming in to state-level access, most states achieved universal access, except for less than 1% of households in Sabah and Sarawak (Figure 8.7). The district-level breakdown, as shown in Figure 8.8, shows that the lack of access was most apparent in Bukit Mabong, Sarawak (45.8% of households). This is despite efforts under the Sarawak Alternative Rural Electrification Scheme (SARES) programme[202].

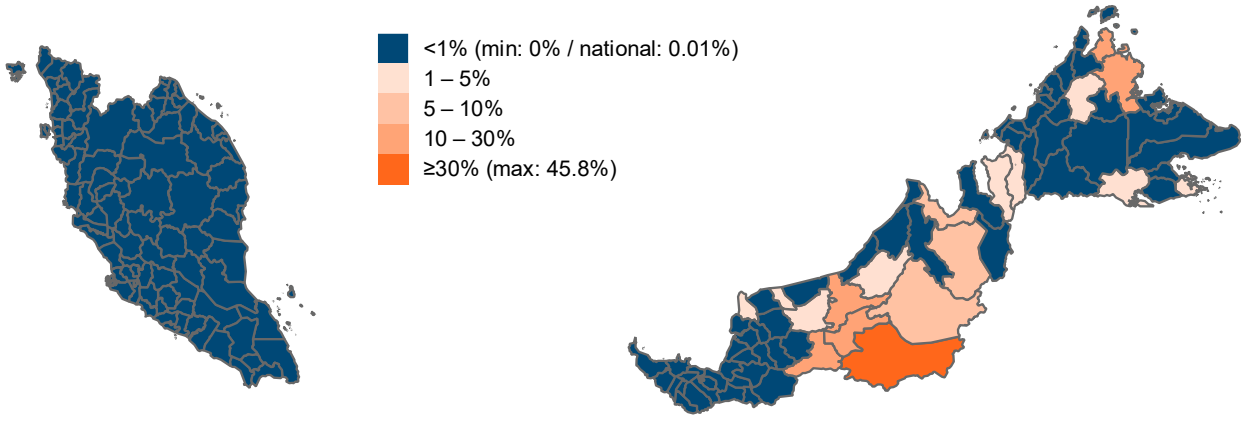
[195] Nur Zakiah et al. (2018)
[196] Nur Zakiah et al. (2018), Widad et al. (2022)
[197] Nur Zakiah et al. (2018), Widad et al. (2022)
[198] Open landfilling remains the most common solid waste disposal approach due to its low cost, but it is unsustainable. Source: Nur Zakiah et al. (2018), Muhamad Azahar and Seow (2014), Mohd Dinie Muhaimin and Mashitah (2013)
[199] Widad et al. (2022)
[200] MacGinley et al. (2025)
[201] Barnes et al. (2009)
[202] Sarawak Energy (n.d.)

**Figure 8.7: Share of households with access to electricity, by state, 2014 and 2024**




Source: DOSM (2025g)—BA and DOSM (2015)—HISBA

**Figure 8.8: Share of households with no access to electricity, by district, 2024**



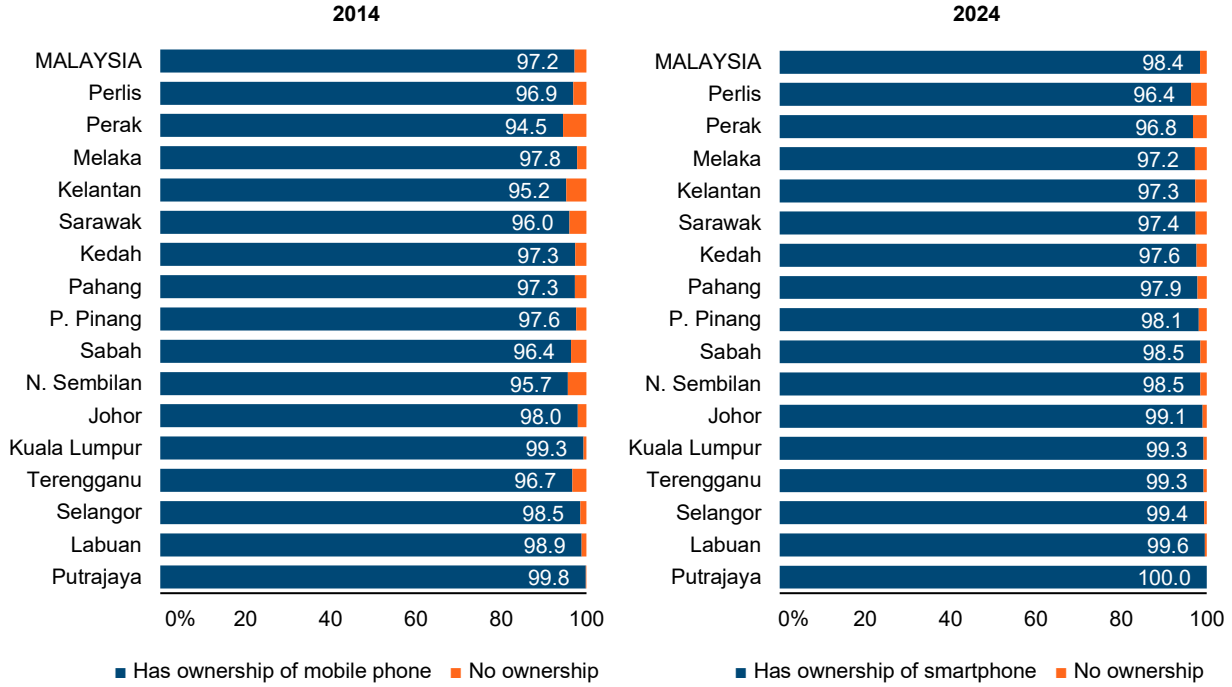

Source: DOSM (2025g)—BA

## Internet access is almost universal across the country

Internet access, together with water and electricity, is another public utility that is key for household wellbeing. The use of telecommunications such as smartphones and the internet enables households to foster and maintain social relationships. Studies have found that these can also help individuals obtain social support[203] and can link individuals, particularly older adults, to essential resources such as healthcare[204]. Additionally, access to telecommunications can improve household safety and resilience due to the ability to receive warnings on weather and natural disasters such as floods[205]. Access to telecommunications in Malaysia, as measured by phone ownership, is progressing, especially as more households transition from feature phones used on a call- and text-only basis to smartphones that are better equipped with advanced features to access information online.

Over the past decade, the share of households with access to mobile phones or smartphones rose and was near the 100% mark, from 97.2% in 2014 to 98.4% in 2024 (Figure 8.9). Given that mobile phones are typically the common gateway to the internet relative to more expensive devices such as laptops or computers, this suggests a high level of access, particularly in comparison to the global ownership rate of 82%[206]. Even at the district level, the lowest share was above 80% (Figure 8.10).

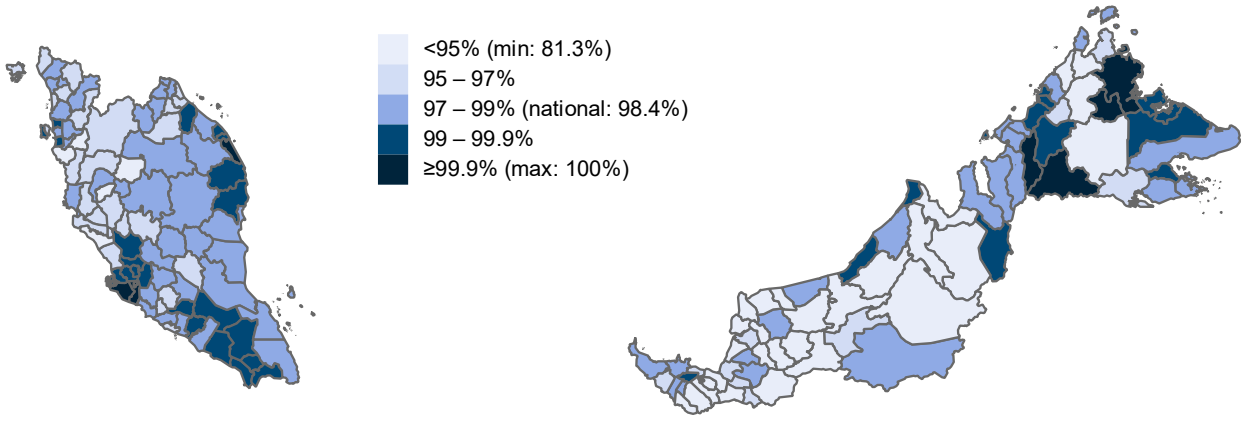
**Figure 8.9: Share of households with ownership of phones, by state, 2014 and 2024**




Note: The 2014 survey captured household ownership of mobile phones in general, whereas the 2024 survey distinguished between smartphones and feature phones. Statistics for feature phones are not shown for 2024 due to the substantially lower ownership in comparison to smartphones.
Source: DOSM (2025g)—BA and DOSM (2015)—HISBA

[203] Stehr (2023)
[204] K. Sen et al. (2022)
[205] Baldini et al. (2014)
[206] ITU (n.d.)

**Figure 8.10: Share of households with ownership of smartphones, by district, 2024**

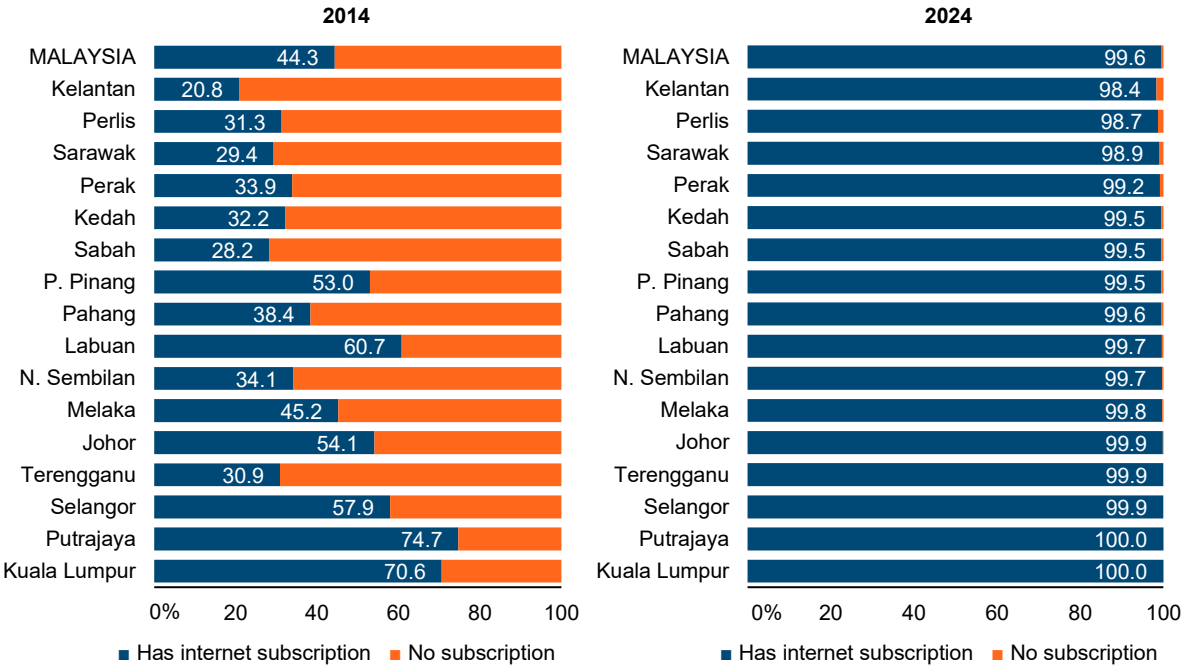



Source: DOSM (2025g)—BA

Complementing mobile phones is internet connectivity, which enables access to a wide range of information and services. Household internet subscriptions have shown substantial improvements. At the national level, access jumped by 55.3 percentage points between 2014 and 2024, moving from below 50% (44.3%) to 99.6%, with all states approaching universal internet access (Figure 8.11).

The rise was consistent across districts, where all districts had at least 90% of households with internet subscriptions (Figure 8.12). This is likely driven by various factors, including the implementation of the nationwide *Pelan Jalinan Digital Negara* (JENDELA), which was intended to improve broadband infrastructure and ensure high-speed internet services, especially for households located in rural and remote areas[207].

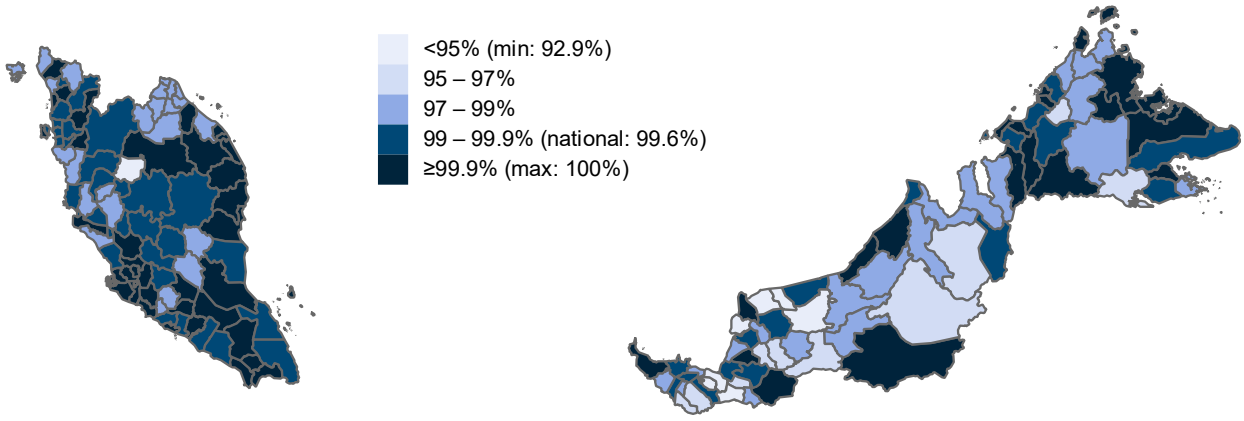
**Figure 8.11: Share of households with Internet subscription, by state, 2014 and 2024**




Note: Internet subscription is not specified whether phone or broadband.
Source: DOSM (2025g)—BA and DOSM (2015)—HISBA

[207] Telekom Malaysia (n.d.)

**Figure 8.12: Share of households with Internet subscription, by district, 2024**




Source: DOSM (2025g)—BA

Although internet access has increased significantly, it does not immediately follow that meaningful internet use has also increased. Network performance and reliability, device access and affordability, and digital literacy are not reported here. The availability of an internet subscription at the household level may not translate to meaningful internet use for all household members.

Overall, the findings on essential services suggest that while there have been significant improvements in access over the past decade, access to treated water and garbage collection services requires greater attention due to limited reach in Sabah, Sarawak and Kelantan. This is particularly crucial as shortfalls in these services could lead to major health consequences, as highlighted above.

Additionally, these conditions also call for tailored approaches, given that these gaps are reported to be attributed to localised contexts and circumstances.

## Social infrastructure for Sabah and Sarawak households requires attention

### Public healthcare access remains a barrier in Sabah and Sarawak

Beyond the home, the infrastructure surrounding households—healthcare and education—is also important in ensuring their wellbeing. When it comes to health, according to the community facilities planning guidelines in Malaysia, healthcare facilities must be located within 10km from households to ensure equitable access[208]. This is particularly the case for facilities that are affordable to most Malaysians—public healthcare—due to the services being subsidised by the government[209]. Greater affordability of public healthcare services than of private services will likely contribute to improvements in household access to social infrastructure.

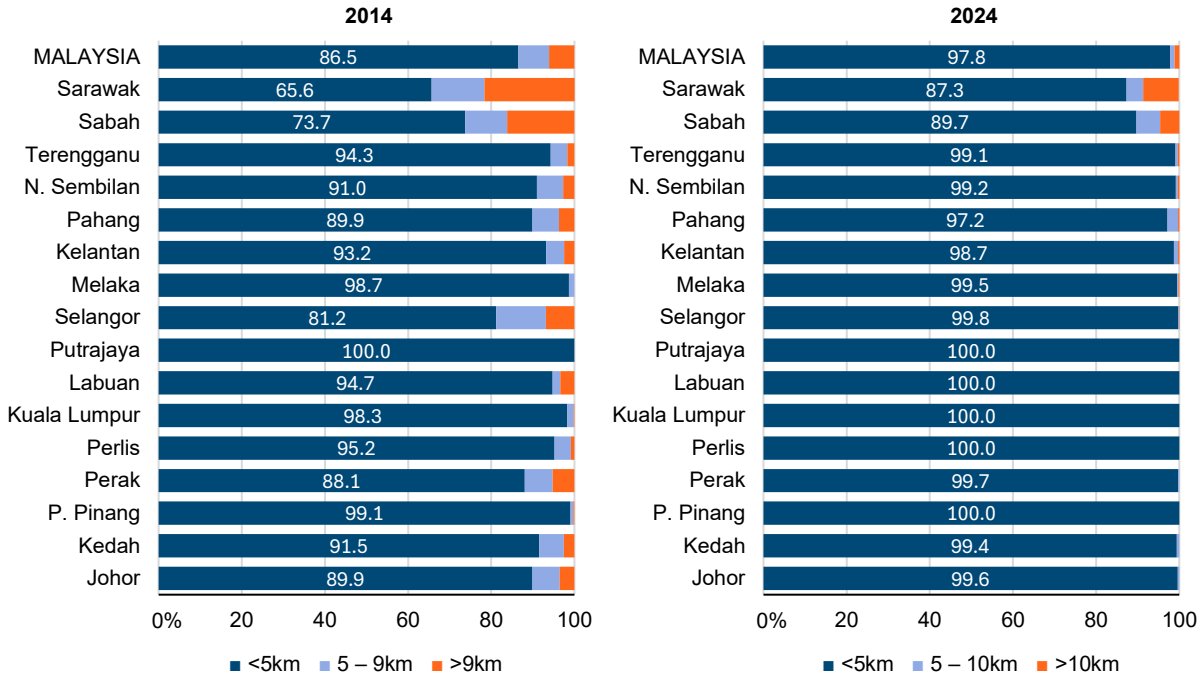
National-level access to nearby public healthcare facilities improved as the share of households within 5km of a public health facility rose from 86.5% in 2014 to 97.8% in 2024 (Figure 8.13). Across states, most households in Peninsular Malaysia had access to public facilities within a 5km radius, ranging from 97.2% to 100% of households per state (Figure 8.13).

[208] PLANMalaysia (2022)
[209] Claight Corporation (n.d.)

In contrast, a considerable share of households in Sabah and Sarawak had to travel longer distances in 2024. In Sarawak, 8.6% of households had to travel farther than 10km from their homes to access public healthcare (Figure 8.13). This challenge was apparent in 9 out of 45 districts, where over 30% of households in each of the nine districts were located more than 10km from a public healthcare facility. This includes Sebauh (as high as 53.6%), Bukit Mabong, Selangau, Julau, Belaga, Matu, Maradong, Beluru and Tanjung Manis (Figure 8.14).

In Sabah, 4.6% of households faced a similar challenge, particularly in 5 out of 25 districts where over 20% of households were located more than 10km from a public healthcare facility in 2024. This includes Kinabatangan (as high as 29.3%), Tongod, Kalabakan, Telupid and Beluran.

**Figure 8.13: Share of households by distance to nearest public healthcare facility, by state, 2014 and 2024**

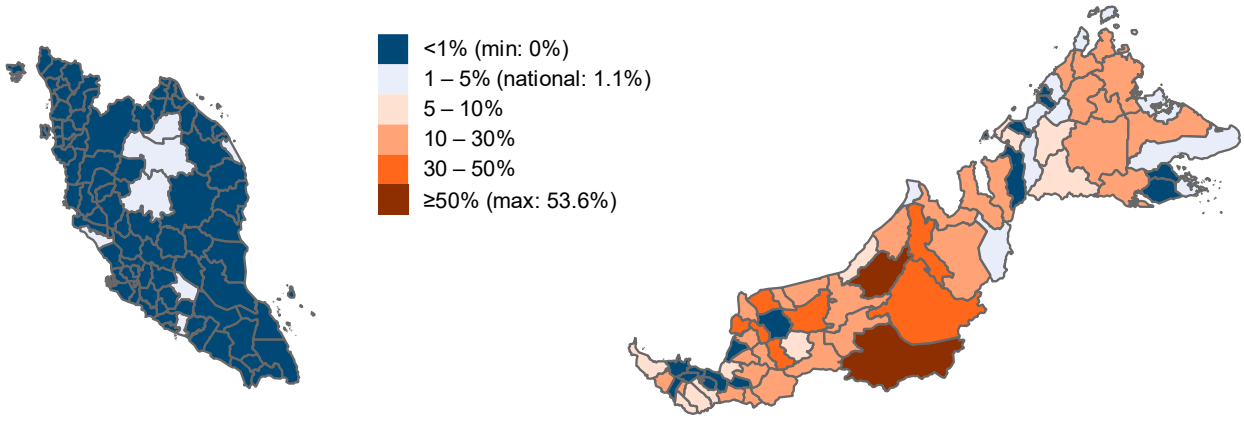



Note: There was a change in reporting between the two survey periods (5 – 9km in 2014 vs 5 – 10km in 2024).
Source: DOSM (2025g)—BA

Proximity to a healthcare facility is not the only factor that plays a role in households' access to healthcare. Other barriers to healthcare access could also include long waiting times, human resource shortages, out-of-pocket costs as well as inaccessibility for disadvantaged groups[210]. Thus, building healthcare facilities within 10km of a household may be one step in the right direction, but ensuring quality of care is also an important component of healthcare services.

[210] Loganathan et al. (2019), Chinyakata et al. (2021), Nurul Syuhada et al. (2022), Siciliani (2026), Chimienti et al. (2026)

**Figure 8.14: Share of households with nearest healthcare facilities more than 10km away, by district, 2024**




Source: DOSM (2025g)—BA

## Educational access has room for improvement in Sabah and Sarawak

Aside from healthcare, access to schools is important given their role in enhancing personal development and capabilities, widening opportunities and resources, eradicating poverty, and narrowing inequalities. Studies have found that schools can be one of the avenues influencing students' quality of life[211], hence, the pressing need to ensure universal and viable access to schools to promote positive wellbeing.

