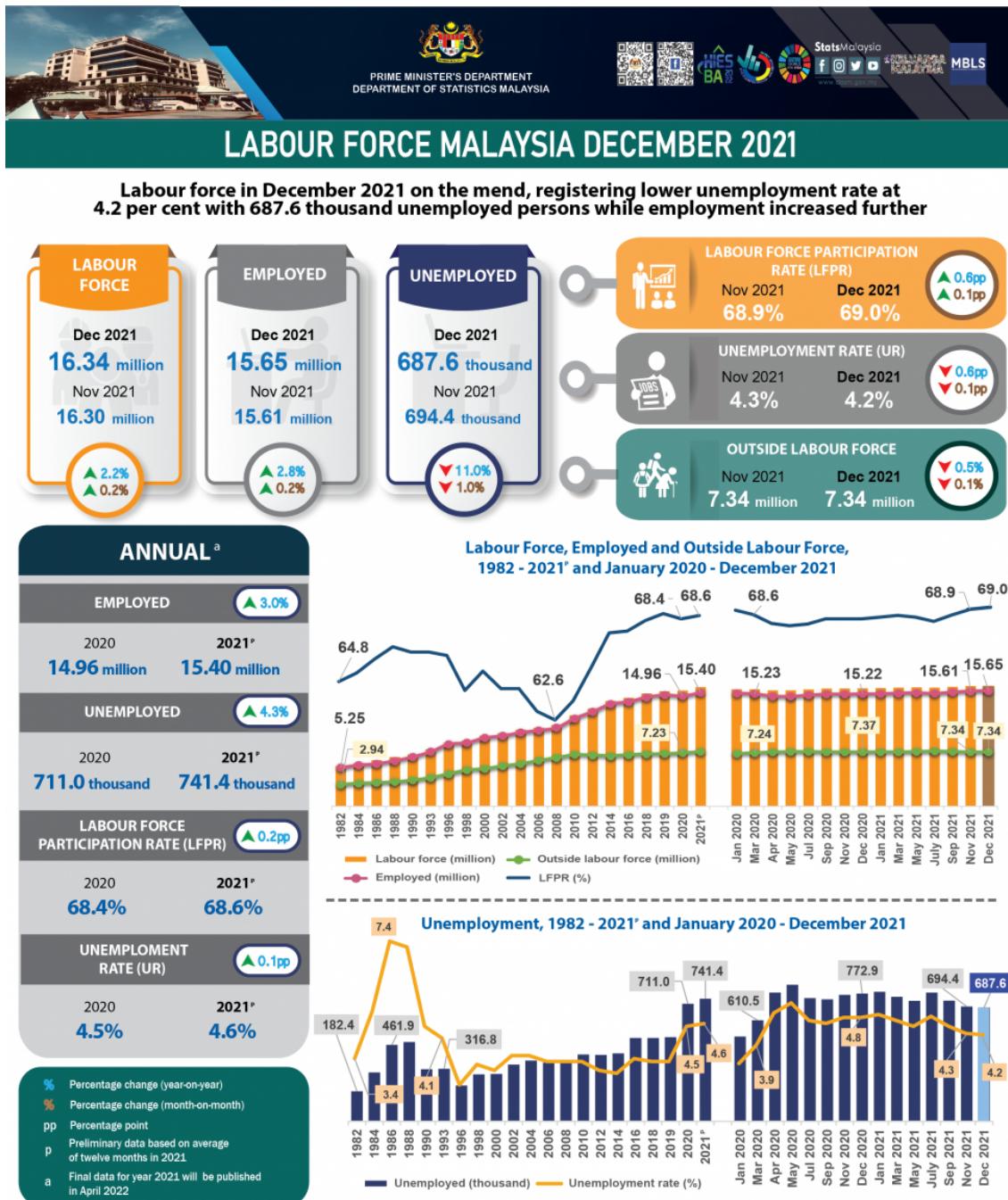




MINISTRY OF ECONOMY  
DEPARTMENT OF STATISTICS MALAYSIA

KEY STATISTICS OF LABOUR FORCE IN MALAYSIA, DECEMBER 2021



Source: Labour Force Survey, Department of Statistics Malaysia



## CONCEPTS AND DEFINITIONS



### What is Labour Force Survey (LFS)?

Labour Force Survey (LFS) was conducted to collect information on the structure and distribution of labour force, employment and unemployment from the perspective of labour supply.