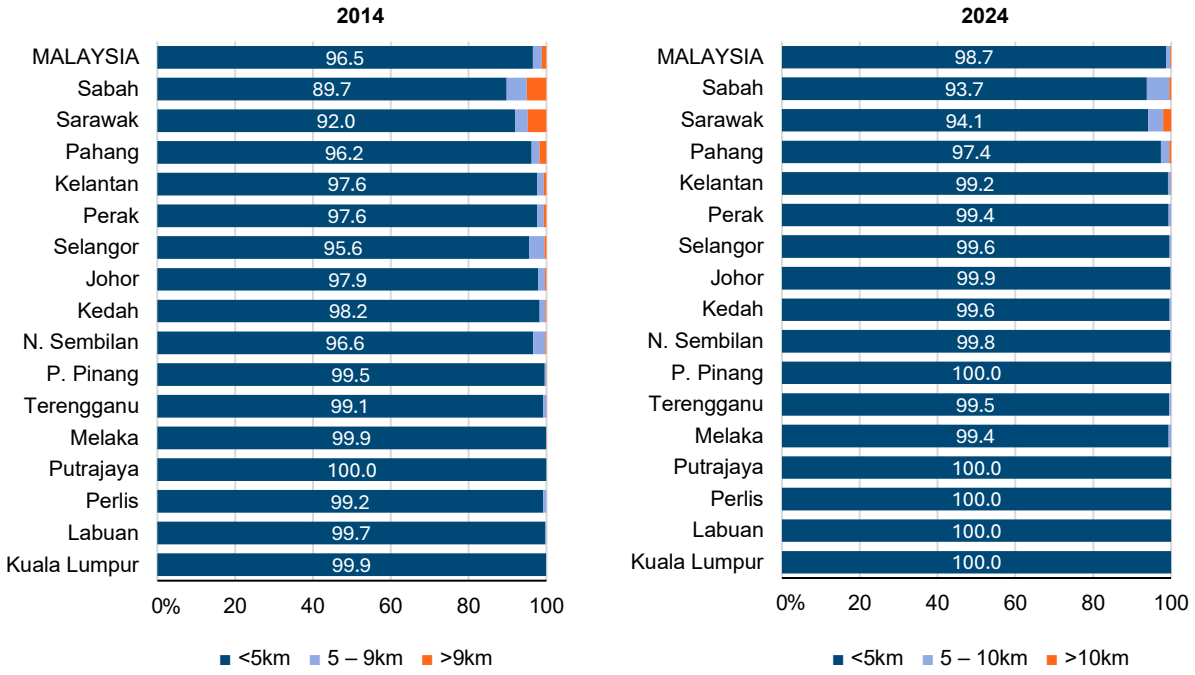
Previously, Section 5 of the report examined indicators related to school participation and learning outcomes to assess where Malaysian education stands. For further insights, this sub-section focuses on the accessibility of education facilities as an enabler of school participation and learning. This involves a closer examination of the provision of schools within proximity to households.

Between 2014 and 2024, the share of households with access to both primary and secondary schools within 5km of their homes improved, consistent with the improvements in school enrolment rates highlighted in Section 5.2. However, access remained below 100% (Figure 8.15 and Figure 8.16). Statistics at the state and district levels reveal even more nuances: a considerable share of households in Sabah and Sarawak still faced challenges accessing education due to distance constraints.

In Sarawak, 5.9% and 18.1% of households were more than 5km from a primary and secondary school in 2024, respectively. In 10 out of 45 districts, over 20% of households were more than 5km from a primary school, with this share being as high as 50% in Bukit Mabong (Figure 8.17). Meanwhile, in 34 districts, over 20% of households were more than 5km from a secondary school, with the share being as high as 91.9% in Selangau (Figure 8.18).

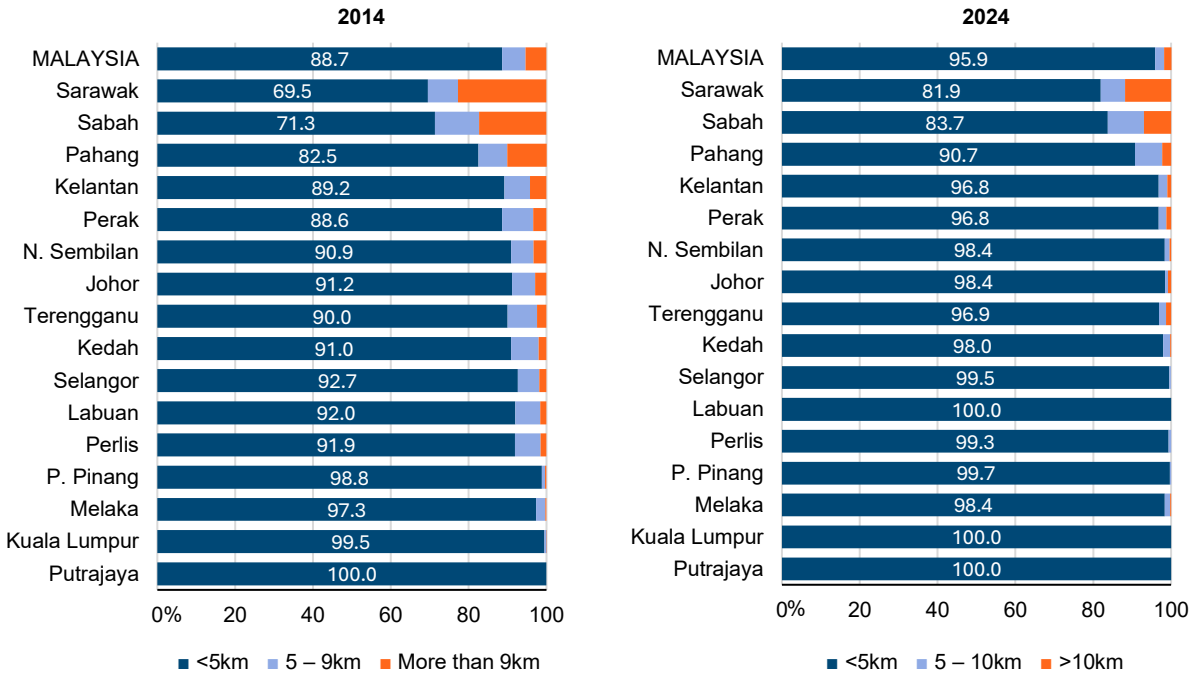
[211] Pulimeno et al. (2020)

**Figure 8.15: Share of households by distance to nearest primary school, by state, 2014 and 2024**




Note: There was a change in reporting between the two survey periods (5 – 9km in 2014 vs 5 - 10km in 2024).
Source: DOSM (2025g)—BA and DOSM (2015)—HISBA

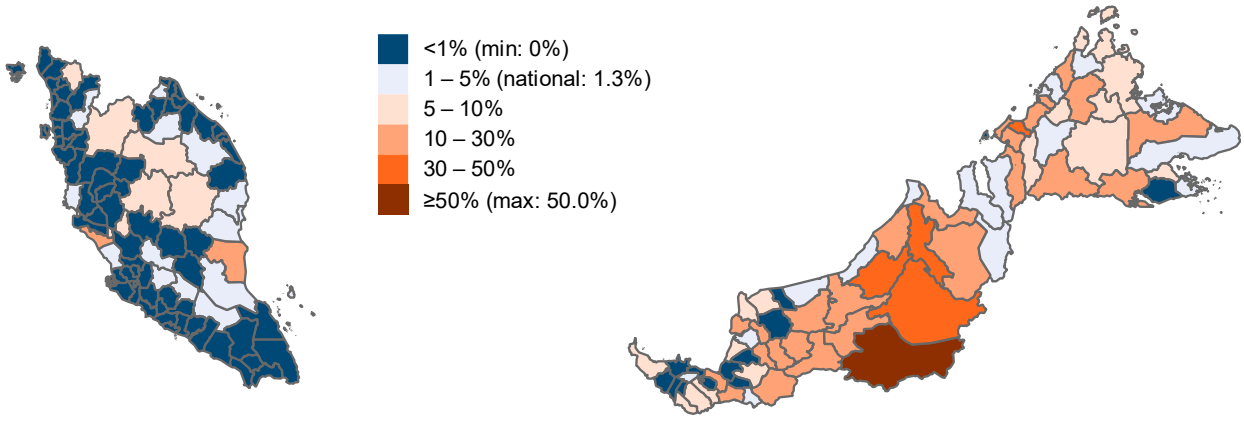
**Figure 8.16: Share of households by distance to nearest secondary school, by state, 2014 and 2024**




Note: There was a change in reporting between the two survey periods (5 – 9km in 2014 vs 5 – 10 km in 2024).
Source: DOSM (2025g)—BA and DOSM (2015)—HISBA

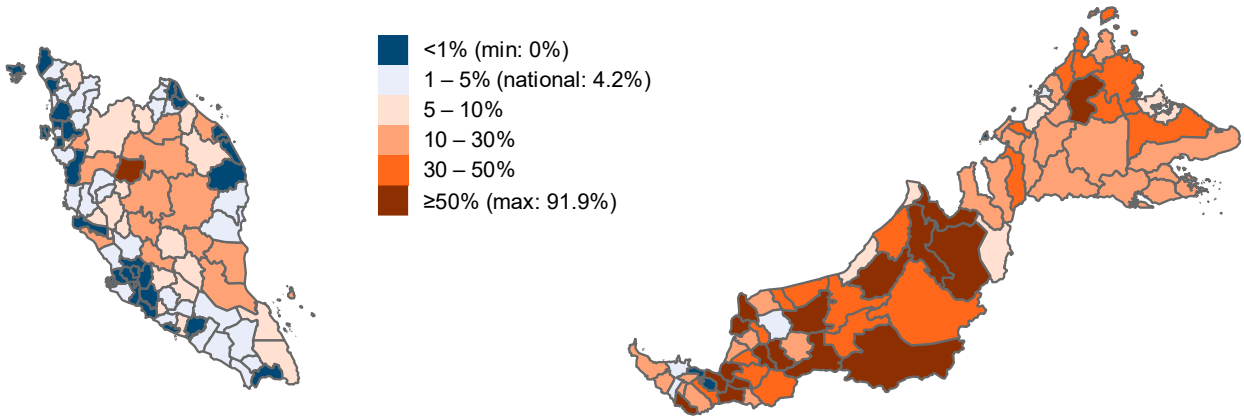
In Sabah, 6.3% of households were more than 5km from primary schools, with 3 out of 28 districts had over 20% of households in this situation, reaching up to 33.2% in Membakut (Figure 8.17). As with Sarawak, this constraint was more prevalent for secondary schools, with 16.3% of households in Sabah located farther than 5km from secondary schools. In 17 districts, over 20% of households were in this situation, reaching up to 53% in Ranau (Figure 8.18).

**Figure 8.17: Share of households with nearest primary school 5km or more away, by district, 2024**




Source: DOSM (2025g)—BA

**Figure 8.18: Share of households with nearest secondary school 5km or more away, by district, 2024**




Source: DOSM (2025g)—BA

The lack of close access to schools in several districts in Sabah and Sarawak warrants attention, although national-level numbers look positive. While distance is not the only factor influencing school participation, several studies in other countries such as China[212], Thailand[213] and Morocco[214] have shown that longer commuting time to school not only impacts student attendance but, more importantly, student psychological wellbeing and academic performance.

[212] Ding and Feng (2022)
[213] Chairassamee et al. (2024)
[214] Bammou et al. (2024)

## Schools with computers and disabled-friendly infrastructure vary by states

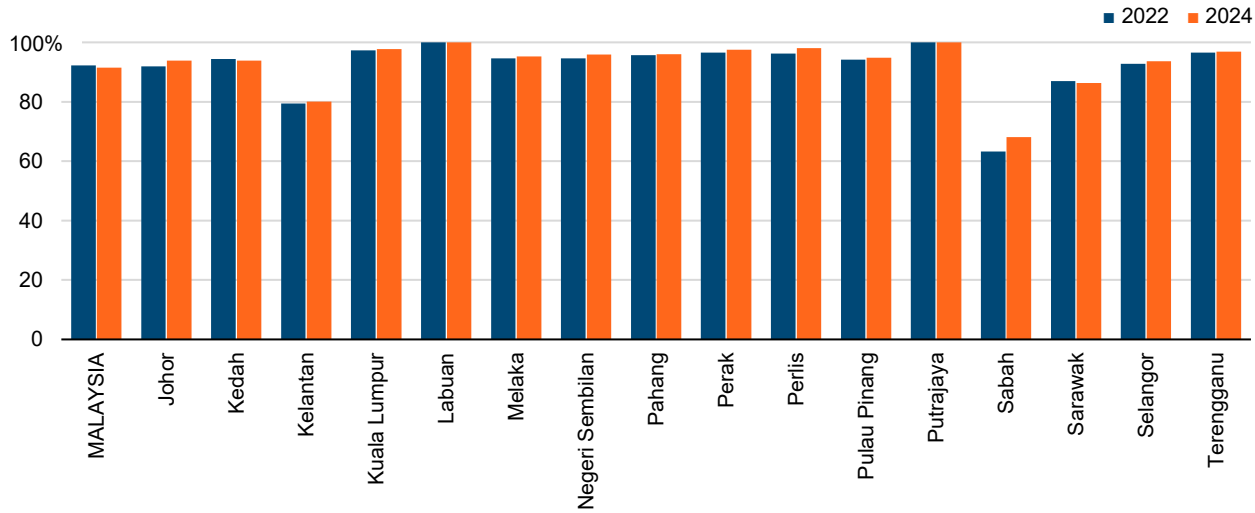
In addition to close proximity to schools, this report considers the schooling experience offered to students in terms of basic facilities and infrastructure. These include electricity, internet, provision of computers, basic drinking water and handwashing facilities, as well as disabled-friendly infrastructure available in schools. This aspect is taken into account as part of efforts to look beyond access because research has underscored that school infrastructure provides the foundation for creating optimal learning environments for students with different abilities, needs and skills, facilitating effective teaching practices, promoting student engagement and ensuring a healthy environment for students[215].

At the state and district levels, access to key facilities such as electricity, internet, basic drinking water and handwashing facilities remained consistently high, with over 99% of schools nationwide and across states equipped with these facilities as of 2024[216].

Some differences were observed in the provision of computers for learning purposes and disabled-friendly infrastructure by schools. First, although the national share of schools with computer access remained high at 91.5% in 2024 (92.2% in 2022), some states appeared to be lagging behind (Figure 8.19). The lowest share was recorded in Sabah (68.1%), followed by Kelantan (80.1%) and Sarawak (86.3%).

Second, the state-level disparity was even more pronounced in the provision of infrastructure and materials for disabled persons in schools[217] (Figure 8.20). Several states saw proportions of schools with access to these facilities that were significantly above the national average in 2024: Terengganu (70.9%), Pulau Pinang (80.7%), Selangor (82.1%), Pahang (82%) and Putrajaya (92.6%).

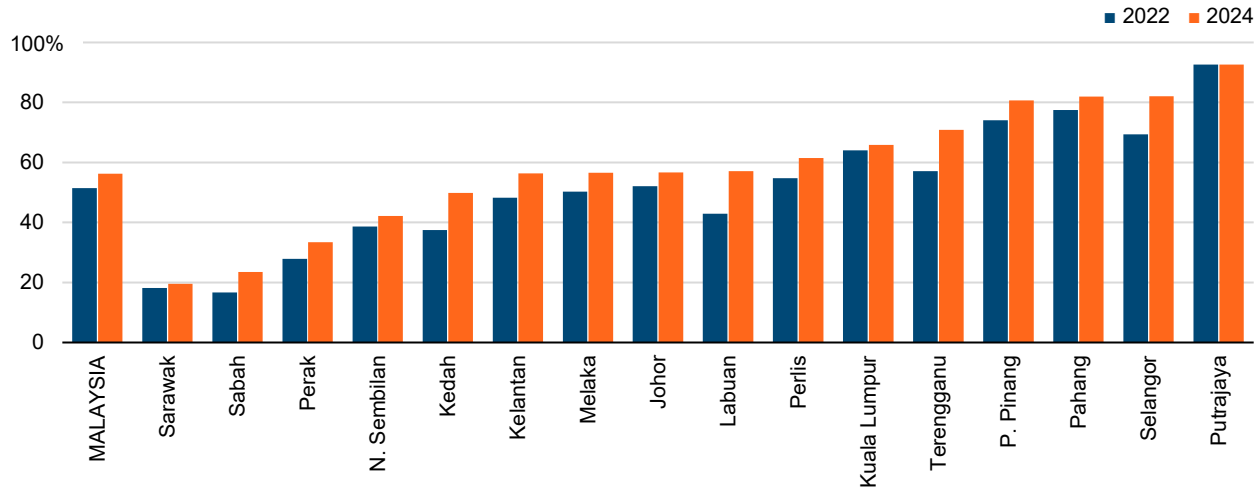
**Figure 8.19: Share of schools with computers, by state, 2022 and 2024**




Source: DOSM (2025q)—SDG Report

[215] Obioma (2023)
[216] DOSM (2025g)—BA
[217] Using the concept of Universal Design for Learning (UDL) in the schooling context, access to disabled-friendly infrastructure refers to the construction of schools with facilities that support inclusive education, incorporating their physical, social and emotional needs. In the context of data used for this report, physical aspects include providing ramps for wheelchairs, disability-friendly toilets, clear and obstacle-free pathways, flexible furniture arrangements in classrooms and assistive technology to meet learning needs. Source: Shlasko and Pacheco (2024)

**Figure 8.20: Share of schools with disabled-friendly infrastructure and materials, by state, 2022 and 2024**




Source: DOSM (2025q)—SDG Report

However, despite the presumption that access to computers for learning purposes is beneficial, it is unclear from these statistics how many computers there are, how accessible they are or how integrated they are into teaching and learning. Similarly, for the provision of infrastructure for disabled persons, it is not immediately obvious what these provisions are and how commensurate they are with the needs of students with disabilities. These warrant further investigation but are out of scope for this report.

In addition to the availability of infrastructure provided within schools, as discussed above, another aspect of education quality is the availability of qualified teachers[218]. Box 8.3 discusses the share of teachers in primary and secondary schools with minimum required qualifications.

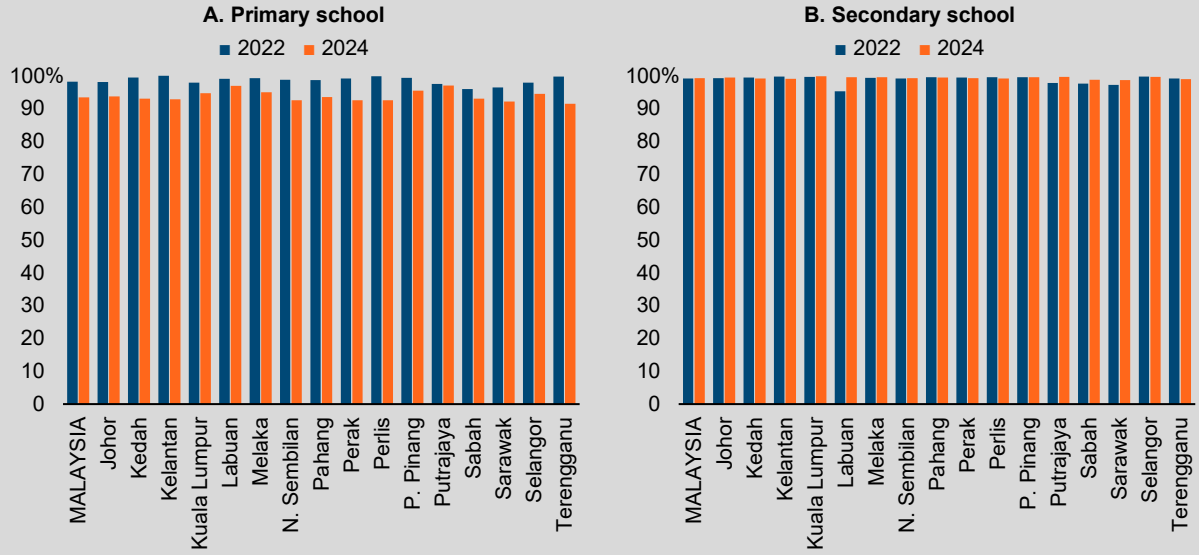
**Box 8.3: The availability of teachers with minimum required qualifications**

According to the MOE, the minimum qualification for teachers is at least a bachelor's degree in education from *Institut Pendidikan Guru* (IPG) or universities such as Universiti Pendidikan Sultan Idris. Alternatively, for non-education degree holders, they are required to obtain a Postgraduate Diploma in Education before entering the profession[219].

In 2024, the share of primary school teachers with minimum qualifications was 93.4%. While this was a slight decline from 98.2% in 2022, the national and state-level rates remained above 90% (Figure 8.21A). In contrast, the share of qualified teachers at the secondary level rose slightly to 99.3% in 2024 (99.2% in 2022, Figure 8.21B). The rise was underpinned by improvements in most states, with Labuan recording the largest improvement (4.3 percentage points).

[218] The meaning of educational quality extends beyond standardised test scores or academic achievements. It includes factors such as the relevance of the curriculum, the quality of teaching and learning processes, the availability and accessibility of resources, the support for individual learning needs, the development of essential skills, and the overall impact on students' personal growth and wellbeing. Source: Obioma (2023)
[219] Kumar (2026); Edvolution (2022)

**Figure 8.21: Share of teachers with minimum required qualifications, by state, 2022 and 2024**




Source: DOSM (2025q)—SDG Report

It is also important to consider the remaining share of teachers without minimum required qualifications, especially in primary school. While the exact cause is unclear, this may be partially attributed to the shortage of qualified teachers in several subjects, including English, History, Special Education, Islamic Education, and Information and Communication Technology, as indicated by the then Deputy Education Minister[220].

Ensuring that schoolteachers meet minimum required qualifications is essential in making the learning process conducive and in ensuring access to quality education, as targeted under the Sustainable Development Goals (SDG4). Although the assessment of teachers should not be based solely on formal qualifications or academic achievements, these provide a reasonable starting point for the selection process.

In general, developments in access to social infrastructure showed that more households have been able to reach schools and health facilities within close proximity, especially in Peninsular Malaysia. Nonetheless, micro-level data points to remaining pockets of deprivation in some states that need to be addressed, particularly in Sabah, Sarawak and Kelantan. This finding is consistent with the patterns seen for essential services, namely access to treated water and garbage collection service, necessitating greater focus on these areas.

[220] BERNAMA (2023)

## 8.3 Household Access to Job Opportunities

Household income is an important component of wellbeing. It not only reflects the economic resources available to a household but also its ability to access other factors that contribute to wellbeing, including adequate housing, nutritious food, healthcare, education, and opportunities for social and economic participation. As such, household income is both an outcome of economic conditions and a means by which households can achieve better living standards.

For most households, paid employment is the primary source of income[221]. Household wellbeing is therefore closely linked to labour market outcomes. Access to paid work depends on the availability of employment opportunities, which in turn is shaped by labour demand and employers' hiring decisions. However, job availability alone is insufficient. The quality of employment also matters, as better outcomes are associated with jobs that offer adequate wages, make use of workers' qualifications and skills, and provide formal employment arrangements that offer greater stability and protection than precarious forms of work.

However, individuals' employment choices are not made in a vacuum. The types of jobs people obtain are often constrained by opportunities available in their immediate environment. Spatial and urban economists have long emphasised that access to employment is geographically uneven, influencing both labour market outcomes and broader socioeconomic wellbeing[222]. More recent work highlights that individuals are often limited not only by the number of jobs available nearby but also by the composition and quality of those jobs, which shape occupational choices and career trajectories[223].

Thus, the extent to which households can benefit from these employment opportunities is heavily influenced by access. Spatial differences in the availability of good jobs can therefore contribute to disparities in household income and, by extension, household wellbeing.

Findings in Section 4 highlighted how employment participation and outcomes differ between states, strata and districts—with some regions showing lower unemployment, greater participation in skilled employment and higher median wages. To explore these trends further, this subsection examines variations in access to and availability of employment opportunities across Malaysia.

### Nationally, employment is concentrated in the Services sector

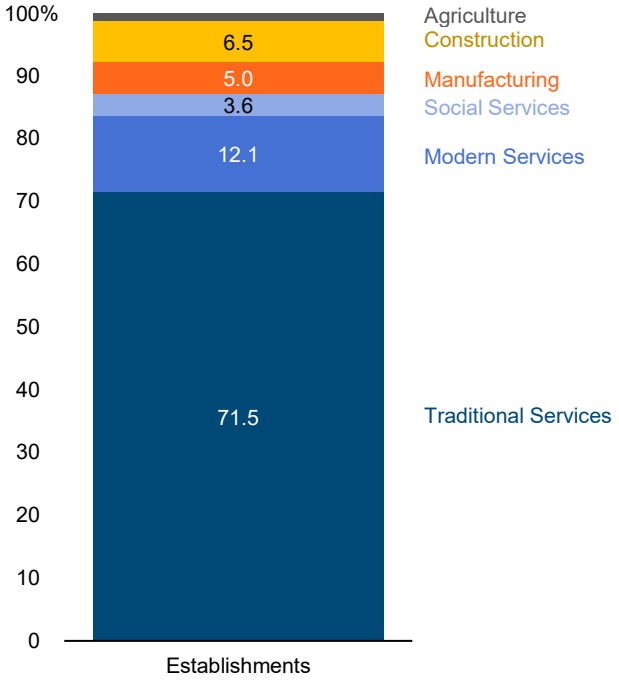
At the national level, the scale and composition of employment demand provide an important starting point for understanding the differences in employment outcomes across Malaysia. The total number of establishments reflects the potential points of employment, while the composition of jobs indicates the types of labour demanded across the economy. Examining these measures together, therefore, provides an overview of the structure of employment opportunities available nationally, including the industries and occupations that account for a larger share of demand.

[221] See Section 2.4
[222] Delmelle et al. (2021)
[223] Andersson et al. (2018); Seubert et al. (2021); Jin et al. (2022)

Of the various establishments registered in 2023, Services-related establishments accounted for more than 80% of all registered firms (Figure 8.22), with the largest being Traditional Service-related establishments (71%). Meanwhile, Industrial-related sectors accounted for around 12% of registered firms (Manufacturing at 5%, Construction at 7%, Mining and Quarrying at 0.1%). The remaining establishments were Agriculture-related firms, represented by only 1% of all establishments.

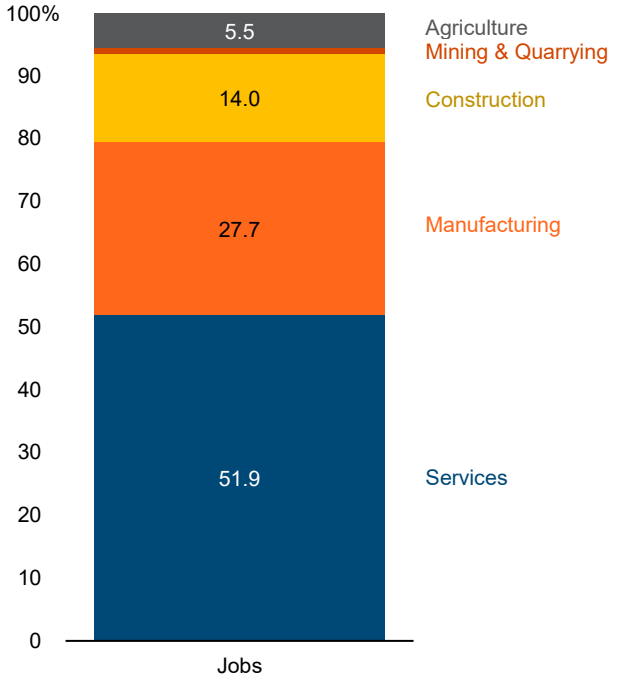
When looking at the distribution of jobs (Figure 8.23), there was a slightly different pattern. Services still made up the majority of total jobs, accounting for 52% of all filled and vacant jobs in 2024. Despite being only 5% of establishments, Manufacturing made up 28% of all jobs, highlighting that the distribution of establishments does not necessarily correspond to the distribution of jobs. This reflects differences in the average size of establishments across sectors, with some sectors comprising fewer but larger establishments that employ a greater number of workers—as seen in the case of Manufacturing. As such, examining both the number of establishments and jobs provides a more complete picture of the scale and accessibility of employment opportunities across the economy.

**Figure 8.22: Distribution of establishments, by sector, 2022**




Note: Mining and quarrying is not shown as its share is only 0.1%.
Source: DOSM (2024a)—Economic Census

**Figure 8.23: Distribution of total jobs, by sector[224], 2024**




Note: The further breakdown of services is not available for jobs.
Source: DOSM (2025a)—Employment Statistics

[224] The categorisation of sectors is adapted from KRI (2024a); KRI (2020a); Ng et al. (2018). Industry includes: Manufacturing, Mining and Quarrying, and Construction. Traditional Services include: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles; Transportation and Storage; Accommodation and Food and Beverage Service Activities; Arts, Entertainment and Recreation; Administrative and Support Service Activities; And Other Services. Social Services include: Public Administration and Defence; Compulsory Social Security; Education, Human Health and Social Work Activities; Electricity, Gas, Steam and Air Conditioning Supply, and Water Supply; And Sewerage, Waste Management and Remediation Activities. Modern Services include: Information and Communication; Financial and Insurance/Takaful Activities; Real Estate Activities; and Professional, Scientific and Technical Activities.

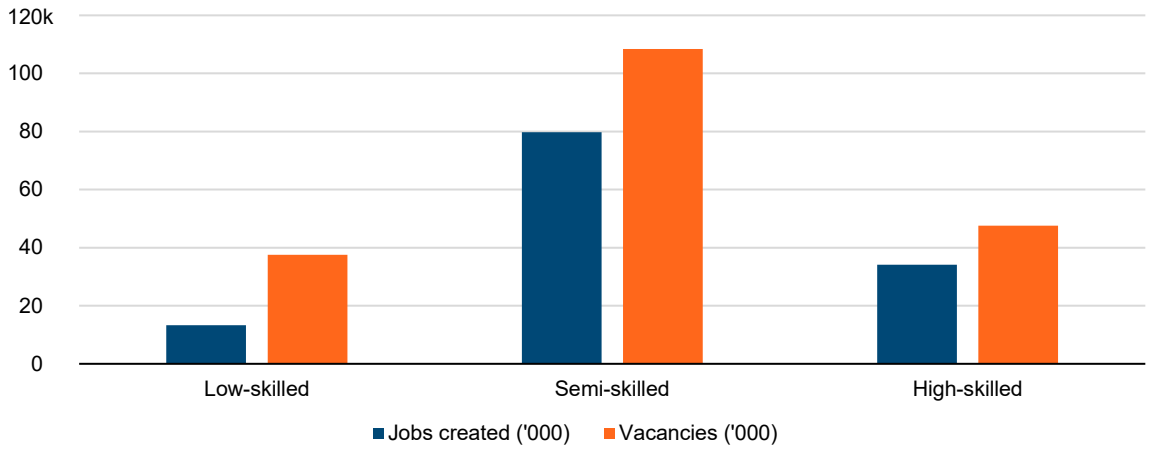
## Labour demand and vacancies are mostly in semi-skilled occupations

Beyond the overall volume of jobs, the distribution of employment demand across industries and occupations provides insights into the nature of opportunities available to workers. Differences in occupational and industrial demand can shape the types of skills required, the availability of skilled, higher-paying employment and the extent to which workers can access opportunities that align with their qualifications and experience.

Hence, an important indicator of economic activity is the number of jobs created and vacancies. Jobs created in a given year refer to new positions within an organisation that were previously unavailable, including increases in the number of jobs for a particular function, the creation of new services or positions created to promote existing employees. Meanwhile, vacancies refer to unfilled jobs that employers are actively seeking candidates for, and the job is ready to start within 30 days[225]. This information is collected quarterly by DOSM via a survey of sampled establishments.

In 2024, 127 thousand jobs were created, while national vacancies stood at 193 thousand (Figure 8.24). The majority of jobs available were concentrated in the semi-skilled occupation level, which accounted for 56% of vacancies and 62.7% of total jobs created. Meanwhile, high-skilled occupations accounted for only a quarter of available vacancies and jobs created.

**Figure 8.24: Total number of jobs created and vacancies, by occupation skill level, 2024**




Source: DOSM (2025a)—Employment Statistics

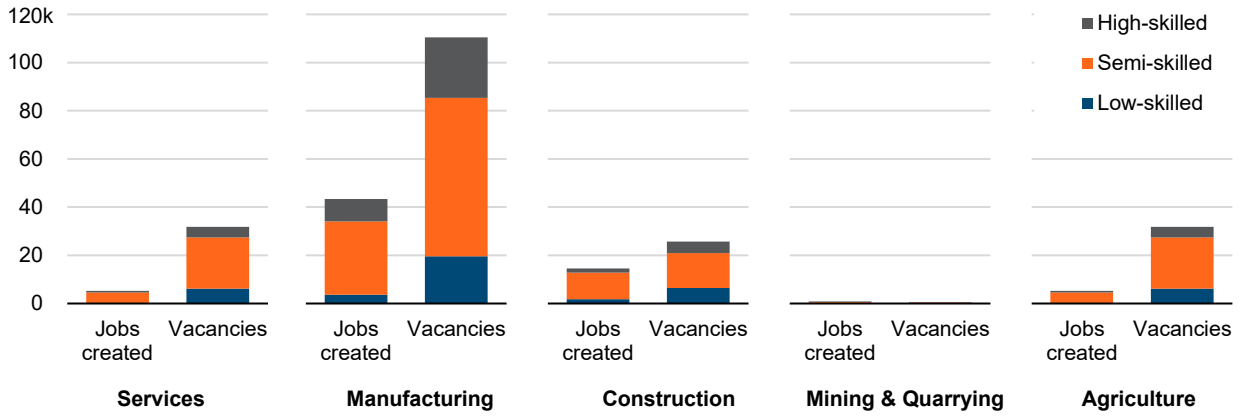
Among the jobs created, the majority were in the Services sector, with 63.2 thousand jobs created in 2024, with a third of them being high-skilled occupations (at 22.3 thousand high-skilled jobs created) (Figure 8.25). The vacancy rate in the Services sector was also the lowest among sectors, at 0.5%, while the uptake of semi-skilled positions in Services was even higher, with a vacancy rate of 0.3%. These low vacancy rates suggest that the labour demand is being met efficiently, with employers able to fill positions quickly.

[225] DOSM (2025a)—Employment Statistics

On the other hand, the Manufacturing sector tells a different story. While it created a total of 43.4 thousand jobs in 2024, it faces challenges in filling roles, with 110.5 thousand vacancies, more than double the total jobs created. Among the different occupation levels, vacancies were hardest to fill in low-skilled occupations, at a vacancy rate[226] of 11%. Additionally, the sector faces challenges in filling high-skilled occupations, where, despite 9.3 thousand jobs being created, 25.2 thousand roles remained vacant.

The agriculture sector, too, faces challenges with vacancies. Comprising 30% of those working in rural regions, the sector created 5.2 thousand jobs and had 31.9 thousand vacancies in 2024. While the majority of those vacancies were in semi-skilled positions (21.2 thousand), the vacancy rate was relatively lower at 4.8% compared to other occupational levels: 21.7% for low-skilled and 15.5% for high-skilled occupations.

**Figure 8.25: Total number of jobs created and vacancies, by industry and occupation skill level, 2024**




**Vacancy rate**

| | Services | Manufacturing | Construction | Mining & Quarrying | Agriculture |
|---|---|---|---|---|---|
| **Low-skilled** | 0.8% | 5.6 | 12.8 | 0.5 | 15.5 |
| **Semi-skilled** | 0.3 | 3.5 | 14.5 | 0.7 | 4.8 |
| **High-skilled** | 0.6 | 11.0 | 3.3 | 1.0 | 21.7 |

Source: DOSM (2025a)—Employment Statistics

Taken together, these patterns highlight that the availability of employment opportunities does not necessarily translate into equal or effective access to jobs. While the Services sector appears better positioned to absorb available labour, the higher vacancy rates observed in Manufacturing and Agriculture suggest potential mismatches between available jobs and workers' skills, preferences or even location. This distinction between the jobs available and workers' ability to access and take up those jobs is therefore important for assessing the extent to which employment opportunities can contribute to household wellbeing.

[226] Vacancy rate is calculated by the total number of vacancies over the total number of jobs (both filled and unfilled) in the skill level and sector.

This also has broader implications for household economic security and living standards. Where suitable and accessible employment opportunities are limited, households may face greater difficulty in securing stable and meaningful work. Thus, understanding where employment demand is concentrated, and whether the available opportunities can be accessed by the workers who need them, is an important component of understanding the larger contribution of employment to household wellbeing. The next subsection examines these differences across states, highlighting geographical variation and the extent to which households in different parts of Malaysia may face different levels of access to work.

## Employment participation and opportunities differ across states

Access to employment opportunities depends on the availability of jobs within a locality. As no single measure fully captures job availability, this section draws on a range of indicators to provide a more comprehensive picture of labour demand across states and urban-rural strata. These indicators capture different dimensions of local labour markets, including economic activity (through the number of business establishments), employer demand for workers and the sectoral composition of employment (represented by the distribution of employed persons by sector). Taken together, these indicators provide a snapshot of the geographic distribution of employment opportunities, the types of jobs in demand and the sectoral structure of employment across regions.

### Business establishments and job demand are concentrated in the central region

The distribution of business establishments across states provides a useful context for understanding the geography of employment opportunities in Malaysia[227]. While establishment counts do not directly measure the number of jobs, they serve as an indicator of where economic activity is concentrated and where employment is more likely to be generated. States with more establishments typically offer a broader range of employment opportunities, reflecting greater economic diversification and labour demand. Conversely, states with relatively few establishments may have a narrower employment base, potentially limiting the availability of local employment.

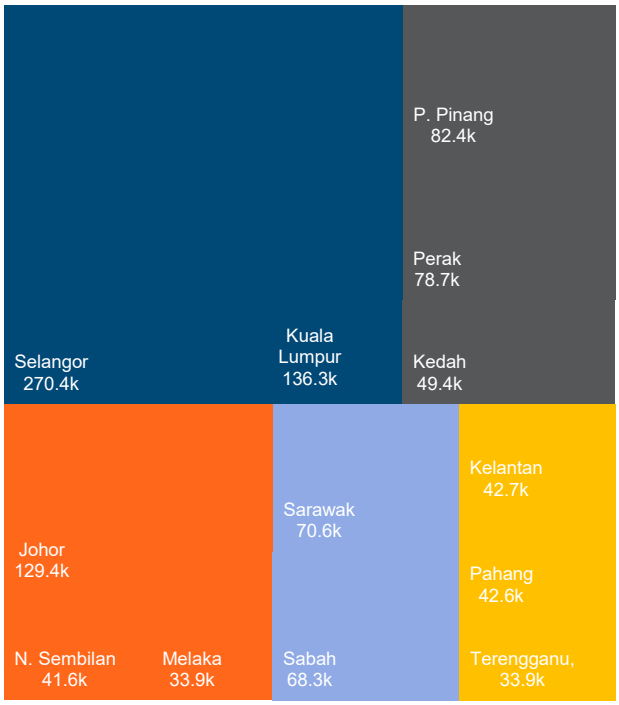
In 2023, Malaysia recorded a total of 1.1 million registered establishments across all industries. More than a third (37.4%) of those establishments were based in the central region, with Selangor and Kuala Lumpur recording 270,363 and 136,307 establishments respectively (Figure 8.26). When adjusted for state population, Kuala Lumpur had the highest concentration at 65.9 establishments per 1,000 people, while Selangor had a more modest figure in comparison at 36.7 establishments per 1,000 people (Figure 8.27).

Outside the central region, Johor accounted for 11.9% of national establishments, at 129,425 establishments, making it the state with the largest number of establishments outside the central region. This was followed by Pulau Pinang, Perak, Sabah and Sarawak, which accounted for 7.6%, 7.2%, 6.3% and 6.5% of establishments, respectively. However, the concentration of establishments does not necessarily correspond to population size. When adjusted for population, several states recorded relatively high establishment densities despite having a smaller absolute number of establishments. Pulau Pinang, for instance, had 45.8 establishments per 1,000 people, considerably higher than Selangor and Johor, despite having a much lower number of establishments.

[227] This data is sourced from the economic census by DOSM, based on the Malaysia Statistical Business Register.

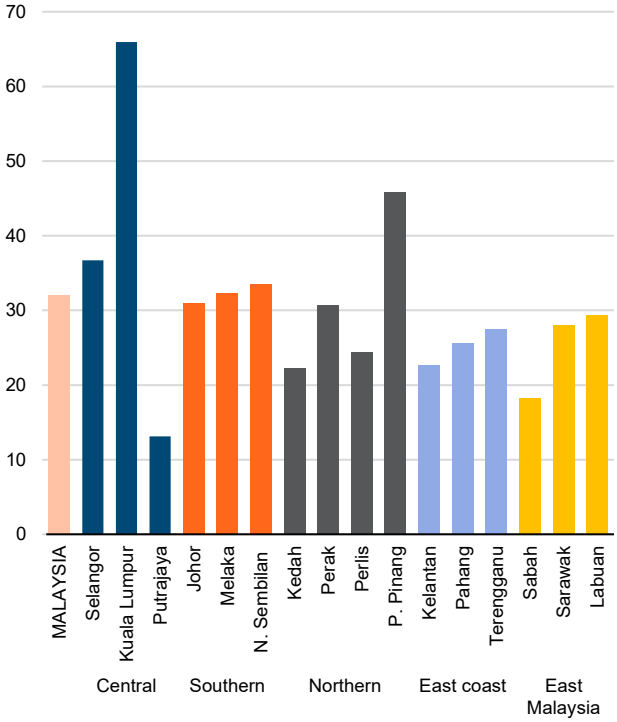
This suggests that differences in the availability of establishments, and therefore potential employment opportunities, are not fully captured by absolute counts alone.

**Figure 8.26: Number of establishments, by state, 2022**




Source: DOSM (2025c)—Current Population Estimates, DOSM (2024a)—Economic Census and KRI calculations

**Figure 8.27: Number of establishments per 1,000 people, by state, 2022**




Source: DOSM (2025c)—Current Population Estimates, DOSM (2024a)—Economic Census and KRI calculations

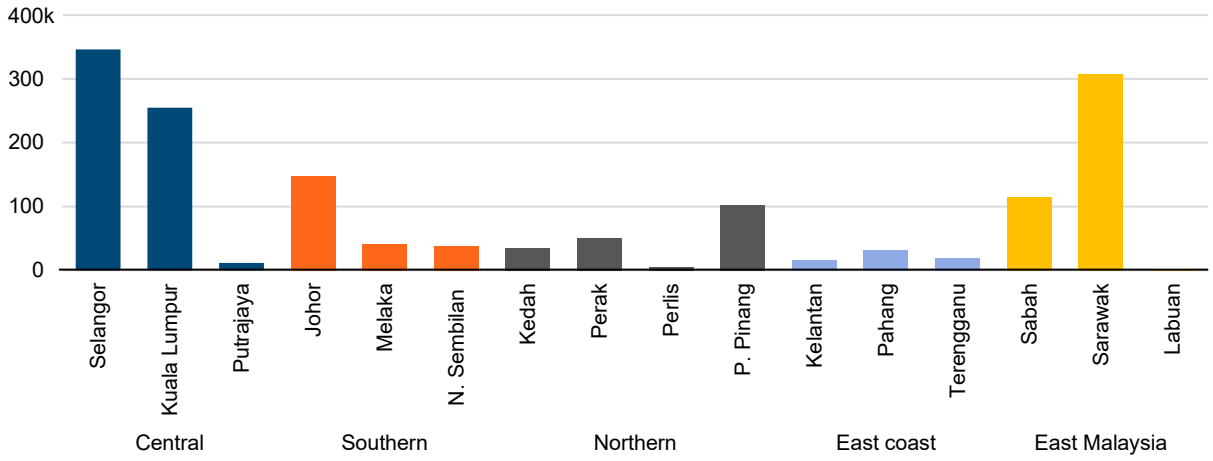
The comparison also highlights that the number of establishments does not necessarily translate proportionately into the number of jobs available. States with fewer establishments may have a relatively high number of jobs per capita, reflecting differences in the size and employment capacity of establishments. Conversely, states with a larger number of establishments may not necessarily offer a comparable volume of employment opportunities relative to their population. Hence, these patterns suggest that access to employment opportunities depends not only on how many establishments are present, but also on their size, capacity to employ workers and distribution relative to the population.