The survey population comprises persons who live in the private living quarters, hence excludes persons residing in institutions such as hotels, hospitals, hostels, prisons, and workers residing in construction worksite.

LFS encompasses both urban and rural areas for all administrative districts within of all states in Malaysia using the actual status approach through the personal interview, Computer Assisted Telephone Interview (CATI) and telephone interview method.

The LFS are conducted based on the standard guidelines and recommendations of the International Labour Organizations (ILO).

The working age for the analysis of LFS in Malaysia refers to household members between the age of 15 to 64 years during the reference week, who are either in the labour force or outside the labour force.



#### LABOUR FORCE

- The population in the working age group of 15 to 64 years (in completed years at last birthday).
- Either employed or unemployed in the reference week.



#### OUTSIDE LABOUR FORCE

- All persons not classified as employed or unemployed.
- Example: housewives, students, retirees, disabled persons and those not interested in looking for a job.



#### EMPLOYED

- Persons who, at any time during the reference week worked at least one hour for pay, profit or family gain (as an employer, employee, own-account worker or unpaid family worker).
- Persons who did not work during the reference week because of illness, injury, bad weather, leave, labour dispute and social or religious reasons but had a job, farm, enterprise or other family enterprise to return to.
- Those on temporary lay-off with pay who would definitely be called back to work.



#### UNEMPLOYED

- Those who did not work during the reference week but are interested to work and seeking for a job.
- Classified into two groups which are actively and inactively unemployed.



#### UNEMPLOYMENT RATE

- The proportion of the unemployed population to the total population in labour force.
- Percentage of the unemployed population in the labour force.



#### LABOUR FORCE PARTICIPATION RATE

- The economic activity of a population depends on the demographic characteristics of that population.
- The proportion of the economically active population, hence differs between sub-groups of that population.
- These variations are measured by specific activity rates termed as labour force participation rate.
- Labour force participation rate is defined as the ratio of the labour force to the working age population (15 to 64 years), expressed as a percentage.

Source: Labour Force Survey, Department of Statistics Malaysia

## KEY REVIEWS

- In December 2021, employed persons remained upward, with a marginal increase of 0.2 per cent month-on-month or equivalent to 38.3 thousand persons to 15.65 million persons (November 2021: 15.61 million persons). The employment-to-population ratio which indicates the ability of an economy to create employment recorded a slight increase to 66.1 per cent during the month (November 2021: 66.0%).
- From the view of the economic sector, the employment in Services sector remained high for the sixth month mainly in Wholesale and retail trade; Food & beverages services; and Information & communication activities. Manufacturing and Construction sectors also recorded a positive growth for five consecutive months whereas employment in Agriculture and Mining & quarrying sectors continued to decline since August 2020.
- In December, the employees' category which comprised of 76.8 per cent of the total employed persons, edged up by 0.1 per cent (+17.6 thousand persons) to register 12.02 million persons (November 2021: 12.0 million persons). Likewise, the own-account workers category which consists mostly of daily income earners working as small business operators such as retailers; hawkers; sellers in markets and stalls; as well as smallholders, persistently recording increases by 0.5 per cent (+12.2 thousand persons) to 2.64 million persons (November 2021: 2.63 million persons).
- During the last month of 2021, the number of unemployed persons continued to decrease by 1.0 per cent (-6.8 thousand persons) month-on-month to 687.6 thousand persons (November 2021: 694.4 thousand persons) recording a lower December's unemployment rate at 4.2 per cent (November 2021: 4.3%).
- Towards the end of the year, the number of labour force rose by 31.5 thousand persons or 0.2 per cent to 16.34 million persons (November 2021: 16.30 million persons). Accordingly, the labour force participation rate (LFPR) in December 2021 went up to 69.0 per cent (November 2021: 68.9%), the highest LFPR recorded since January 2020. This situation signalled the people's optimism towards the labour market, thus prompted them to search for jobs.
- In December 2021, the decline in the number of outside labour force endured, lessening by 6.7 thousand persons (0.1%) to 7.34 million persons (November 2021: 7.34 million persons). The largest composition of the outside labour force was due to schooling/ training with a share of 41.5 per cent and tailed by housework/ family responsibilities category with 41.3 per cent.
- In Malaysia, the aftermath of the pandemic caused the economic revival to be somewhat slightly hindered and it also affected the regaining of the entire labour market as its recovery is directly proportional to the performance of the economy. With all states were in Phase 4 of NRP starting January 2022 has enabled full capacity of business operation and social activities. Furthermore, the reopening of schooling sessions on 9 January 2022 is anticipated to result in more positive impact on other related activities. More travelling activities domestically and abroad were also observed during the month. These positive progresses signalled that the labour market is foreseen to continue