Therefore, while the number of registered establishments by state can act as an indicator of regional employment opportunity, it can also be further supplemented by examining job demand by state. A data source that can be used to illustrate job demand is PERKESO's Labour Market Exchange, which breaks down the number of online vacancies advertised by state. Unlike the DOSM data set, which is a survey-based method, the number of online vacancies is the cumulative total of all jobs advertised on PERKESO's MyFutureJob platform in 2024[228]. Hence, there are limitations in capturing vacancies that were not advertised through that platform, or in capturing repetitions of the same opportunity advertised after several months of vacancy.

[228] Given the difference in data collection methods between DOSM and PERKESO on calculating job vacancies, PERKESO's online job vacancies are considerably higher than the vacancies calculated by DOSM. There are also differences in definition where PERKESO's data is the compilation of the total number of online job postings, whereas DOSM has a set definition of vacancies, in which the position is able to be filled within 30 days.

Figure 8.28 highlights the number of online job vacancies advertised by state. Selangor and Kuala Lumpur stand out as the main sources of labour demand, accounting for 39.4% of all online jobs advertised. In 2024, Selangor recorded the highest total number of advertisements at 346 thousand jobs, and Kuala Lumpur recorded 255 thousand jobs. Meanwhile, Sarawak has the highest number of job opportunities in East Malaysia, with 308 thousand jobs advertised, the second highest among all states in Malaysia. These three states greatly outrank the rest, with Johor having only half as many job advertisements and most states having fewer than 50 thousand online job listings in 2024.

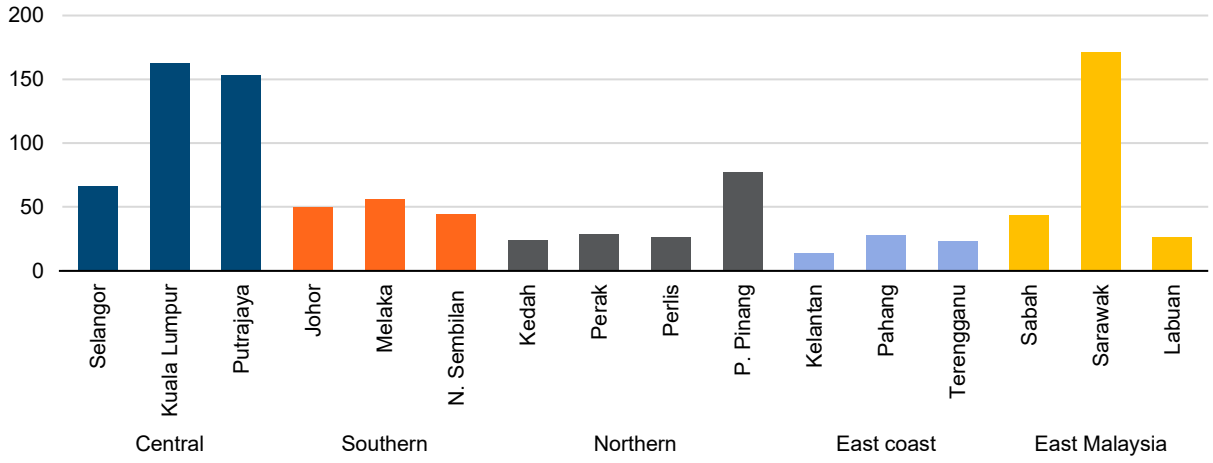
**Figure 8.28: Number of online vacancies advertised, by state, 2024**




Source: PERKESO (2026)—Labour Market Exchange

Interestingly, when normalised by the working population in each state, the trend differs slightly (Figure 8.29). Sarawak recorded the highest concentration of online job postings, with 171.5 online vacancies per 1,000 working-age population in 2024. This was followed by Kuala Lumpur at 162.4 online vacancies per 1,000 working-age population and Putrajaya at 153.1 online job postings. These figures suggest that, relative to the size of their working-age populations, there was a larger demand for workers for firms within Sarawak.

**Figure 8.29 Number of online vacancies advertised per 1,000 people of working age, by state, 2024**




Source: PERKESO (2026)—Labour Market Exchange, DOSM (2025c)—Current Population Estimates and KRI calculations

At the other end of the spectrum, Kelantan recorded only 13.0 online vacancies per 1,000 working-age population, while Kedah and Terengganu recorded 23.8 and 23.4, respectively, indicating considerable differences in the availability of online advertised employment opportunities across states.

However, Selangor, which had the highest number of advertised online vacancies, had a lower job concentration of 66.2 vacancies per 1,000 working-age population, suggesting that the higher number of job opportunities is offset by its larger state population. Regardless, it should be noted that the proximity of Kuala Lumpur and Putrajaya to Selangor makes it feasible for Selangor residents to pursue employment in neighbouring states. This highlights an important consideration when assessing accessibility: the geographical location of a job does not always correspond to the location of the worker who ultimately takes it up.

Meanwhile, Pulau Pinang had a higher concentration of jobs than Selangor at 77.6 online vacancies advertised per 1,000 working population. This suggests that employment opportunities in Pulau Pinang are relatively more abundant when considered against the size of its working-age population. A similar pattern can be observed in Sabah, which recorded 43.7 vacancies per 1,000 working-age population, despite having a considerably smaller absolute number of online vacancies than Selangor.

Conversely, several states in the northern, southern and east coast regions recorded substantially lower vacancy concentrations, suggesting potential differences in the accessibility and availability of formal employment opportunities across Malaysia. These variations are important from a household wellbeing perspective, as greater availability of nearby employment opportunities can increase the likelihood that individuals can find work that matches their skills and circumstances, while limited local opportunities may require workers to commute farther, relocate or accept less suitable employment.

### Industries are differentiated across states and strata

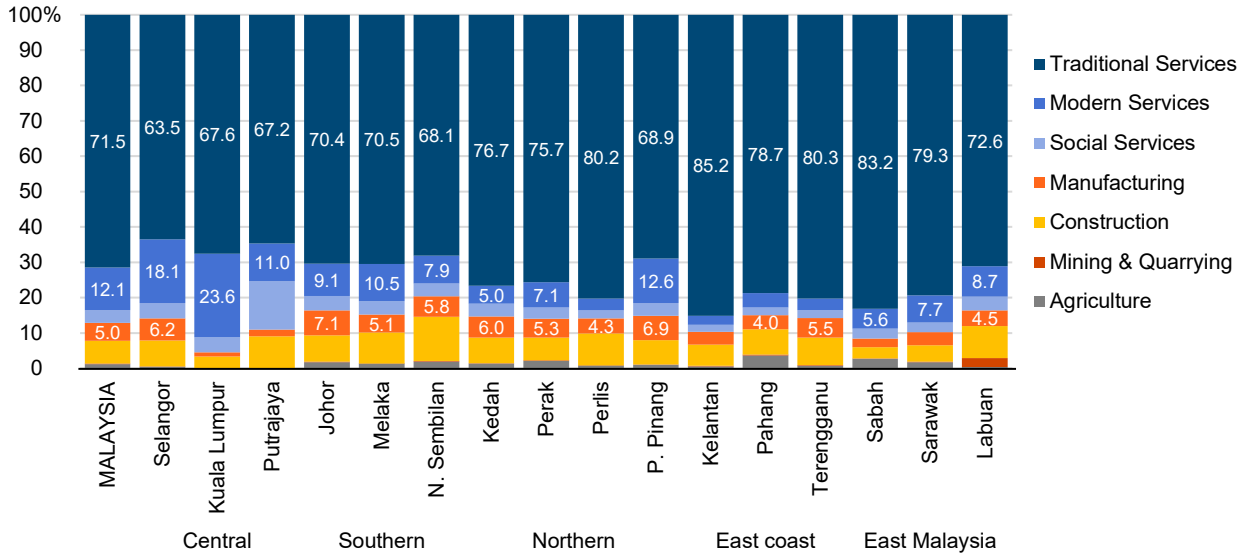
The composition of establishments across states also points to differences in the structure and diversity of local economies. The central region, comprising Selangor, Kuala Lumpur and Putrajaya, displays a relatively more diversified distribution of establishments across sectors[229] (Figure 8.30). While Traditional Services remains the largest category in all three states, accounting for 63.5% of establishments in Selangor, 67.6% in Kuala Lumpur and 67.2% in Putrajaya, these states also have comparatively sizeable shares of Modern and Social Services in 2023. In particular, Kuala Lumpur has the largest share of establishments in Modern Services at 23.6%, while Putrajaya has a relatively high share of Social Services at 14.2%. The presence of establishments across a wider range of sectors suggests that the central region offers a broader mix of economic activities and, consequently, a more varied set of employment opportunities.

[229] The categorisation of sectors is adapted from KRI (2024a); KRI (2020a); Ng et al. (2018). Industry includes: Manufacturing, Mining and Quarrying, and Construction. Traditional Services include: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles; Transportation and Storage; Accommodation and Food and Beverage Service Activities; Arts, Entertainment and Recreation; Administrative and Support Service Activities; And Other Services. Social Services include: Public Administration and Defence; Compulsory Social Security; Education, Human Health and Social Work Activities; Electricity, Gas, Steam and Air Conditioning Supply, and Water Supply; And Sewerage, Waste Management and Remediation Activities. Modern Services include: Information and Communication; Financial and Insurance/Takaful Activities; Real Estate Activities; and Professional, Scientific and Technical Activities.

Outside the central region, the distribution of establishments tends to be more concentrated in Traditional Services, accounting for more than 70% of establishments in Johor, Melaka, Kedah, Perak, Perlis, Kelantan, Terengganu, Sabah and Sarawak. The east coast states, in particular, show a strong concentration of Traditional Services, with Kelantan recording 85.2% and Terengganu 80.3% of establishments in this category.

In contrast, some states exhibit greater representation in other sectors: Johor and Melaka have relatively larger shares of Manufacturing establishments at 7.1% and 5.1%, respectively, while Pulau Pinang has a comparatively larger presence in Modern Services (12.6%) and Manufacturing (6.9%). These differences indicate that the availability and types of employment opportunities are likely to vary with each state's underlying economic structure.

**Figure 8.30: Distribution of establishments, by state and sector, 2022**




Source: DOSM (2024a)—Economic Census and KRI calculations

The concentration of establishments in particular sectors are relevant to the accessibility and quality of employment opportunities available to households. A more diversified economy[230], such as that observed in the central region, may provide workers with a wider range of occupational and sectoral options, potentially allowing greater scope to match their skills and experience with employment. Conversely, where establishments are heavily concentrated in a smaller number of sectors, workers may face fewer alternatives within their local labour market, particularly if their skills or preferences do not align with the dominant industries.

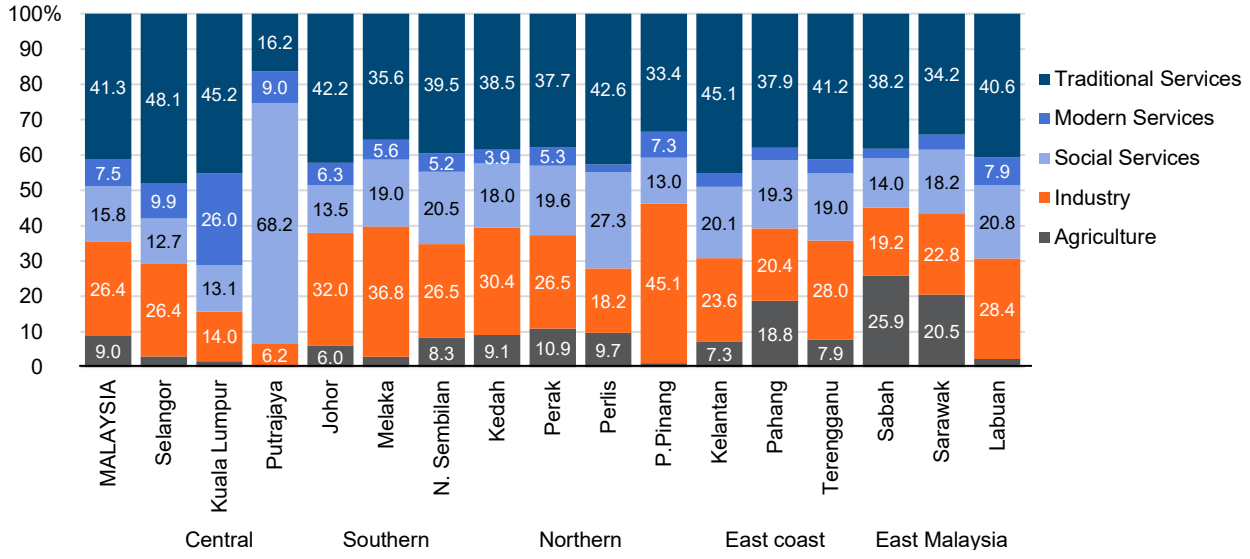
While the distribution of establishments indicates the economic activities present across states, the distribution of employed persons presents a somewhat different picture. Establishments can vary considerably in size and labour intensity across sectors. As such, examining the distribution of employed persons alongside the distribution of establishments provides a more direct indication of the sectors through which households access employment and derive their livelihoods.

[230] This refers to having a greater representation and distribution of other industries.

For Modern Services, there is a closer alignment between the distribution of establishments and the share of employed persons, with Kuala Lumpur recording the highest concentration of both (Figure 8.31). However, the pattern differs in Putrajaya, where Social Service establishments tend to be larger. Although they account for only 14.2% of establishments, they employ 69% of the workforce in Putrajaya. A similar pattern can be observed in Pulau Pinang, where 44% of employed persons are in the Industrial sector—the highest share among the states—despite industrial firms accounting for only 13.8% of establishments. This suggests that firms in Pulau Pinang are, on average, larger and have greater capacity to absorb workers.

Conversely, the two charts (Figure 8.30 and Figure 8.31) indicate that Traditional Services establishments tend to be smaller. While they account for more than 70% of establishments, they employ only around 40% of the workforce, indicating a sector characterised by many relatively small establishments.

**Figure 8.31: Share of employed persons, by state and sector, 2024**




Source: DOSM (2025b)—LFS

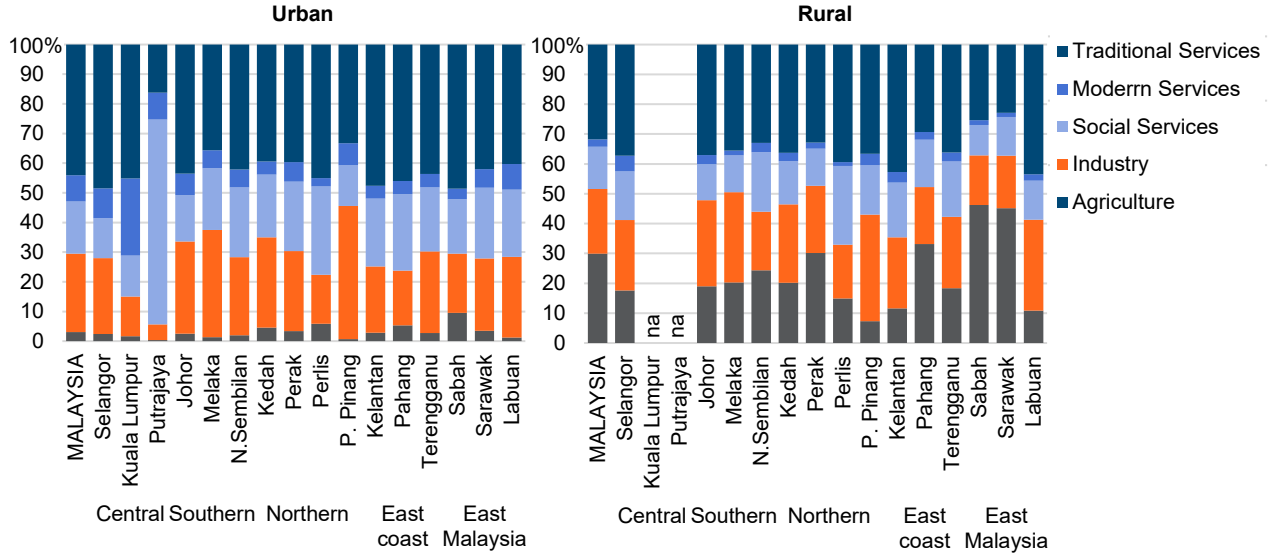
The industrial composition of employment also varies within states, between urban and rural areas. At the strata level, Agriculture is more concentrated in rural areas, particularly in Sabah and Sarawak. In rural Sabah and Sarawak, agricultural activities account for more than 45% of employment, significantly higher than the national average (30%) and far exceeding the shares observed in the other states in Peninsular Malaysia (Figure 8.32).

In contrast, urban areas across most states are characterised by a more diversified economic base, with employment concentrated in Industry and Services. Nationally, the Industry sector accounts for 27.4% of urban employment and only 22.7% of rural employment. However, several states show more prominent industrial activity, such as Penang, with 45.7% and 36.4% of urban and rural employment, respectively. Melaka also showed strong industrial activity in its urban centres at 37%, followed by Johor at 32.5%.

On the other hand, the services sector dominates employment across Malaysia's urban regions, though the composition of services can vary widely between states. Traditional Services account for the largest share of employment in most states. Meanwhile, Social Services, such as public administration, education and healthcare, often constitute about a fifth of urban employment. A notable exception is in Putrajaya, where Social Services constitute the majority of employment (68.2%), reflecting its role as the country's administrative centre.

Among the different service activities, Modern Services make up less than 10% of employment for most states. However, Kuala Lumpur records the highest share, where 26% of employed persons are in Modern Services—more than double the national share. The concentration of these sectors in Kuala Lumpur reflects the agglomeration of knowledge-intensive industries in major urban centres.

**Figure 8.32: Share of employed persons by industry, by state and strata, 2024**




Source: DOSM (2025b)—LFS and KRI calculations

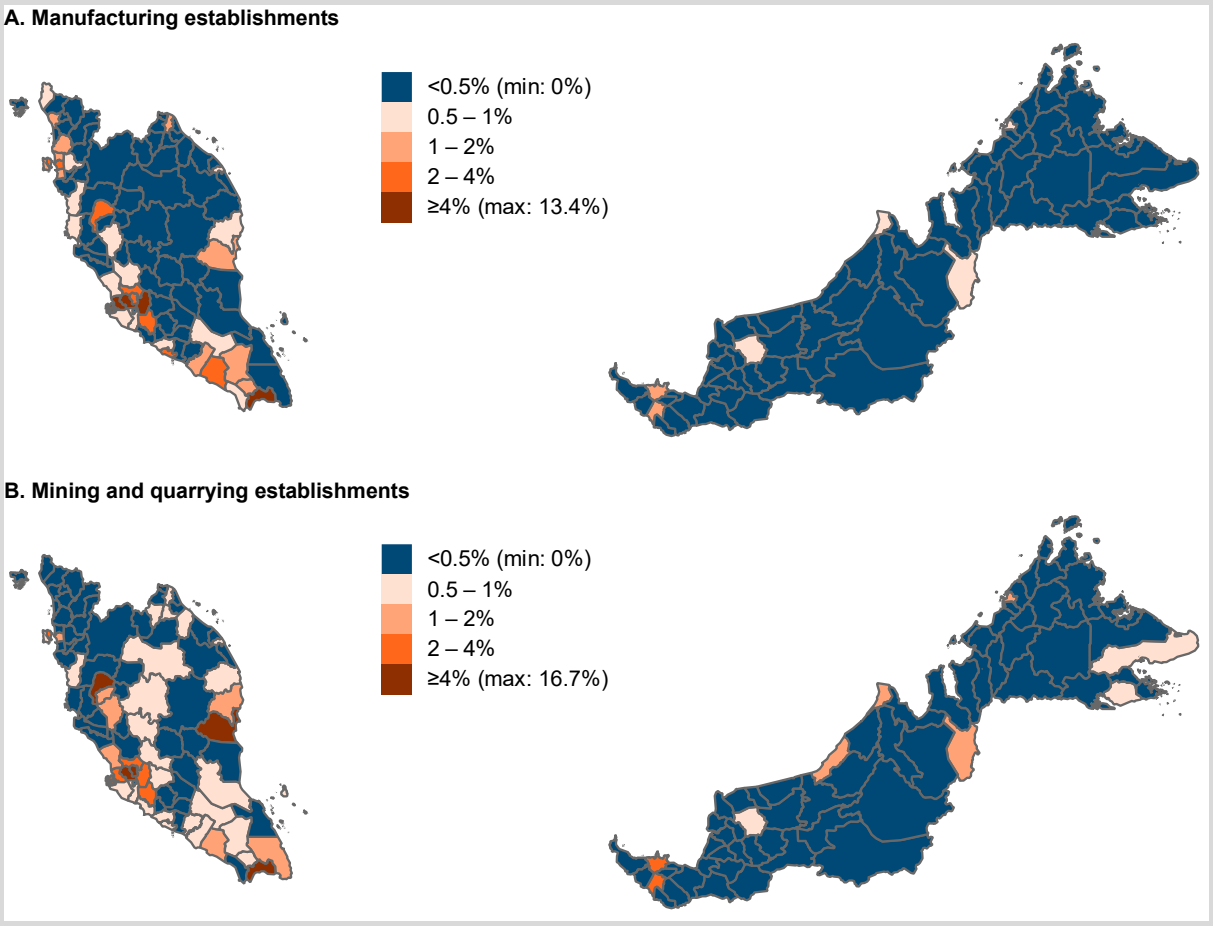
These differences in industrial structure have important implications for household wellbeing because industries vary significantly in wages, productivity and employment quality. States with a greater presence of Modern Services and diversified economic activities tend to offer greater access to high-skilled, better-paying jobs, while states that remain dependent on Agriculture or lower-value activities may face more limited opportunities for income growth. This will be explored further in the next subsection. More broadly, the uneven distribution of industries across Malaysia suggests that where households live influences not only whether employment is available, but also their access to quality jobs.