improving in the upcoming months, not considering the challenges of the new and lethal variants.

## **EMPLOYMENT CONTINUED TO EXPERIENCE HEALTHY GROWTH IN DECEMBER 2021 WHILE UNEMPLOYMENT FURTHER DECREASED AS BUSINESS AND SOCIAL ACTIVITIES REMAIN OPERATING**

The year 2021 was the second year the COVID 19 pandemic continued to spread around the world and has brought unprecedented challenges to the recovery of the global economy as well as the labour market, thus various efforts have been made to address the health crisis. As for Malaysia, various initiatives have been implemented continuously in an effort to strike a balance between protecting the people's health and restoring the country's economy.

In the first month of 2021, the labour market remained challenging following the rising number of COVID-19 daily new cases. In response to this, the Movement Control Order (MCO) 2.0 was imposed beginning from 13 January 2021 in most of the states. This stringent measure has allowed only five essential economic sectors to operate with limited operation hours for businesses, whereas interstate and inter-district travel activities were restricted. Hence, it led to an uneven recovery momentum of the businesses and subsequently the labour market. The unemployment rate during the month was 4.9 per cent with the number of unemployed remained high, closed to 800 thousand persons.

More economic activities were resumed in February 2021 including sports and fitness activities. In addition, the first phase of the vaccination programme which started on 24 February 2021 brought some light to businesses and communities. Therefore, it was observed that the situation was gradually improving towards March 2021, as most states were in the Recovery MCO while several others were in the Conditional MCO with most of the economic activities continued to operate in compliance of strict standard operating procedures (SOPs). Along with the transition of MCO and implementation of the COVID-19 vaccination programme, more economic activities were allowed to resume, translated into the labour force recovery process during the month. Furthermore, since the beginning of March, pre-schools and primary schools have reopened; thereby allowing education-related businesses such as school canteens and bus services to also reopen. Additionally, social events such as wedding receptions, reunions and gatherings were allowed with some restrictions, depending on the stage of the MCO. As a result, the labour force situation in March 2021 continued to improve by recording higher labour force participation rate at 68.6 per cent with employment increase while unemployment posted a larger decreased.

Nevertheless, in May 2021, another wave of COVID-19 was observed in the country as new daily infections reached 6,000 cases. With regards to this, the MCO was implemented in a few states from 3 May 2021. During this period, educational institutions were closed, while social and religious gathering activities were prohibited. Later, beginning 12 May 2021, MCO was implemented nationwide and on 25 May, it became more stringent. The tightened SOPs include limited visiting hours for shoppers, in addition to shortened operating hours for shopping malls and eateries. During this period, the inter-state and inter-district travel continued to be restricted including social visits for the Eid celebration.