**Box 8.4: Within states, economic clusters emerge**

## Industry-related establishments are concentrated in the central region, Pulau Pinang and Johor

Of the registered establishments in the Manufacturing sector (Figure 8.33A), the majority are located in the central region, with Petaling accounting for 13.4% of the national Manufacturing-related establishments in 2022. When combined with the neighbouring districts (Klang: 6.8%, Ulu Langat: 4.6%, Gombak: 3.3%, Kuala Lumpur: 3.0%, and Seremban: 2.9%), the central cluster accounts for one-third (34%) of all Manufacturing, highlighting its key role in this industry. Johor Bahru is another key player in Manufacturing, at 7.6%, driving the industry in the southern region, while the districts in Pulau Pinang (totalling 10.4% of establishments) and Kinta (3.9%) anchor Manufacturing in the northern region.

**Figure 8.33: Share of establishments (Industry), by district, 2022**




Source: DOSM (2024a)—Economic Census and KRI calculations

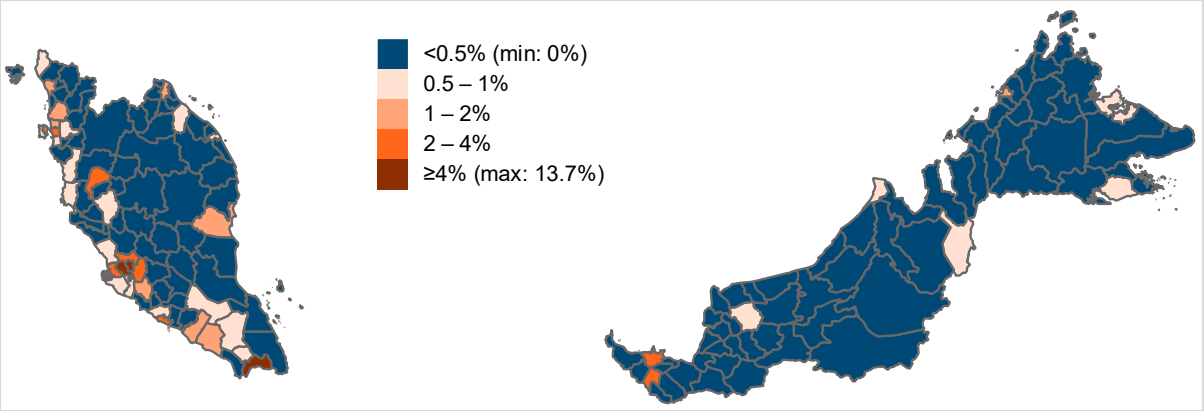
Meanwhile, establishments in the Mining and Quarrying sector are somewhat more distributed, with key districts in areas known for the petrochemical industry (Figure 8.33B). Similar to Manufacturing, the majority of the Mining and Quarrying establishments are also located in the central region, making up 33.3% (Petaling: 16.0%, Kuala Lumpur: 5.4%, Klang 3.6%, Gombak 2.8%, Ulu Langat: 2.6%, Seremban 3.1%) of all the nationally registered establishments in this sector.

Other notable regions for Mining and Quarrying include Kuantan (5.6%) and Kemaman (1.7%), which hosts the east coast petrochemical activities, Johor Bahru (6.4%) and Kota Tinggi (1.4%), which drives the southern region in this sector, as well as Kuching (2.7%), Bintulu (1.2%), Miri (1.8%) and Kota Kinabalu (1.5%), which are East Malaysia's main hubs for oil and gas activities.

## Service-related clusters are concentrated in districts that host the capital cities

The largest sector, the Services sector, had the highest number of establishments, with a total of 952 thousand registered entities in 2023. Figure 8.34 shows the spatial distribution of Service-sector establishments across districts in Malaysia. Service establishments are highly concentrated in a relatively small number of urban districts, particularly within the Klang Valley, with the highest shares observed in Kuala Lumpur (13.7%) and the surrounding districts of Petaling (10.7%), Klang (3.9%), Gombak (3.1%) and Ulu Langat (3.7%).

**Figure 8.34: Share of establishments (Services), by district, 2022**




Source: DOSM (2024a)—Economic Census and KRI calculations

Other major urban centres, including Johor Bahru (4.8%), George Town (Timur Laut, 2.8%), Kinta (3.0%), Melaka Tengah (2.2%), Kota Kinabalu (1.8%) and Kuching (2.8%), also account for relatively large shares of Services establishments. These are also districts that contain the state capital, highlighting itself as the main service provider within each state. In contrast, most rural and interior districts across Peninsular Malaysia, Sabah and Sarawak contain a much smaller proportion of service establishments.

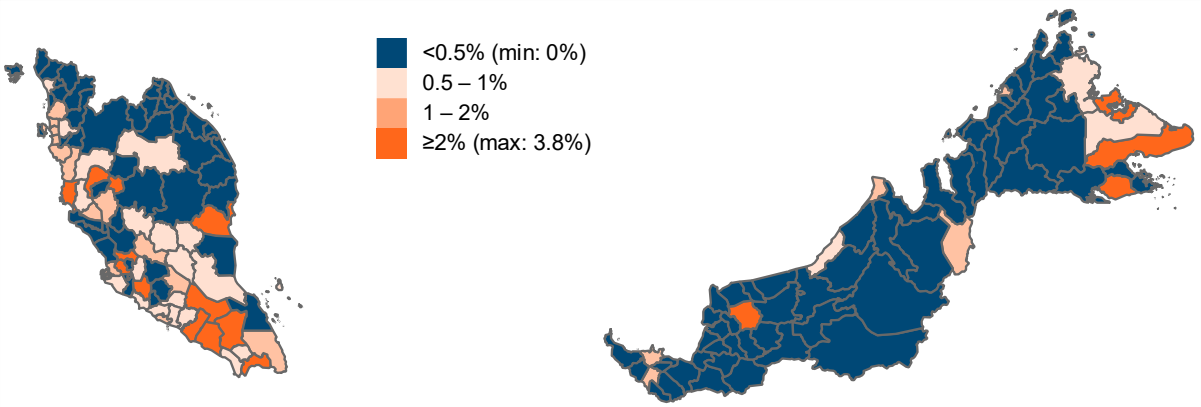
This pattern reflects the tendency for Service-sector activities to cluster in densely populated areas with larger consumer markets, better infrastructure, and greater business agglomeration, reinforcing the concentration of employment opportunities in Malaysia's major urban centres.

## Agriculture-related establishments are more evenly distributed across Malaysia

Agriculture-related establishment made the smallest share, consisting of only 13,000 registered establishment nationally in 2023. Compared with the Services sector, agricultural establishments are more widely dispersed across the country, reflecting the location-specific nature of agricultural production (Figure 8.35). Nevertheless, notable concentrations are evident in districts associated with plantation agriculture and commercial farming, particularly in the districts in Johor (Johor Bahru: 3.8%, Batu Pahat: 2.7%, Kluang: 2.3%, Segamat: 2.2%, Muar:

2.1%). Cameron Highlands also has a sizeable number of Agriculture-related establishments, accounting for 3.3% of such businesses.

**Figure 8.35: Share of establishments (Agriculture), by district, 2022**




Source: DOSM (2024a)—Economic Census and KRI calculations

In East Malaysia, concentrations of agricultural establishments are particularly evident in parts of Sabah, particularly Sandakan (3.4%), Tawau (3.5%) and Lahad Datu (2.6%). In Sarawak, Sibu has 2.4% of total establishments, followed by Miri (1.8%) and Kuching (1.6%). This relatively higher share of establishments in East Malaysia compared to other sectors also explains the sectoral distribution of their employed persons, which is primarily in Agriculture. In contrast, highly urbanised districts such as Kuala Lumpur and those in the Klang Valley have relatively few agricultural establishments.

The distribution of agricultural establishments shows that employment opportunities in the sector are more geographically dispersed than in Services, though they remain concentrated in areas with favourable land availability and established agricultural industries. This pattern reflects the dependence of agriculture on natural resource endowments and land use, in contrast to service-sector activities, which tend to cluster around population centres and business hubs.

Examining the spatial distribution of establishments, therefore, complements employment statistics by illustrating the underlying economic landscape that shapes where jobs are created and how access to employment varies across regions. While it is not a perfect representation of job demand, it does reflect which districts contain higher and more diverse economic activity.

## Demand for high-skilled jobs are mostly found in Kuala Lumpur, Pulau Pinang and Putrajaya

The majority of online vacancies required only SPM-level qualifications, reflecting a concentration in semi-skilled roles (Figure 8.36). Meanwhile, positions requiring tertiary-level qualifications stood at 540 thousand, with 287 thousand requiring a minimum diploma-level qualification, followed closely by degree-level qualifications at 247 thousand. On the other hand, online vacancies which require a minimum postgraduate qualification stood the lowest, at only 6,268 job postings.

When broken down by state, Sabah and Sarawak had the highest shares of vacancies that do not require SPM-level qualifications, accounting for almost 60% of all advertised vacancies in Sarawak and almost 50% of online job postings in Sabah (Figure 8.37). This is reflective of the higher demand for low-skilled workers within these states, as their focus is on agriculture, which has a high vacancy rate among low-skilled workers within the sector.

**Figure 8.36: Total number of jobs advertised, by qualification level, 2024**

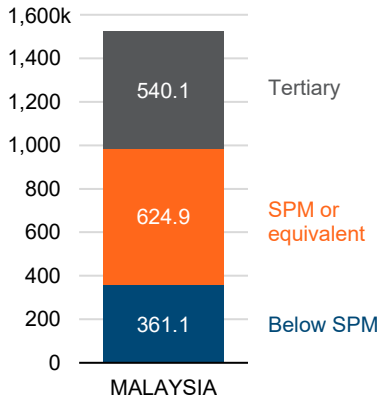
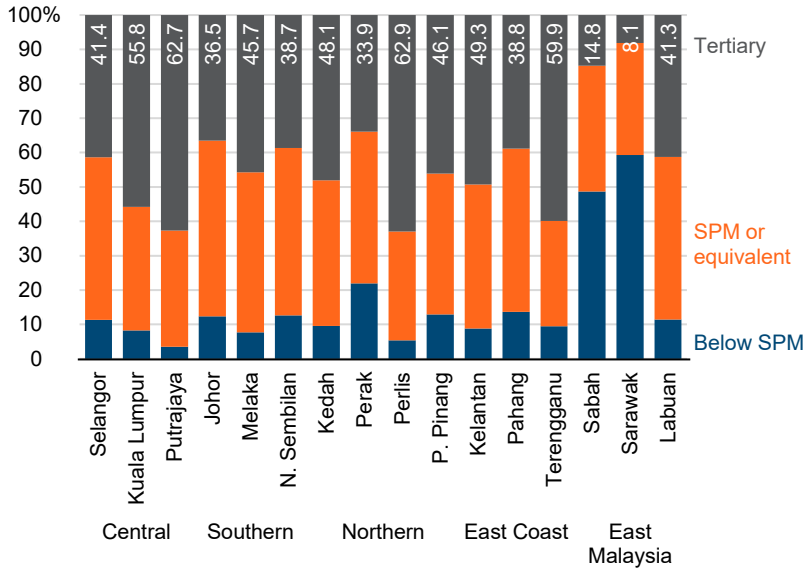



**Figure 8.37 Share of the jobs advertised, by qualification level, by state, 2024**




Source: PERKESO (2026)—Labour Exchange

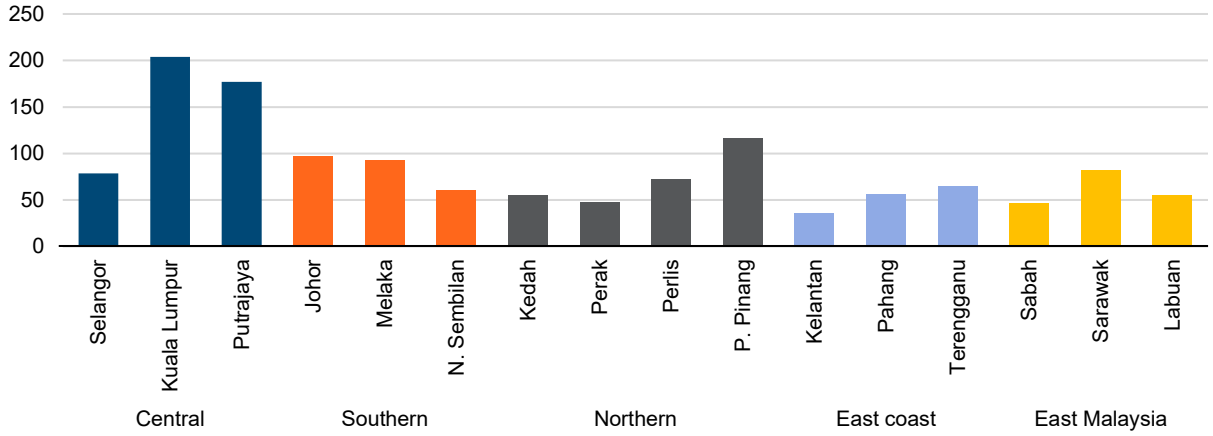
Source: PERKESO (2026)—Labour Market Exchange

In contrast, the majority of online job vacancies in Kuala Lumpur, Terengganu, Putrajaya and Perlis require a tertiary-level qualification, emphasising the demand for high-skilled occupations. Notably, despite accounting for roughly 40% of job postings, Selangor had the highest volume of positions requiring a tertiary level of education at 143 thousand, followed closely by Kuala Lumpur at 142 thousand. Furthermore, given the low number of vacancies in Terengganu, Putrajaya and Perlis, the number of high-skilled occupation vacancies was lower than in most states with higher total vacancies, such as Sarawak, Pulau Pinang, Johor and Sabah, to name a few.

When considering the graduate workforce in each state, Kuala Lumpur had the highest number of tertiary-level online vacancies per 1,000 graduates, at 203.9 (Figure 8.38). This was followed closely by Putrajaya at 177.1 online job advertisements per 1,000 graduates, while Pulau Pinang had the third highest at 116.5 jobs per 1,000 graduates. The higher concentration of online vacancies requiring a tertiary qualification in Kuala Lumpur correlates with the state having the lowest share of skill-underemployment (see Section 4), highlighting the relationship between talent and job availability.

On the opposite end of the spectrum, Kelantan had the lowest number, at only 36.0 tertiary online job postings per 1,000 graduates, which coincides with it having the highest proportion of skill-underemployment (see Section 4). Meanwhile, in Selangor, despite having the highest number of tertiary-level vacancies, it also had the highest number of graduates in its workforce, with 1.8 million in 2024. This resulted in a lower ratio of tertiary-level jobs per 1,000 graduates at 78.5, falling short when compared with Johor (97.3), Melaka (92.6) and Sarawak (82.6).

**Figure 8.38: Number of online jobs advertised requiring a tertiary-level qualification per 1,000 graduates, by state, 2024**



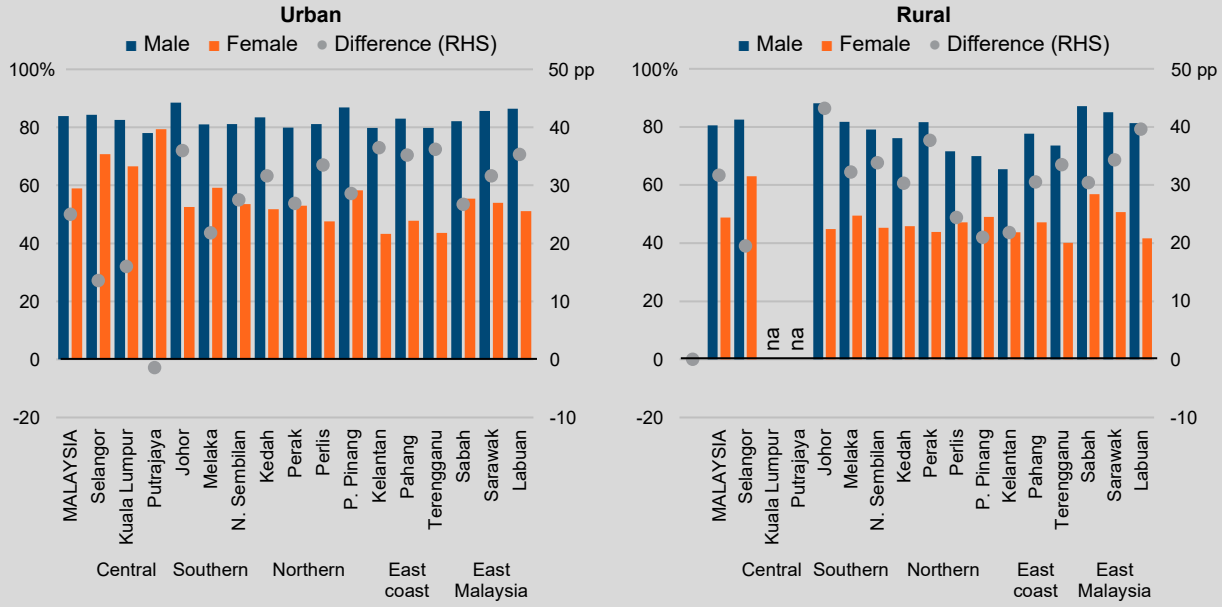

Source: PERKESO (2026)—Labour Market Exchange, DOSM (2025h)—Graduate Statistics and KRI calculations

**Box 8.5: Intersectionality between access and circumstances in gender**

## The gender gap in labour force participation is lowest in the central region

SOH2026 Part 1 illustrated how labour force participation can vary considerably between districts and states. However, one of the most pronounced disparities is observed between men and women. In both urban and rural areas, male LFPR remain consistently high, generally exceeding 75% across most states (Figure 8.39). Female LFPR, however, exhibits much greater variation, ranging from below 45% in some states to close to 80% in Putrajaya. The gender gap is narrowest in the central region, particularly in Putrajaya, where female participation comparatively exceeds male participation levels.

**Figure 8.39: Labour force participation rate, by sex, state and strata, 2024**




Source: DOSM (2025b)—LFS and KRI calculations

Rural areas generally show lower LFPR for both genders, with the low rates driven primarily by lower female participation. While male LFPR remains relatively high even in rural areas, female participation in rural states is often substantially lower than in urban areas, where less than half of working-age women participate in the labour force. Notably, the rural regions of Terengganu and Labuan showed the lowest LFPR among women at 40.1% and 41.7%, respectively, followed closely by Kelantan and Perak at 43.7% and 43.9%, respectively.

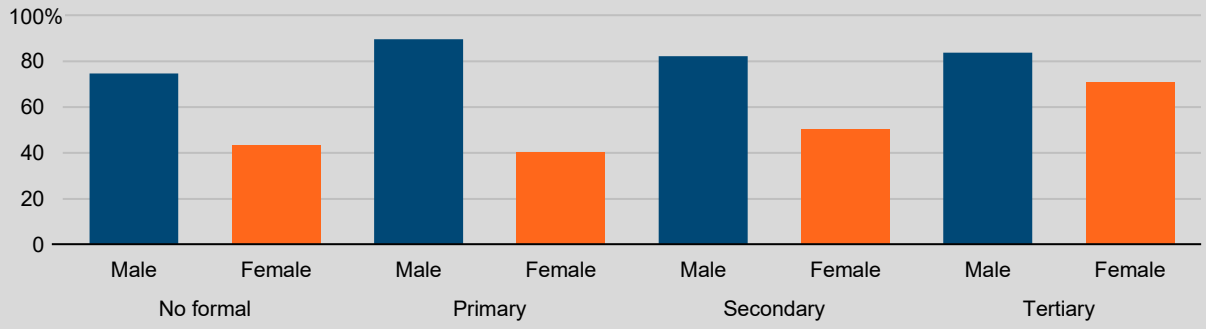
These differences may reflect a combination of factors, including the availability of formal employment opportunities, the sectoral composition of local economies and social norms surrounding women's employment. Rural labour markets are more likely to be concentrated in agriculture and informal activities, where employment opportunities may be seasonal, less flexible or less compatible with caregiving responsibilities that continue to fall disproportionately on women. In addition, women's economic participation in agriculture may be less visible in labour market statistics, as many women work as unpaid contributing family workers in agricultural or family-based enterprises.

The smaller gender gaps observed in the central region point to the importance of location in shaping labour market outcomes. States such as Selangor, Kuala Lumpur and Putrajaya benefit from higher concentrations of service-sector employment, and better access to infrastructure and childcare facilities, all of which may support greater labour-market participation among women. Conversely, larger gender disparities in other states suggest that barriers to participation are not solely individual but are also shaped by local economic structures and the availability of opportunities.

## Gender gap in LFPR shrinks as the level of educational attainment increases

Another factor influencing labour force participation is educational attainment. Nationally, among men, the level of qualification plays a minimal role in labour force participation, remaining consistently high. On the other hand, there is a noticeable increase in LFPR among women as their educational attainment increases, rising from 40.2% among women with primary education to 70.9% among women with tertiary education (Figure 8.40).

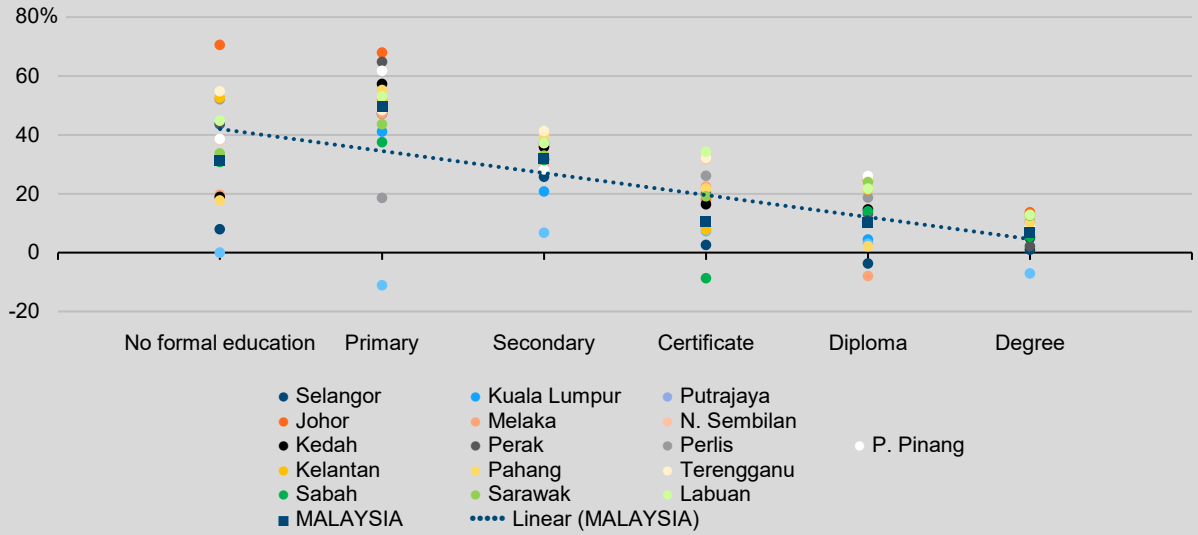
**Figure 8.40: Labour force participation rate, by sex and highest education attainment, 2024**




Source: DOSM (2025b)—LFS

Across states in Malaysia, the gender gap in LFPR narrows as educational attainment increases, suggesting that higher levels of education are associated with greater labour-market participation equality (Figure 8.41). The widest gender gaps are observed among individuals with no formal education, where differences in LFPR across states exceed 40 and show greater variation. In contrast, among those with degree-level education, the gender gap falls markedly, generally to below 15 percentage points, and the range between states shrinks. The downward trend observed for Malaysia indicates that education not only raises labour force participation but can also reduce gender-based disparities in economic participation.

**Figure 8.41: Sex difference in labour force participation rate, by state and level of education attainment, 2024**




Source: DOSM (2025b)—LFS and KRI calculations

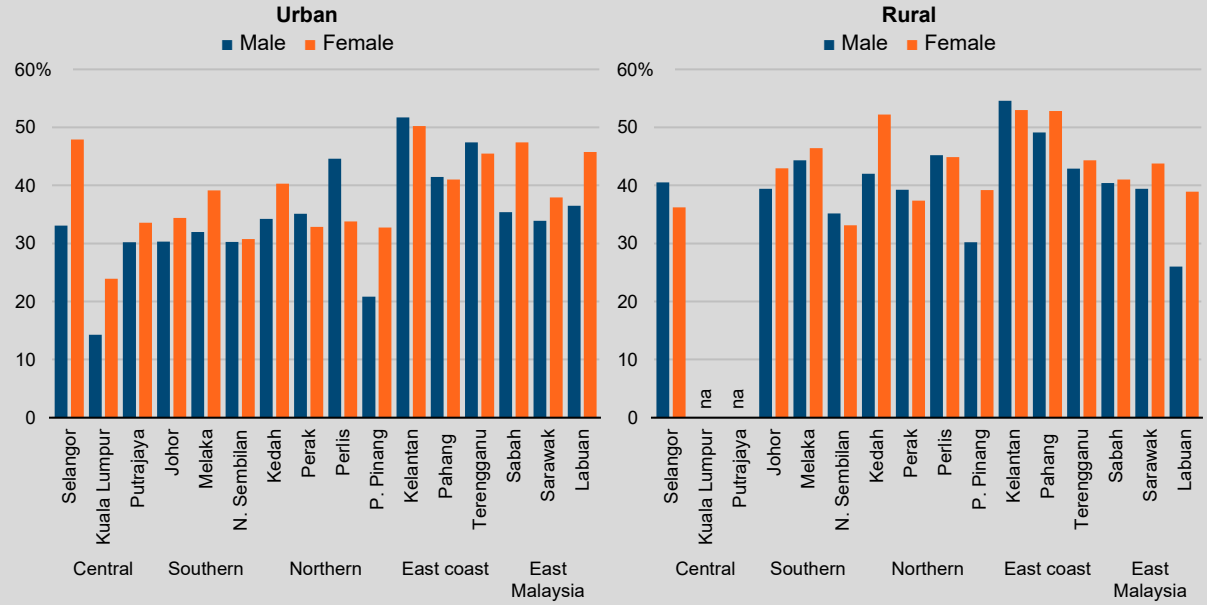
Nevertheless, the persistence of positive gender gaps even at higher levels of education suggests that educational attainment alone is insufficient to achieve equal labour market participation. In several states, women with tertiary education continue to participate in the labour force at lower rates than men. This suggests the influence of other structural factors, such as occupational segregation, caregiving responsibilities, workplace flexibility, and local labour market conditions[231]. The greater dispersion in gender gaps among lower educational groups also highlights how disadvantages can compound, with women who have lower levels of education facing both fewer employment opportunities and larger barriers to participation.

## Incidence of underemployment are higher among women, particularly in urban regions

Another notable pattern is that women tend to experience higher rates of underemployment than men across most states, regardless of strata (Figure 8.42). In many states, the share of women working in jobs below their qualification level exceeds that of men, indicating that higher educational attainment does not necessarily translate into equivalent labour-market outcomes for women. One notable exception is Perlis, where men experience higher underemployment than women.

[231] Puteri Marjan and Hawati (2024)

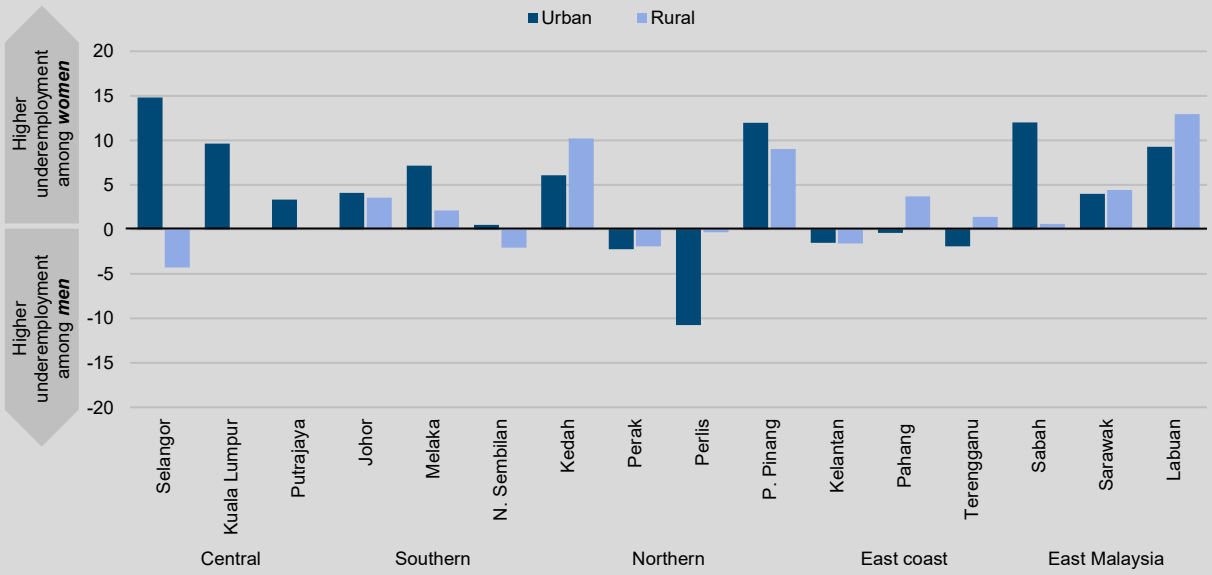
**Figure 8.42: Skill-related underemployment by sex, by state and strata, 2024**




Source: DOSM (2025b)—LFS

The gap between male and female underemployment is more pronounced in urban regions within the same state (Figure 8.43). The difference is highest in Selangor at 14.8 percentage points, followed by Sabah and Pulau Pinang, both at 12 percentage points, as well as Kuala Lumpur and Labuan at 9.6 and 9.3 percentage points, respectively. Strikingly, in Kuala Lumpur, Pulau Pinang and Selangor, they observed a high gender gap despite low underemployment rates and a large proportion of high-skilled workers. This observation, combined with the relatively small difference between urban and rural women, suggests that gender-related constraints may persist even in more developed labour markets, highlighting that location alone does not fully explain the disparity in employment quality.

**Figure 8.43: Sex differences in skill-related underemployment, by state and strata, 2024**




Source: DOSM (2025b)—LFS and KRI calculations

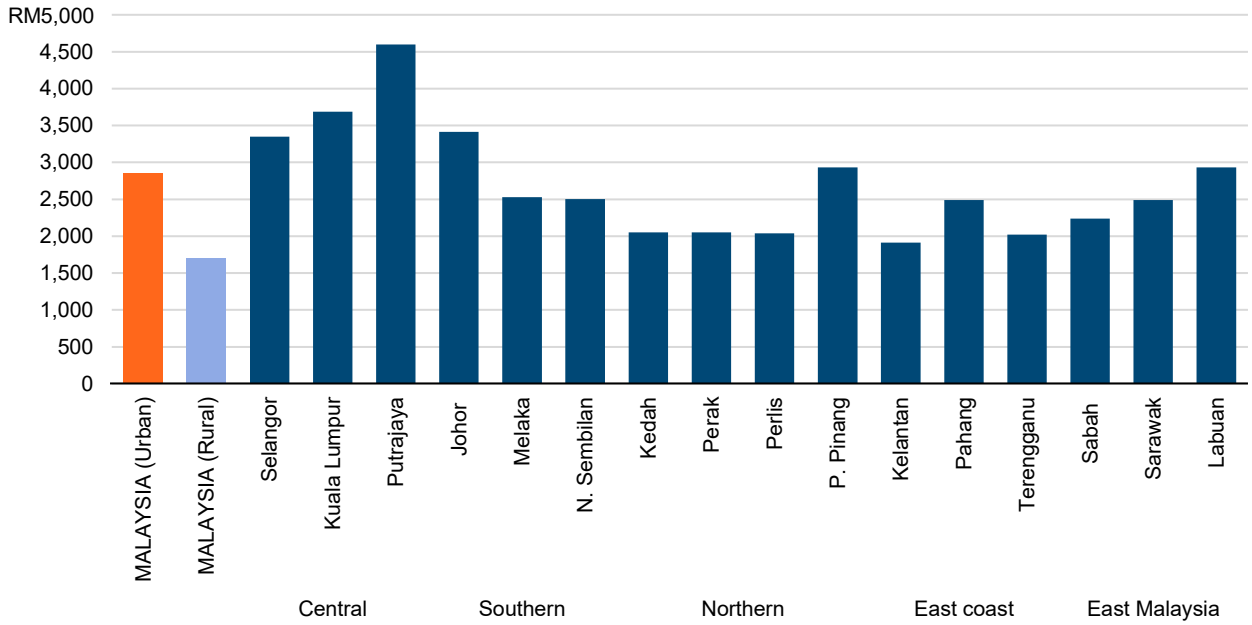
The persistence of skill-related underemployment, particularly among women, has important implications for household wellbeing and regional development. When educated workers are unable to secure jobs that match their skills, the returns to educational investment are reduced, limiting income growth and potentially lowering job satisfaction and productivity. For women, higher rates of skill mismatch may also contribute to lower lifetime earnings and weaker labour-market attachment, with implications for household economic security.

## Regional wage disparities are consistent with occupational and industrial composition

### Regional wage disparities reflect state industrial composition

Section 4.4 highlighted how median wages can vary widely across states and economic regions. However, a closer look at wage patterns by state and nationally at strata reveals that variation in median wages is likely driven by industrial composition between areas (Figure 8.44). At the national level, the median rural wage was RM1,698, markedly lower than the median urban wage of RM2,851. This is likely driven by the sectors these strata specialise in, as well as differences in occupational distribution, where rural regions tend to have a higher distribution of Agriculture (which has lower median wages), while skill work tends to be located in urban regions.

**Figure 8.44: Median wage, by strata and state, 2024**



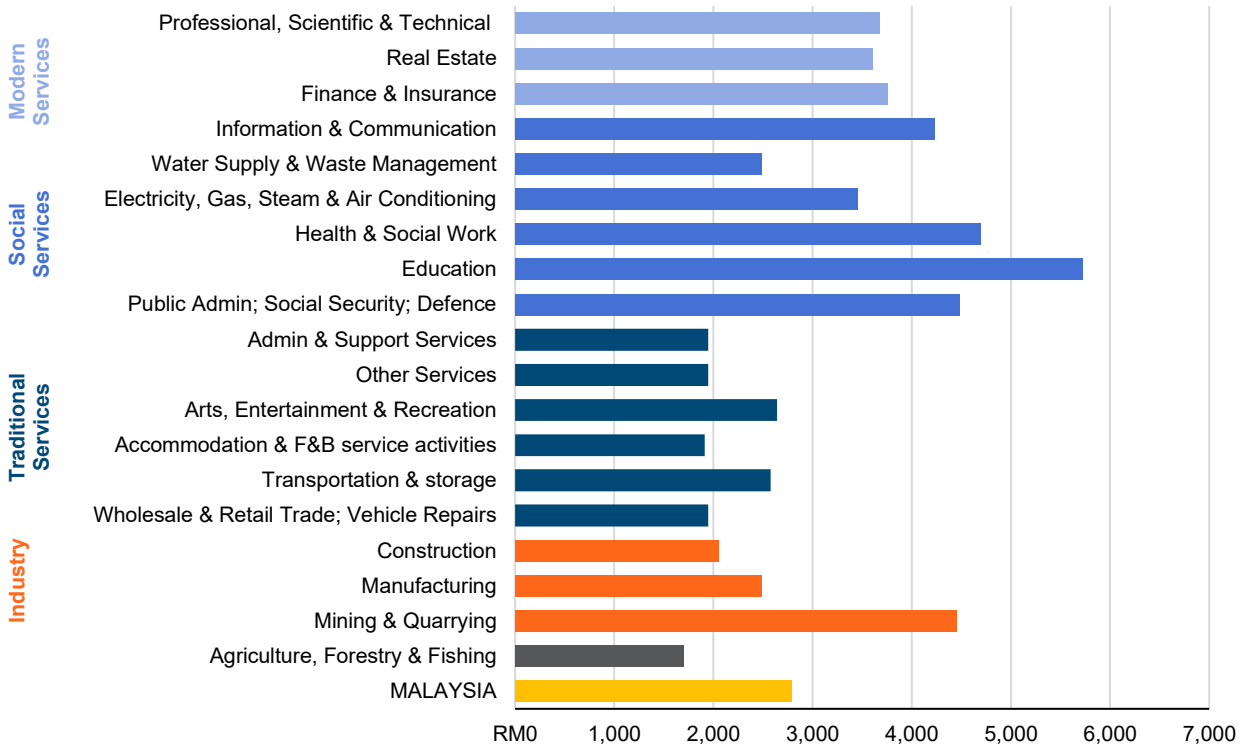

Source: DOSM (2025e)—SWS

To better understand differences in median wages across states, it is worth evaluating each state's industrial composition and the average wages in those industries. For example, Putrajaya has the highest median wage, and most of its employed persons are in the Social Services sector. Social Services had the highest median wage, with three of the five industries in the sector having median wages above RM4,000 (Figure 8.45). The Education sector had the highest median wage among industries in 2024, at RM5,721, followed by the Health sector at RM4,698.

Meanwhile, Kuala Lumpur, with a median wage of RM3,540, had the highest share of workers in Modern Services among other states. Relatedly, the median wage across industries in the Modern Services sector was above RM3,500, with Information and Communication at RM4,231. Selangor, too, had a higher share of its urban employees in Modern Services than the national average, highlighting how states in the central region can command higher median wages, as this is reflected by the industry median wage.

Among industries, the median wage in the Agriculture sector is the lowest, at RM1,698 in 2024. As Agriculture accounts for 30% of workers in rural regions, compared to only 3.1% in urban regions, it better explains the wage median difference between urban and rural regions. Meanwhile, industries within the Industry and Traditional Services sector, which employ a higher proportion of urban workers, reported median salaries of around RM2,000 and above. Together, these findings highlight how industrial compositions within each state can influence its median wage outcome.

**Figure 8.45: Median wage, by sector, 2024**




Source: DOSM (2025e)—SWS

## Variations in opportunity, variations in wellbeing

While Section 4 shows that Malaysia's headline labour market indicators have improved, variations remain across states and districts in labour force participation, unemployment, formality of employment, occupational skill levels and wages. These differences are also evident in the underlying distribution of economic activity as shown here: establishments, vacancies and job postings are clustered mainly in the central region. The concentration of higher-value industries and employment opportunities in highly urbanised states such as Kuala Lumpur, Putrajaya, Selangor and Pulau Pinang is reflected in their higher median wages, while lower wages and weaker employment outcomes persist in several states in the east coast, northern and East Malaysia regions. This suggests that household income disparities are shaped not only by individual characteristics but also by where people live and the types of jobs they can access. These differences have important implications for household wellbeing.

These variations matter because access to employment is an important pathway through which households can generate stable incomes, build resilience and improve their quality of life. Differences in skills, the availability of suitable occupations, location and mobility can create mismatches between workers and available jobs, while disparities in formal employment and underemployment further shape the quality and stability of work. In this sense, place matters. Improving household wellbeing, therefore, requires a dual approach that strengthens individual capabilities while also addressing the place-based differences in opportunity.

# SECTION

# 09


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SECTION 9

# RISK

## 9.1 Introduction

Household wellbeing is shaped not only by household's circumstances and access, but also by risk. Risk can be understood as the possibility that unexpected adverse events or conditions may undermine current and future wellbeing[232]. However, risks are not solely determined by the occurrence of these events, but also by households' exposure to them and their ability to cope with and recover from their impacts[233].

Risks affecting household wellbeing are commonly categorised as either idiosyncratic or covariate. Idiosyncratic risks are household-specific events, such as illness, job loss or the death of a household member, while covariate risks affect many households simultaneously, which may include economic crises, pandemics, geopolitical conflicts and extreme weather events[234]. Although both forms of risk influence household wellbeing, covariate risks have become increasingly important in an interconnected world, where shocks originating from one place can cascade rapidly across countries and sectors before finally affecting households domestically.

Recent global events have demonstrated how geopolitical conflicts, trade disruptions, pandemics and climate change can generate ripple effects that affect households. For example, the Covid-19 pandemic and the Russia-Ukraine war exposed the vulnerabilities of highly interconnected global supply chains by disrupting trade flows and increasing the costs of energy, agricultural inputs and food[235]. These upstream shocks were eventually transmitted to households through higher living costs and reduced purchasing power[236]. Climate change further compounds these risks by increasing the frequency and intensity of extreme weather events, which can disrupt agricultural production, reduce food availability and exacerbate food price volatility[237].

Against this backdrop, this section examines risks to household wellbeing through the lens of food system vulnerabilities, focusing on Malaysia's import dependency and market concentration of food and agricultural inputs. Subsequently, it unpacks how structural dependencies within Malaysia's food system may influence household wellbeing by affecting food affordability, purchasing power and resilience to external shocks. In doing so, it adapts the analytical framework developed in KRI's discussion paper titled "The Geoeconomics of Food Dependencies in Malaysia/Southeast Asia" to a household wellbeing context[238].

[232] OECD (2020)
[233] Erman et al. (2020)
[234] Dercon (2002); Barua and Banerjee (2020)
[235] Yıldırım and Önen (2024); Auer et al. (2025)
[236] WEF (2026)
[237] Taniushkina et al. (2024); Kapnick (2026)
[238] Choong et al. (2026)

## 9.2 Food Dependency

### Malaysia depends on imports to supplement most key food supplies

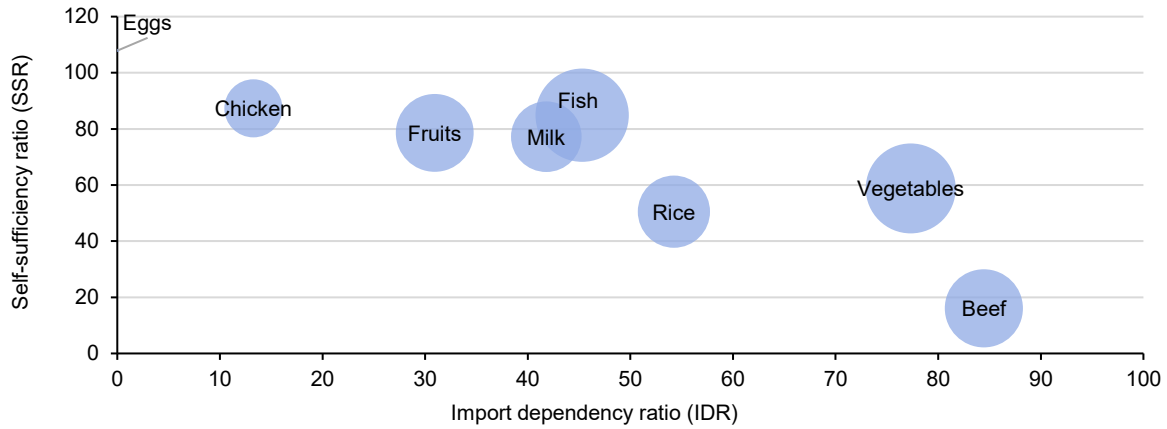
Malaysia has been a net-food importer since the economy shifted from agriculture-focused to manufacturing and services-driven[239]. In 2025, Malaysia imported a total of USD21.8 billion worth of food[240]; in contrast, food export was significantly lower, valued at USD12.6 billion[241]. Import dependency can expose a country to external risks associated with the supplier countries, ranging from production shortfalls, trade policy changes, to supply chain disruptions due to geopolitical crisis or war. However, import dependency is not inherently a weakness if import sources are adequately diversified, such that no single supplier dominates the supply of a key food commodity.