Later, in June 2021, the country continued to endeavour at flattening the surge of new daily COVID-19 cases. Thus, a nationwide "full lockdown" was imposed from 1 to 14 June, and extended to 28 June 2021. During this phase, only essential services were allowed to operate with shortened business activities until 8.00 pm while travelling restrictions were permitted up to 10 kilometres radius. Therefore, an uneven recovery of the labour market was observed during the month and the situation was prolonged in July 2021. The number of unemployment remained high while employment decreased. In addition, on 15 June 2021, the Government announced a new roadmap to control the COVID-19 pandemic known as the National Recovery Plan (NRP). The NRP comprises of four phases which are imposed based on the number of new daily cases, vaccination rate and COVID-19 patient admission to Intensive Care Units (ICU).

In August and early September 2021, the implementation of NRP is on-going to rejuvenate the economy while containing the high number of daily new COVID-19 cases and deaths. Malaysia became one of the fastest countries in vaccinating the people by recording more than 500,000 doses a day through the National COVID-19 Immunisation Programme (NIP), reflecting the continuous effort in battling the pandemic in the country. On 16 August 2021, more business activities were allowed to continue operating under Phase 1 of the NRP, among others were car wash services; car distribution sales centres, clothing; fashion and accessories. Effective on 20 August 2021, additional allowances were given for those who completed their vaccinations including permission to dine in. Furthermore, night markets and weekly markets were permitted to operate in Phase 1 of NRP but are restricted to fully-vaccinated customers. With the transition of most states to the next phases of the NRP as well as the relaxation of more economic activity coupled with the permission of inter-district travel in certain areas, encouraging labour force situation was observed in August 2021 registering lower unemployment while employment increased. Moreover, throughout September 2021, the permission to operate was expanded to more business activities with longer operation hours up to 12.00 midnight for all phases of the NRP. Also, the tourist centres in Terengganu and Pulau Langkawi were opened for those who have completed vaccination on 1 and 16 September 2021 respectively. Therefore, September 2021 witnessed vigorous economic activities, thus reinforced the labour market to regain its momentum.

Moving into October and November 2021, most of the states had shifted to Phase 4 of the NRP, hence empowering continuous positive movement in the economy as well as the labour market. This has steered the creation of more job opportunities especially in Wholesale and retail trade; and Accommodation and Food & beverages activities. In addition, the health crisis in the country also appeared to be improving with the number of fully vaccinated was increasing during the month, thus allowing full inter-state travel starting from 11 October 2021 resulting in more travelling activities domestically and abroad. Therefore, the labour force situation remained stable in these months with continuous employment growth and a reduction in the number of unemployed persons.

In the final month of 2021, business and social activities remained in operation as a result of fourteen states being in Phase 4 of the NRP, hence, leading the labour force situation to recover modestly. This has steered the healthy growth of employment to continue in December 2021 while unemployment further decreased. In the meantime, the Leading Index (LI) exceeded 100.0 points and moved upwards in November 2021 to 111.3 points (November 2020: 109.4 points), signalling that Malaysia is staging a better economic recovery in the upcoming months. Moreover, the monthly external trade showed that exports recorded a positive growth of 10.4 per cent (November 2021: -1.9%) whereas imports posted a decline of 0.4 per cent (November 2021: +5.9%).

The Labour Force Report for December 2021 describes the labour supply situation as the country entered the various phases of the NRP. The report also elaborates on the month-on-month changes to examine the immediate effects of the NRP to rejuvenate the economy while containing the spread of COVID-19. Users are advised to interpret the monthly statistics with caution since they are non-seasonally adjusted. In addition, annual changes from the same month of the previous year are also reported.