To understand the true risks of Malaysia's food import dependence, it is crucial to identify where these dependencies lie and how concentrated its supply sources are. The following discussion focuses on eight food commodities that make up a significant proportion of the Malaysian household diet[242]—rice, chicken, beef, fish, vegetables, fruits, milk and eggs. Together, these food commodities account for slightly over one-quarter (29.1%) of Malaysia's total food import bill in 2025[243].

Overall, Malaysia is reliant on external sources to supplement the supply of most key food commodities. Its import dependency ratio (IDR)[244] is especially pronounced for beef and vegetables, for which Malaysia records low levels of self-sufficiency (Figure 9.1). For rice, a starchy staple in Asian diet, approximately half of the total available supply comes from imports. Although Malaysia is moderately self-sufficient in fish, fruits and milk, with self-sufficiency ratios (SSRs)[245] around 70 – 80%[246], imports remain significant to fulfil domestic demands. Of all the key food commodities, chicken and eggs record the highest SSRs and the lowest IDR.

[239] Esa et al. (2023)
[240] UNSD (n.d.). The food import and export bills are calculated from the sum of trade values comprising HS codes 2 to 22 with exceptions. HS codes 1, 5, 6, 14 and 15 are excluded.
[241] UNSD (n.d.)
[242] DOSM (2025i)—HES
[243] UNSD (n.d.)
[244] Import dependency ratio (IDR) refers to the share of domestic food supply that is sourced from imports. A higher IDR indicates greater reliance on imports to supplement the domestic food supply.
[245] Self-sufficiency ratio (SSR) measures the extent to which a country can cover its domestic food supply from local production. An SSR of 100% indicates that domestic production is fully adequate to meet domestic demand.
[246] FAO (2025a); FAO (2025b)

**Figure 9.1: Import dependency ratio and self-sufficiency ratio of selected food commodities, 2023 – 2025**

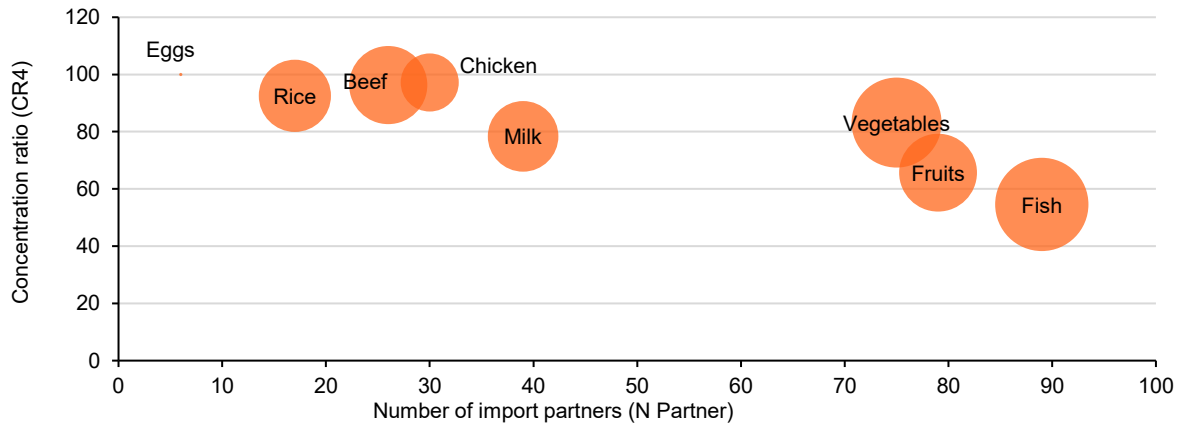



Note: The size of the bubble for each food commodity reflects the total import value. IDR and SSR are based on 2023 data, while import value is based on 2025 data.
Source: FAO (2025a), UNSD (n.d.) and KRI calculations

## Import sources of most key foods are concentrated in four or fewer countries

Import dependency needs to be examined alongside concentration ratio (CR4), which measures the commodity's level of import market concentration in the four largest trading partners[247], in order to provide a complete picture regarding the vulnerabilities in food supply structure. As illustrated in Figure 9.2, a substantial share of Malaysia's rice, chicken, beef and milk imports comes from four or fewer suppliers, marked by a high CR4. Of greater concern is the single-country dependency with Malaysia's beef and vegetables supplies; nearly three-quarters of the beef imports come from India and two-thirds of the vegetable imports from China. Despite high SSRs, Malaysia still imports chicken and eggs, both predominantly sourced from a single supplier (Thailand and China, respectively). The import sources of other commodities are more diversified but remain highly concentrated in just four largest suppliers.

**Figure 9.2: Import diversification and market concentration (CR4) of selected food commodities, 2025**




Note: The size of the bubble reflects the total import value. Data is based on 2025 data.
Source: UNSD (n.d.) and KRI calculations

[247] Concentration ratio (CR4) measures the level of market concentration of a country's import or export trade value with its four largest trading partners for each food commodity. A higher CR4 indicates greater dependence on a few trading partners for the food commodity trade in question. Source: Alexandra et al. (2025).

Concentrating supplies from a small number of countries offers advantages such as operational efficiencies and cost benefits. However, overwhelming dependence on a handful of suppliers, particularly a single country, can bring immediate supply or price shocks in the event of supply chain disruptions, price control by the main supplier or changes in the supplier's trade policies. Malaysia's high import dependency coupled with high concentration ratio in some of the key food commodities, specifically beef, vegetables and rice, can therefore pose as a significant risk.

## A significant share of import-dependent food supply comes from climate-vulnerable countries

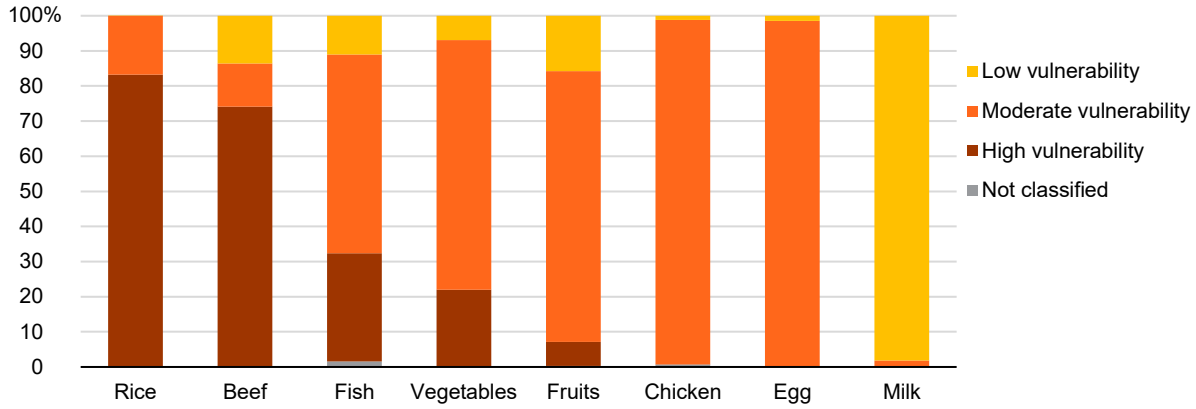
Reliance on climate-vulnerable countries can further compound the risks associated with import dependency and market concentration. In general, food crops and animal production are vulnerable to climatic fluctuations[248]. For example, the growth duration, pattern and productivity of rice crops are highly sensitive to changes in temperature[249]. A 1°C increase in temperature can lead to a decrease in rice yield by as much as 10%[250]. Heat stress can reduce the feed intake, fertility, meat and milk production of cattle while increasing the animal's mortality due to diseases[251]. Extreme weather events such as drought and flood not only cause temporary food shortages but also increase food prices. Understanding Malaysia's dependency on climate-vulnerable countries for food imports can therefore provide another analytical lens in understanding the vulnerabilities associated with food dependency.

The Notre Dame Global Adaptation Initiative (ND-GAIN) index[252], a composite indicator of a country's vulnerability and readiness to climate change, is used to assess the climate vulnerability of partner countries supplying the key food commodities to Malaysia. Figure 9.3 shows that rice and beef were primarily sourced from countries classified as having high vulnerability to climate change. The supply of fish, vegetables and fruits is less concentrated in highly climate-vulnerable countries, but at least half of the imports still comes from countries with moderate vulnerability. These findings are concerning, given that Malaysia is to some extent dependent on imports for the aforementioned food commodities. A similar concern is applied to a lesser degree for chicken and eggs, albeit most of their supply comes from moderately climate-vulnerable countries, as Malaysia is highly self-sufficient in these commodities.

These findings suggest that Malaysia's external supply of key food commodities, except milk, are exposed to risks linked to climate change by varying extent. With the increasing frequency of extreme weather events worldwide as climate changes[253], these risks can be highly disruptive. Reliance on climate-vulnerable countries for food supply may further amplify the supply and price risks associated with import dependency. In times of crisis, such as the war in Iran, Malaysia's food dependencies—characterised by import dependency, market concentration and reliance on climate vulnerable suppliers—can manifest as vulnerabilities that cascade through the food supply chain and negatively affect households. At the household level, these vulnerabilities may translate into food shortages, higher food expenditure or even reduced consumption among those who cannot afford to bear these risks.

[248] Tchonkouang et al. (2024)
[249] Redfern et al. (2012)
[250] ADB (2009)
[251] Thornton et al. (2022)
[252] Chen et al. (2015)
[253] Myhre et al. (2019)

**Figure 9.3: Distribution of selected food commodities, by climate vulnerability of source country, 2025**




Note: All countries are assigned a climate vulnerability category based on their scores of vulnerabilities to climate change in the 2023 ND-GAIN index, ranging from high vulnerability (ND-GAIN score quintiles 1 and 2), moderate vulnerability (quintiles 3 and 4) to low vulnerability (quintile 5). Countries with no recorded scores are categorised as "Not classified".
Source: UNSD (n.d.), ND-GAIN (2023) and KRI calculations

## 9.3 Input Dependency

Malaysia's domestic food production is heavily reliant on imported agricultural inputs, particularly animal feed and fertilisers. While these inputs are essential to sustain agricultural productivity, such dependencies expose the food system to external shocks, including supply disruptions and global price volatility. These vulnerabilities may eventually be transmitted to households through higher food prices and increased cost-of-living pressures. This section, therefore, examines Malaysia's dependence on imported animal feed and fertilisers as key sources of vulnerability within the domestic food system.

### Malaysia's livestock industry relies heavily on imported feed and a narrow supplier base

Malaysia is highly dependent on imported feed ingredients, particularly to support its poultry industry. As discussed in the previous section, Malaysia has achieved relatively high levels of self-sufficiency in chicken and eggs, reflecting the strength and scale of its domestic poultry sector. However, sustaining this production capacity requires a continuous and reliable supply of agricultural inputs. Two particularly important feed ingredients are maize and soybean meal, which account for approximately 55 – 60% and 20 – 25% of poultry feed formulations, respectively, serving as the primary sources of energy and protein[254].

Despite efforts to develop a domestic grain corn industry since the 1980s, Malaysia remains heavily dependent on imported maize. Longstanding structural constraints, including high production costs, low profitability, climate-dependent yields and limited farmer participation, have hindered the large-scale expansion of grain corn cultivation. Furthermore, farmers often favour sweet corn, which offers higher economic returns and lower production requirements[255]. Consequently, domestic grain corn production has been unable to keep pace with the growing feed demand of the livestock industry.

[254] USDA (2026)
[255] Nik Syafiah Anis (2023)

In contrast, soybean dependency stems from the absence of a sizeable domestic industry. Malaysia has negligible soybean production due to land constraints, climatic suitability and competition from more economically attractive crops. The country also has limited soybean crushing capacity, which is required to convert raw soybeans into soybean meal for animal feed production. As a result, the livestock industry relies almost entirely on imported soybeans and soybean meal to meet its feed requirements.

Table 9.1 illustrates Malaysia's dependence on a highly concentrated group of supplier countries for both maize and soybeans. In 2024, Malaysia imported USD1.03 billion worth of maize and USD 673 million worth of soybeans, with Argentina accounting for 76.9% and 93.2% of imports, respectively. The concentration ratio of the four largest suppliers (CR4) was 99.4% for both commodities, indicating an extremely high reliance on a small number of external suppliers. Such concentration increases Malaysia's exposure to external shocks, including adverse weather events, geopolitical tensions, trade restrictions and any other disruptions affecting key supplier countries.

**Table 9.1: Import dependence and supplier concentration for key animal feed ingredients, 2024**

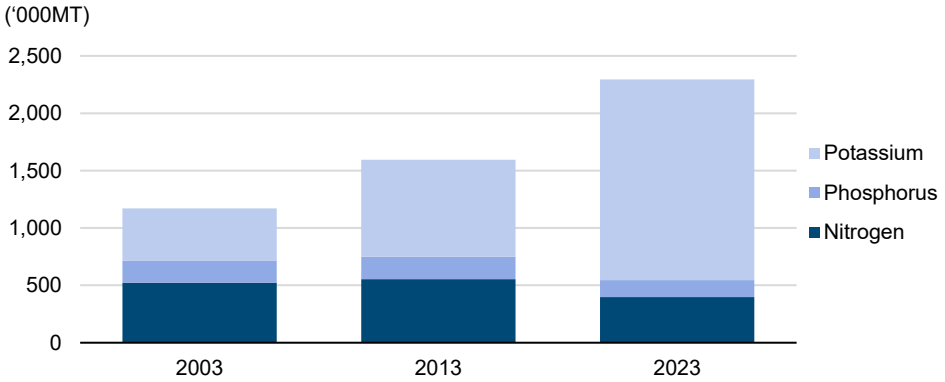
| Commodity | Imports (USD mil) | Exports (USD mil) | Top 4 suppliers (import shares %) | CR4 (%) |
|---|---|---|---|---|
| **Maize** | 1,030 | 2 | Argentina (76.9), Brazil (19.6), Pakistan (2.5), USA (0.4) | 99.4 |
| **Soybean** | 673 | 37 | Argentina (93.2), USA (3.7), China (2.0), India (0.6) | 99.4 |

Source: World Bank, (n.d.) and KRI calculations

## Agricultural production is also exposed to concentrated fertiliser supply chains

Malaysia is also highly dependent on imported fertilisers to support domestic agricultural production. Although the country has some domestic manufacturing capacity for nitrogen-based fertilisers, particularly urea, Malaysia remains a net importer as domestic production is insufficient to meet overall demand and different crops require a variety of fertiliser formulations. Figure 9.4 shows that fertiliser use in Malaysia has increased substantially over time, rising from 1.17 million metric tonnes in 2003 to 2.30 million metric tonnes in 2023. The increase has been largely driven by greater use of potassium-based fertilisers, reflecting the growing input requirements of Malaysia's agricultural sector.

**Figure 9.4: Agricultural fertiliser use, by nutrient, 2003 – 2023**




Source: FAO (2026b)

Table 9.2 further demonstrates Malaysia's reliance on imported fertilisers and the concentration of supplier countries across different fertiliser types. Potassium chloride (MOP), one of the most widely used fertilisers, recorded the highest import dependence, with Russia and Canada collectively accounting for nearly three-quarters of total imports. Similarly, imports of ammonium sulphate were highly concentrated, with China supplying 78.3% of total imports. High supplier concentration was also observed for diammonium phosphate (DAP) and other nitrogen–phosphorus (NP) compounds, with CR4 exceeding 89%. Similar to animal feed, reliance on a small number of suppliers increases Malaysia's vulnerability to geopolitical tensions, export restrictions and disruptions in global supply chains.

**Table 9.2: Fertiliser import dependence and supplier concentration by type, 2024**

| Commodity | Fertiliser import share (%) | Top 4 suppliers (import shares %) | CR4 (%) |
|---|---|---|---|
| **MOP** | 36.7 | Russian Fed. (48.0), Canada (26.1), United States (9.3), Jordan (7.3) | 90.6 |
| **Ammonium sulphate** | 10.0 | China (78.3), Japan (6.8), Singapore (3.8), Other Asia, nes. (3.5) | 92.4 |
| **Urea** | 4.8 | Indonesia (34.4), UAE (15.7), Oman (10.0), China (9.0) | 69.0 |
| **DAP** | 3.3 | Vietnam (40.9), UAE (19.6), China (18.9), Morocco (10.1) | 89.4 |
| **Nitrogen–phosphorus–potassium (NPK) fertiliser** | 8.0 | China (21.0), Netherlands (19.9), Norway (15.2), Belgium (14.1) | 70.2 |
| **Other NP compounds** | 3.2 | Belgium (63.0), China (13.1), Germany (12.7), Australia (4.8) | 93.7 |

Source: World Bank, (n.d.) and KRI calculations

## 9.4 Price Implications

Given the structure of Malaysia’s food dependencies—with high but uneven SSRs and intra-regional food trade providing some buffer to supply-side shocks, coupled with increasingly fragile dependencies for agricultural inputs—what are the implications for Malaysian households, especially during periods of global crisis and trade disruptions?

### Global commodity prices have risen in response to trade disruptions

With the ongoing West Asia conflict, shipping lanes across the Strait of Hormuz have been disrupted[256], causing the prices of global commodities to promptly surge. This includes energy prices as Brent crude oil and liquified natural gas (LNG) skyrocketed between February and March 2026, by 45.9% and 31.9% respectively, placing pressure on the costs of transportation, industry and agriculture. Fertilisers prices have also risen as Gulf countries are also major exporters of fertilisers[257]. As shown by the World Bank’s monthly fertiliser index, prices have jumped by 26.2% between February and March 2026.

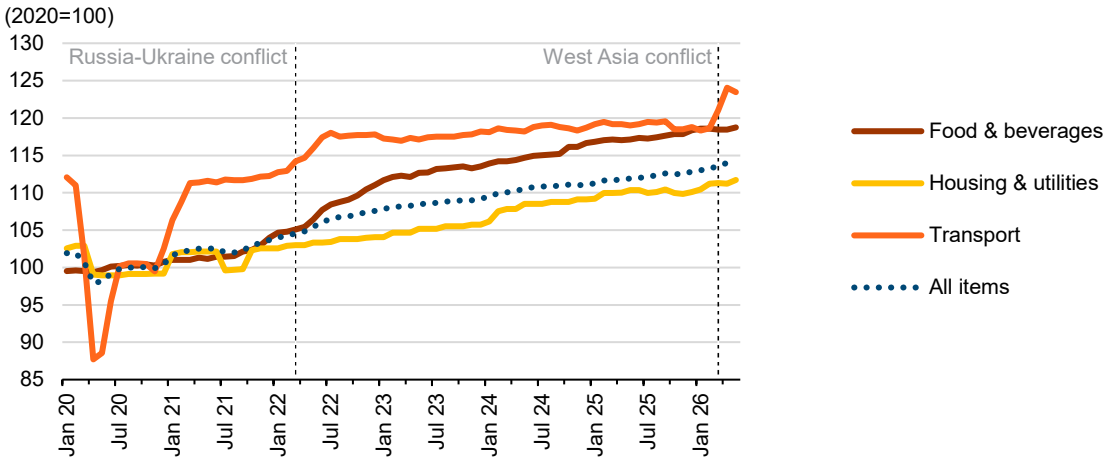
[256] For a detailed discussion on global commodity prices, refer to Choong et al. (2026)
[257] FAO (2026a)

The Food and Agriculture Organization (FAO) food price index provides a broader perspective of food prices, showing signs of early price escalation between February and March 2026, rising by 2.4%. Uptrends are consistent across all its subgroups, with the most notable jump seen in oils by 5.1% and sugar by 7.2%. Nonetheless, the situation appears relatively stable, as the indices are not as high as they were during the 2022 crisis following the Russia-Ukraine war.

## Malaysian consumer prices remain in control on aggregate

Shifting to Malaysian consumers, movements in headline consumer price index (CPI) have remained stable following the onset of the West Asia conflict in late-February 2026 (Figure 9.5). There has only been a noticeable jump in 'transport' by 2.0% between February and March. This is consistent with the previous escalation seen during the Russia-Ukraine conflict in 2022, if not for a steeper response. Meanwhile, the CPIs for 'food & beverages' and 'housing & utilities' remain stable in 2026, with the former recording more notable increases during the 2022 crisis.

**Figure 9.5: Monthly consumer price index, 2022 – 2026**

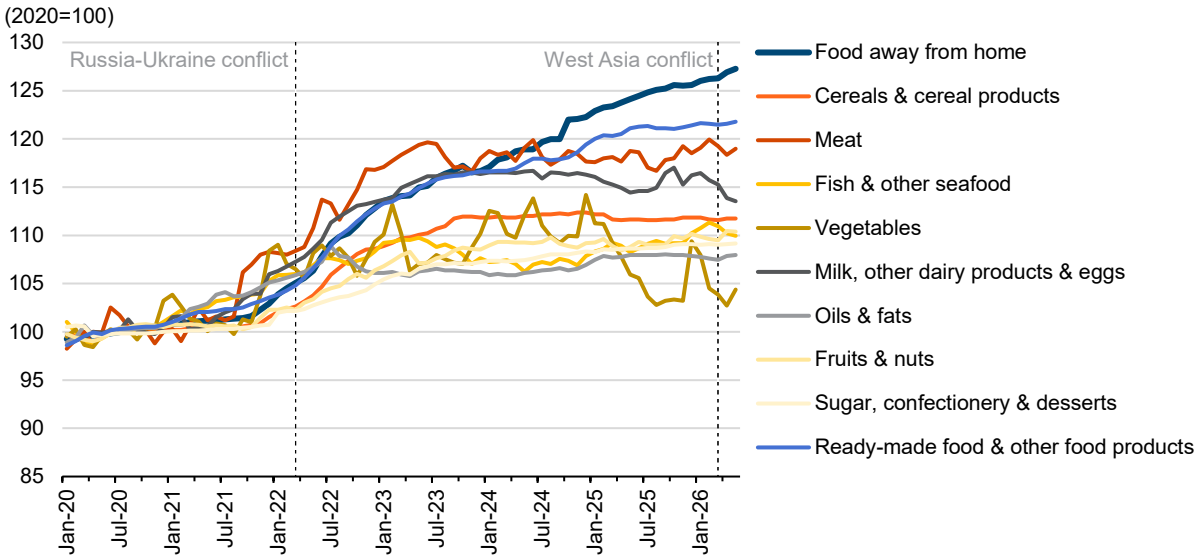



Source: DOSM (n.d.)—OpenDOSM and KRI calculations

Breaking down the food CPI shows no clear signs of price hikes attributable to the West Asia conflict in 2026 (Figure 9.6). The price of food away from home has been rising, but this has preceded the emerging conflict. Meanwhile, the prices of all other food-at-home groups at the 4-digit level have marginally dropped. This reflects how consumers do not usually feel the shocks immediately, as the signs first appear upstream in the production chain[258] and are further buffered by temporary price ceilings during the festive season, which ran through March 2026.