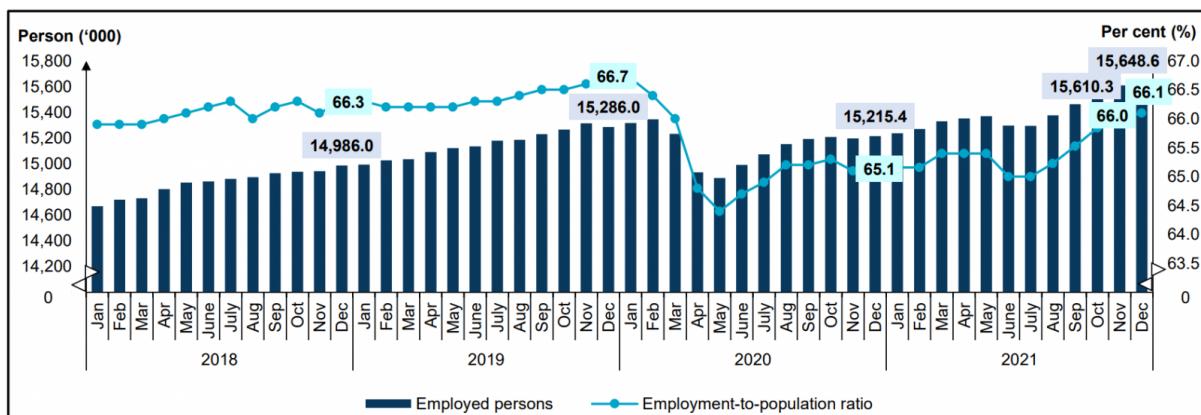
## Employed persons remained upward with a marginal increase of 0.2 per cent

In December 2021, employed persons remained upward, with a marginal increase of 0.2 per cent month-on-month or equivalent to 38.3 thousand persons to 15.65 million persons (November 2021: 15.61 million persons). As compared with December last year, the number of employed persons continued to rise by 433.3 thousand persons or 2.8 per cent (December 2020: 15.22 million persons).

From the view of the economic sector, employment in Services sector remained high for the sixth month mainly in Wholesale and retail trade; Food & beverages services; and Information & communication activities. Manufacturing and Construction sectors also recorded a positive growth for five consecutive months whereas employment in Agriculture and Mining & quarrying sectors continued to decline since August 2020.

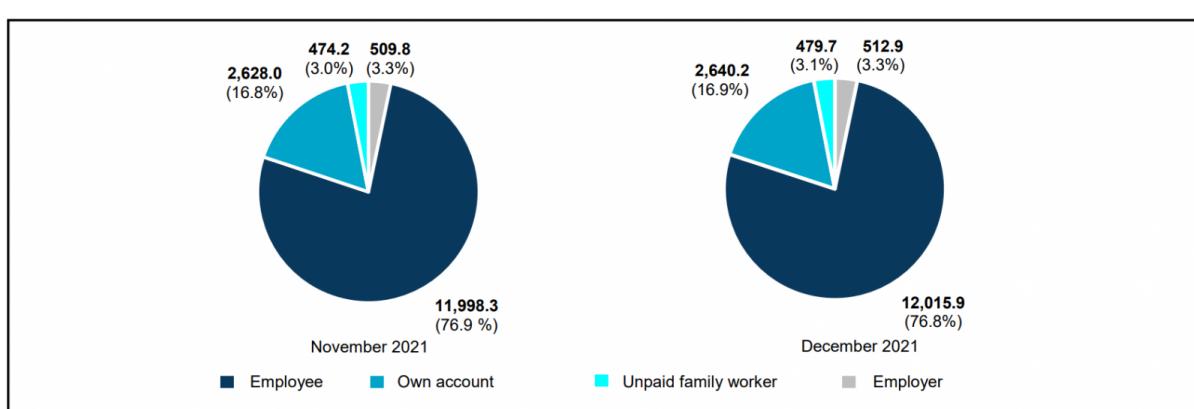
During the month, the employment-to-population ratio which indicates the ability of an economy to create employment recorded a slight increase to 66.1 per cent (November 2021: 66.0%). As compared to the same month of the previous year, the ratio expanded by 1.0 percentage point (December 2020: 65.1%). [Chart 1]

Chart 1: Employed persons and employment-to-population ratio, January 2018 - December 2021