[258] For a detailed discussion on Malaysian producer prices, refer to Choong et al. (2026)

**Figure 9.6: Monthly consumer price index (4-digit breakdown of food), 2020 – 2026**




Source: DOSM (n.d.)—OpenDOSM and KRI calculations

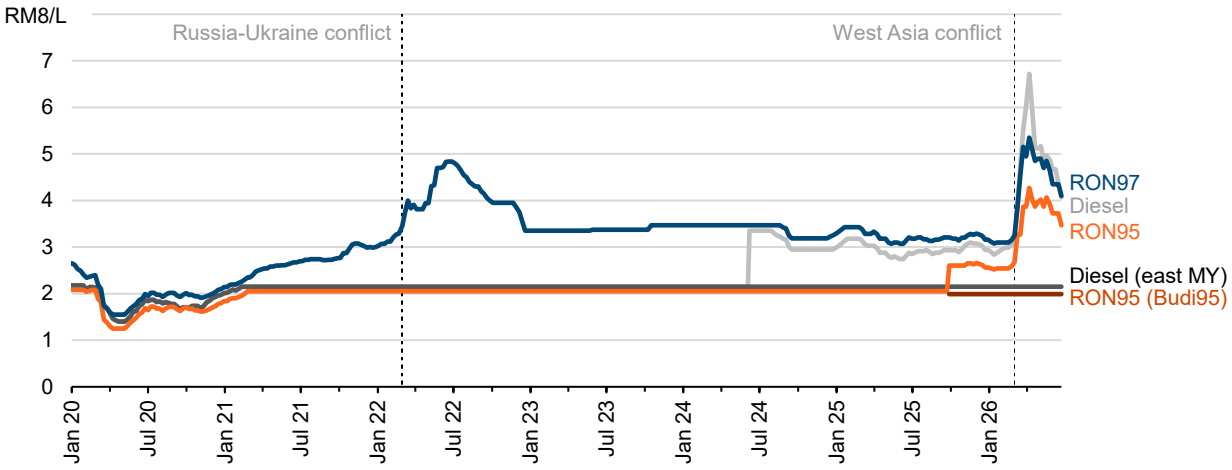
## Fuel prices have clearly escalated; its effects curbed only by costly subsidies

The emerging crisis and ensuing escalation of crude oil prices have led to inflated pump prices for petrol and diesel (Figure 9.7). To manage inflation, the Malaysian government chose to maintain the subsidised price of RON95 at RM1.99 per litre under Budi95[259] but temporarily reduced the maximum quota from 300 litres per person per month to 200 litres between April and August 2026[260]. There is also the Subsidised Petrol Control System (SKPS) for logistics and public transport at RM2.05 per litre.

In comparison, diesel subsidies initially remained more targeted under several different schemes prior to the much later expansion under Budi Diesel in late June 2026. Under the Subsidised Diesel Control System (SKDS), which was introduced in June 2024, diesel prices were set (and have since been maintained at the time of writing) at RM2.15 per litre for eligible logistics vehicles, RM1.88 per litre for public transport (including buses, taxis, ambulances and fire engines), RM2.15 per litre for East Malaysia (blanket subsidy) and RM1.65 per litre for fishermen[261]. Meanwhile, fishermen have been subject to a daily maximum quota of 50 litres per day, while deep-sea fishermen are excluded entirely[262]. For general consumers and private diesel vehicle owners, subsidies were eventually extended under Budi Diesel later in July 2026, offering subsidised diesel at RM2.15 per litre with a 200-litre quota shared with Budi95[263]. Its criteria and implementation are similar to Budi95, but it's further restricted to diesel vehicle owners and their immediate family members, subject to a quota transfer that requires a separate application. A further 100 litres is also available, subject to further application. Like Budi95, the 200-litre basic quota was raised to 300 litres in September 2026[264].

[259] Budi 95 was introduced on 30 September 2025, limiting the purchase of subsidised fuel to Malaysians with a MyKad and a valid driving license for Malaysian-registered vehicles. Purchases without a vehicle (i.e. filling into jerrycans) are allowed up to 20 litres per day, while groups with a special permit can purchase more for non-vehicle use, including agriculture. Source: MOF (2026b)
[260] BERNAMA (2026a) and MOF (2026c)
[261] MOF (2024)
[262] Fishermen operating in coastal areas of Zone A and B (45,443 boats) and Zone C (2,997 boats) are eligible for subsidies, but not C2 (733 boats or 9,598 fishermen). Source: BERNAMA (2026b).
[263] MOF (2026a)
[264] MOF (2026c)

**Figure 9.7: Daily pump prices of petrol and diesel, 2020 – 2026**




Source: DOSM (n.d.)—OpenDOSM and KRI calculations

The continuation of these subsidies in Malaysia has significant fiscal implications and trade-offs with other government expenditure priorities. At the time of writing, total subsidies were expected to cost RM58.4 billion in 2026 during the peak of the West Asia conflict, compared with the budgeted RM15 billion, with the finance ministry in April suggesting operational expenditure cuts for the health and higher education ministries amounting to RM5.4 billion[265]. While these cuts in public spending could imply cuts in public service delivery that would indirectly impact the wellbeing of households, the finance and health ministry later assured that these cuts would not involve critical services[266]. By July, the finance ministry reported RM5 billion in savings[267]. However, continued spending on subsidies, especially at estimated amounts, still represent a large opportunity cost that could have been spent on other social and economic programmes.

Nonetheless, without subsidies, Malaysian households would be under intense inflationary pressures. In 2024 when RON95 was RM2.05 per litre, households allocated an average of RM53.60 or 5.9% of their total budget on fuels and automotive lubricants per month[268]. With RON95 reaching RM4.07 at one point in March 2026, the amount spent by households could double if fuel consumption patterns remain. If households are unable to reduce fuel spending in response to higher fuel prices (a likely possibility given the importance of private vehicles and inefficiency of public transport systems[269]), then they would have to cut back expenditure on other goods and services or reduce savings. We discussed household expenditure in detail in SOH 2026 Part 1 Section 3.

Furthermore, if costs from global shocks were passed to consumers in the absence of subsidies, the consequences are unlikely to be evenly distributed across households. Lower-income households devote a much larger share of their expenditure to food than higher-income households do, meaning that the same increase in food prices absorbs a greater proportion of their budget. This implies that they generally have less financial room to absorb higher prices without cutting other expenditure, drawing down savings or switching to cheaper foods.

[265] MOF (2024b), Alzahrin and Fahmi (2026)
[266] CNA (2026)
[267] MOF (2024b)
[268] DOSM (2025i)—HES
[269] Shukri and Ho (2025)

# CONCLUSION

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# CONCLUSION

SOH 2026 is intended to provide a baseline body of evidence on the current state of households in Malaysia, informing discussions on policy, development and wellbeing. Rather than seeking to provide specific policy solutions, its broad scope is intended to surface further questions, sharpen the issues that warrant closer attention, and spur public and policymaking discourse on these pressing national concerns.

The report finds that household wellbeing is improving at the national level. However, a closer look at state and district level data reveals that households' ability to turn economic progress into wellbeing remains highly uneven, especially when considering differences in demographics, location and access to basic amenities and economic opportunities.

The implications of this finding should be viewed in the context of Malaysia's development, which has occurred in spatially concentrated urban areas. This has resulted in population concentrations that may partially account for uneven wellbeing outcomes and that may raise new challenges for households. However, it does not remove the need to address disparities. Typical assessments of inequality along urban-rural lines may need to be complemented by more nuanced investigations along the intersections of regional, occupational and demographic lines.

Another key finding of this report is that, unlike regional differences in income and wages, access to basic amenities is high across states. Development spending is an important part of fiscal policy. The fact that Malaysia has high access to basic amenities is a testament to past investments in public infrastructure and services. New infrastructure such as digital infrastructure as well as those specific to an ageing population are becoming important. As these are enablers of wellbeing, this finding emphasises the value of continued public investments in the provision of infrastructure and services.

These findings suggest that the provision of cash aid and subsidies that address short-term needs should be complemented by investments in infrastructure and services with long-term benefits. Interventions should be based on local context and needs, incorporating wellbeing outcomes, such as mobility, public safety and social participation, into any policy programme. Continued agglomeration can spur further growth while spatial dispersion of development and opportunities can address inequalities.

Thus, we highlight the following broad policy principles to improve household and thus national wellbeing:

## Public policy interventions should complement provision of subsidies and cash aid with measures that promote holistic development

Public policy interventions can make a difference in addressing and alleviating challenges faced by households, especially when supported by research insights into current household trends and needs.

However, relying primarily on subsidies and cash aid overemphasises the importance of monetary support at the risk of neglecting infrastructure development and service provision. Taking a holistic, longer-term approach to development may better address the root causes of these challenges. Ensuring household access to essential services, infrastructure and opportunities may have greater long-term effects on household wellbeing than short-term financial relief.

Investments in these avenues can reduce future public spending on addressing social costs of poor health, poor educational outcomes, underemployment and unemployment. Further development of public spaces, such as parks, and transport infrastructure could also improve quality of life and community engagement.

## Wellbeing impacts should be considered when developing any public policy

Healthcare provision is not the most important contributor to improving health outcomes. Health is also shaped by daily living conditions outside of people's interactions with the healthcare system. Thus, a healthy population requires building an environment where people are able to practice healthy behaviours.

This points towards the adoption of a Health in All Policies (HiAP) strategy, a recommendation previously put forth in KRI's Health and Social Protection: Continuing Universal Health Coverage paper. The application of HiAP requires the consideration of the health impact of public policies even when the primary objective is not to promote health. This includes areas such as urban planning that promotes physical activity in daily routines, regulatory measures that help shape a healthier and affordable food environment as well as improving access to good quality basic utilities and services.

An extension of this strategy is Wellbeing in All Policies, which would include consideration of other wellbeing outcomes such as mobility, public safety and social participation.

## Public policy should consider context and be responsive to changing conditions

Additional details and context of household concerns are necessary to understand not just community needs but also why policies formulated in urban offices may not work as expected in rural households. The implementation of policies may vary according to local conditions, thus requiring a more targeted approach as well as a closer coordination between federal, state and local authorities. Public data, both administrative and survey data, can be supplemented by qualitative research that seeks to complement statistics with deeper insights of lived experiences.

Our research on households has identified a current data shortage, given Malaysia's ageing population, with respect to information on older persons. Additional national-level data on the population aged over 65 years old, for example on where they live and whether they are still engaged or want to engage in work, would supplement existing data on older persons (such as health data) and enable more age-sensitive policy to be developed.

Existing aid programmes, such as *Sumbangan Tunai Rahmah*, *Sumbangan Asas Rahmah* and MyKasih, should also be reevaluated to ensure that they are reaching their intended beneficiaries adequately. There is a need to reassess whether assistance remains relevant given evolving consumption patterns and rising costs of living. Expansion of existing food assistance to include spending on food away from home should be considered.

In terms of regional development and labour market policies, Malaysia's current plan of economic corridors represents an important spatial strategy that seeks to build on the comparative strengths of different regions. There is scope to further strengthen this approach by encouraging higher-value industries and activities to grow beyond existing economic hubs.

Rather than replicating Kuala Lumpur, regional development should aim to establish complementary economic hubs suited to local strengths, while improving the connectivity between these hubs and surrounding communities.

Better transport infrastructure, digital connectivity and labour mobility can allow workers to access opportunities beyond their immediate locality where they choose to do so, ensuring that the benefits of economic concentration are not limited by geography. Hence, the combination of place-based economic development alongside improved mobility can help broaden access to employment while recognising the economic realities and benefits of agglomeration.

## Public policy should build resilience in a world of growing uncertainties

Given Malaysia's demographic trends and place in the global economy, public policies are needed to protect vulnerable communities while maintaining economic stability. Increasing risks such as floods, extreme weather and food insecurity highlight the importance of building resilient infrastructure and systems.

For households comprising older persons, including those headed by older persons or older person-headed households, wellbeing depends jointly on income security and access to reliable long-term care for everyday routines. The two operate through different mechanisms and neither compensates for the absence of the other. A social pension can be an additional layer of income security but without a reliable care system, households can be forced to absorb care needs informally. This burden would fall disproportionately on female household members. Policies should therefore invest in accessible, comprehensive and affordable care services in light of the country's ageing population. The adequacy of long-term care systems will become an increasingly central determinant of household resilience, rather than a peripheral concern.

Malaysia's high dependence on food imports, particularly where supply is concentrated among a small number of trading partners that may themselves be vulnerable to climate disruptions, increases Malaysian households' exposure to external supply and price shocks. Strengthening food security therefore requires more than maintaining open trade: Malaysia should diversify import sources, strengthen regional trade relationships and contingency arrangements, improve domestic storage and strategic reserves for essential foods, and selectively build domestic production capacity where this can meaningfully reduce vulnerability.

At the same time, policy should recognise that households can ultimately bear the consequences of global disruptions through higher and more volatile food prices. Policy measures promoting resilience should therefore include responsive social protection, targeted cash or food assistance, effective price and supply monitoring, and measures that protect access to nutritious foods for lower-income households during periods of disruption. In this sense, food security policy should combine efforts to make the national food system more resilient with measures that strengthen households' capacity to absorb shocks when disruptions cannot be avoided.

*"The ultimate test of policy is whether or not it adds to the wellbeing of the population served."*

—Robert G. Evans and Gregory L. Stoddart

It is our aim that this 2026 edition of KRI's flagship State of Households report, *From Income to Wellbeing,* offers a timely yet timeless discussion of household wellbeing and of the relationship between households and policy. In service of KRI's core mission *to "shed light on the nation's most pressing economic, social, and structural issues that affect the daily lives of the rakyat"*, this report provides evidence-based insights that contribute to and advance the national policy discourse.

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APPENDIX A

# COMPONENTS OF THE MALAYSIAN WELL-BEING INDEX

**Table A1: Components and indicators of the Malaysian Well-Being Index (MyWI), 2024**

| Sub-composite | Component | Indicators |
|---|---|---|
| Economic | Transportation | Number of railway passengers |
| | | Ownership of private cars and motorcycles |
| | | Road length per capita |
| | | Road Development Index (RDI) |
| | Communication | Percentage of individuals using the internet |
| | | Percentage of individuals using mobile phones |
| | | Number of domain names |
| | Income and Distribution | Gross National Income (GNI) per capita |
| | | Gini coefficient |
| | | Incidence of poverty |
| | | Average monthly household income |
| | Working Life | Man-days lost due to industrial action |
| | | Industrial and travel accidents rate |
| | | Average working hours |
| | | Employment rate |
| | | Long-term unemployment rate |
| | | Percentage of labour force aged 15+ working more than 45 hours per week |
| | | Percentage of labour force working less than 30 hours per week not by choice |
| | | Percentage of labour force with fixed working hours on workdays |
| Social | Education | Access to early childhood education |
| | | Preschool participation rate |
| | | Primary school participation rate |
| | | Secondary school participation rate |
| | | Tertiary participation rate |
| | | Literacy rate |
| | | Percentage of primary student completion |
| | | Percentage of secondary student completion |
| | | Percentage of candidates passing (SPM) |
| | | Percentage of graduate teachers in primary schools |
| | | Percentage of graduate teachers in secondary schools |
| | | Number of lecturers with PhD |
| | | Percentage of population aged 25–64 with at least upper secondary education |
| | | Percentage of population aged 25–64 with a university degree |
| | | Expected years of schooling |
| | | Mean years of schooling |
| | | Student-to-teacher ratio in government primary schools |
| | | Student-to-teacher ratio in government secondary schools |
| | Housing | Percentage of low-cost housing units to number of B40 households |
| | | Percentage of households with treated water supply |
| | | Percentage of households with electricity supply |
| | | Percentage of households with waste collection service coverage |
| | | Number of persons per room |
| | | Housing affordability |
| | Entertainment and Recreation | Number of households with paid TV subscriptions |
| | | Number of domestic hotel guests |
| | | Number of recreational park visitors |
| | | Number of cinemagoers |
| | Public Safety | Crime rate |
| | | Number of road accidents per 1,000 registered vehicles |
| | | Homicide rate |
| | Social Participation | Number of registered non-profit organisations |
| | | Number of registered residents associations |
| | | Membership of RELA |
| | Governance | Percentage of prosecuted corruption cases |
| | | Number of e-payment transactions |
| | | Percentage of e-Filing users |
| | | Percentage of cases resolved by the Public Complaints Bureau |
| | | Percentage of parliamentary seats held by women in Dewan Negara |
| | | Percentage of parliamentary seats held by women in Dewan Rakyat |
| | Culture | Number of memberships in public libraries |
| | | Number of Istana Budaya visitors |
| | | Number of museum visitors |
| | | Number of Craft Complex visitors |
| | | Number of Memorial Negarawan visitors |
| | Health | Number of beds in hospital |

| Sub-composite | Component | Indicators |
|---|---|---|
| | | Life expectancy at birth |
| | | Doctor-to-population ratio |
| | | Percentage of patients whose waiting time is less than 90 minutes |
| | | Immunisation coverage of infants for DPT (Diphtheria, Pertussis and Tetanus) |
| | | Immunisation coverage MMR (Mumps, Measles and Rubella) for children aged 1 to below 2 years |
| | | Mental health rate |
| | | Number of non-communicable disease cases |
| | | Number of communicable disease cases |
| | Family | Divorce rate |
| | | Domestic violence cases |
| | | Children involved in crime |
| | | Household debt per capita |
| | | Dependency ratio |
| Environmental | Air | Air quality |
| | | Greenhouse gas emissions |
| | Water | Water quality |
| | | Percentage of population with treated piped water |
| | Biodiversity Resources | Percentage of forested land |
| | | Forest area licensed for harvesting |

Source: DOSM (2025m)—MyWI

APPENDIX B

# COMPONENTS OF THE MALAYSIA HAPPINESS INDEX

**Table A2: Components and indicators of the Malaysia Happiness Index (MHI), 2024**

| Component | Indicators |
|---|---|
| **1. Family** | Family relationship<br>i. Relationship with spouse<br>ii. Relationship with parents<br>iii. Relationship with children<br>iv. Relationship with siblings |
| | Family financial stability |
| | Safety within the family |
| **2. Housing and Environment** | Facilities and infrastructure provided in residence |
| | Level of cleanliness in residence |
| | No pollution in residence |
| | Rental payment of residence |
| **3. Social Participation** | Social support from community |
| | Neighbourhood relationship |
| | Social activities |
| **4. Health** | Level of health |
| | Physical exercise |
| | A healthy and balanced diet |
| | Government health services |
| | Medical treatment by government health services |
| | Supply of medicine provided (government) |
| | Rate of payment of government services |
| | Private health services |
| | Medical treatment by private health services |
| | Supply of medicine provided (private) |
| | Rate of payment of private services |
| **5. Communication Facilities** | Internet access facilities in residence |
| | Telecommunication service support provided<br>i. Your residency<br>ii. Around your residency |
| | Telecommunication service fee rates |
| | Setting up a Community Internet Centre around residence |
| **6. Education** | Quality of educational delivery and the outcome<br>i. Public educational institutions<br>ii. Private educational institutions<br>iii. Online learning at public educational institutions<br>iv. Online learning at private educational institutions |
| | Level of security in educational institutions |
| | Opportunity to enter higher educational institutions |
| | Financing the services of higher education institutions |
| **7. Working Life** | Work life balance |
| | Relationship with employer |
| | Relationship with colleagues |
| | Right to speak |
| | Career advancement |
| | Workload |
| | Benefits / employment interest |
| **8. Income** | Income from the main job |
| | Income from the extra / part-time / side job |
| | Income earned commensurate with the cost of living<br>i. Food price<br>ii. House prices<br>iii. Transportation cost<br>iv. Basic utilities<br>v. Health |
| | Salary / wage paid commensurate with:<br>i. Duration of working hours<br>ii. Job type |
| | Debt burden |
| | Total dividend saving / investment |
| **9. Public Safety** | Level of security in residence |
| | Security services |
| | Payment towards security services given |
| | Foreign security guards in the area of residence |
| **10. Time Use** | Rest time |
| | Adequate sleep time |
| | Time for leisure and recreation |
| | Time for social |

| Component | Indicators |
|---|---|
| | Time for domestic activities |
| **11. Culture** | Involvement in arts and cultural activities |
| | Involvement in arts and cultural activities with family or community |
| | The fee charged when attending cultural activities |
| | Acceptance of foreign culture |
| **12. Religion and Spiritual** | Spiritual / religious practice |
| | Spiritual / religious practice with family |
| | Spiritual / religious practice with community |
| | Respect for the diversity of spiritual / religious practices of other communities |
| | Spiritual / religious knowledge |
| | Relationship with God |
| | Meaning of life |
| **13. Emotional** | Interested |
| | Distressed |
| | Excited |
| | Upset |
| | Strong emotion |
| | Feel guilty |
| | Scared |
| | Hostile |
| | Enthusiastic |
| | Proud |
| | Irritable |
| | Alert |
| | Ashamed |
| | Inspired |
| | Nervous |
| | Determined |
| | Attentive |
| | Jittery |
| | Active |
| | Worried |

Source: DOSM (2025f)—MHI 2024

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