In December, the employees' category which comprised of 76.8 per cent of the total employed persons, edged up by 0.1 per cent (+17.6 thousand persons) to register 12.02 million persons (November 2021: 12.0 million persons). Similarly, the own-account workers category which consists mostly of daily income earners working as small business operators such as retailers; hawkers; sellers in markets and stalls; as well as smallholders, persistently recorded increases by 0.5 per cent (+12.2 thousand persons) to 2.64 million persons (November 2021: 2.63 million persons). [Chart 2]

Chart 2: Employed person by status in employment, November and December 2021



During the month, the number of employed persons who were temporarily not working posted an addition of 14.5 thousand persons (+12.9%) to 126.7 thousand persons as compared to the previous month (November 2021: 112.2 thousand persons). The increase was due to the flood disaster which hit the

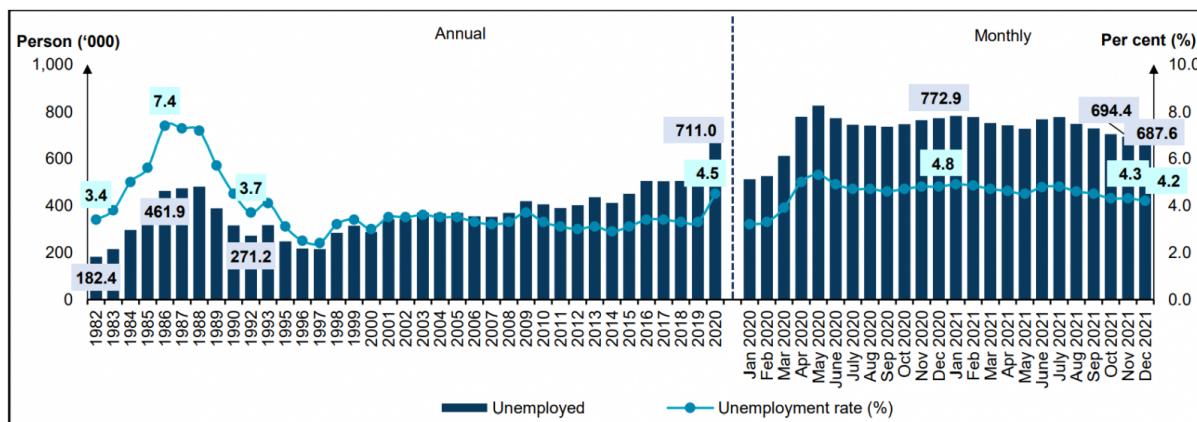
central and east coast regions in the middle of the month. Nevertheless, by comparing with one year earlier, this category remained alleviated by 19.5 thousand persons (December 2020: 146.2 thousand persons). This group of persons, who were most likely not able to work was not categorised as unemployed as they had work to return to.

## A lower unemployment rate recorded in December 2021 at 4.2 per cent

During the last month of 2021, the number of unemployed persons continued to decrease by 1.0 per cent (-6.8 thousand persons) month-on-month to 687.6 thousand persons (November 2021: 694.4 thousand persons) recording a lower December's unemployment rate at 4.2 per cent (November 2021: 4.3%).

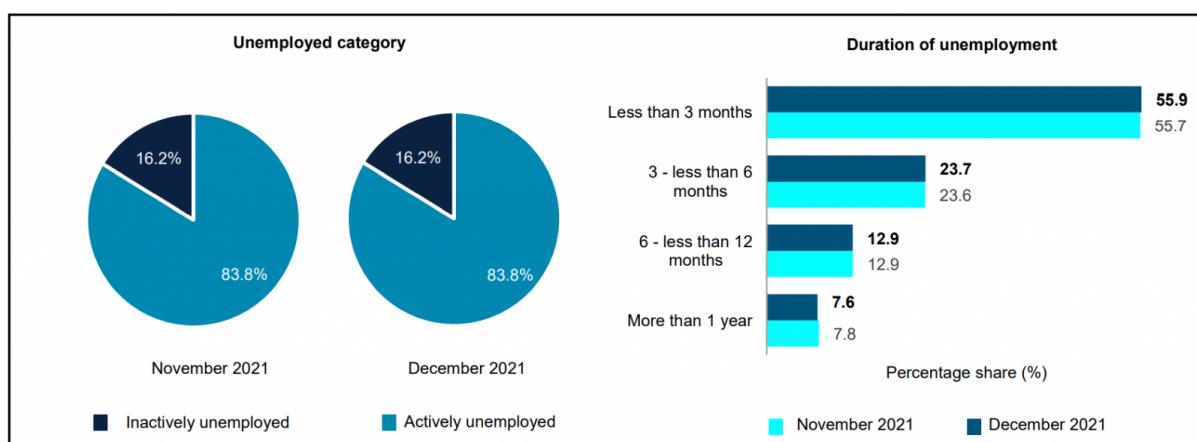
Year-on-year comparison, the number of unemployed persons descended by 11.0 per cent or 85.3 thousand persons (December 2020: 772.9 thousand persons). Accordingly, the unemployment rate edged down by 0.6 percentage points as against 4.8 per cent in December 2020. [Chart 3]

Chart 3: Unemployed persons and unemployment rate, 1982 - 2020 and January 2020 - December 2021



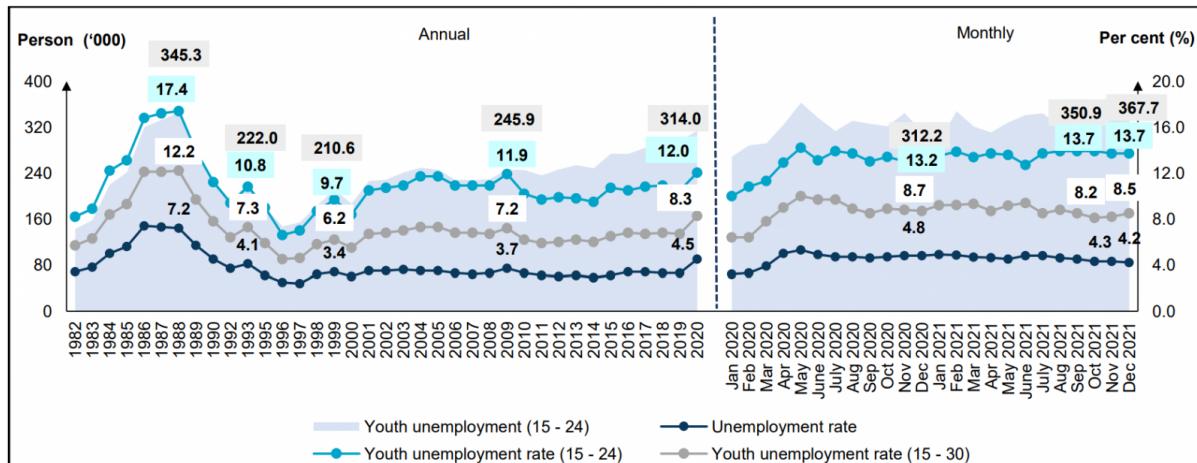
By category of unemployment, the actively unemployed or those who were available for work and were actively seeking jobs encompassed 83.8 per cent of the total unemployed persons. This group posted a decrease of 0.9 per cent or equivalent to 5.3 thousand persons to record 576.5 thousand persons (November 2021: 581.8 thousand persons). The unemployed persons for less than three months accounted for 55.9 per cent whereas those who were in long-term unemployment of more than a year was 7.6 per cent. For those who believed that there were no jobs available which was categorised as inactively unemployed, recorded a decline of 1.3 per cent or equivalent to 1.5 thousand persons to 111.1 thousand persons (November 2021: 112.6 thousand persons). [Chart 4]

Chart 4: Unemployed category and duration of unemployment, November and December 2021



During the month, the youth unemployment rate for those aged 15 to 24 years was unchanged at 13.7 per cent. The number of unemployed youths for this age group rose to 367.7 thousand persons with an addition of 16.8 thousand persons or 4.8 per cent as compared to the previous month (November 2021: 350.9 thousand persons). Nonetheless, the unemployment rate for youth aged 15 to 30 years continued to increase by 0.3 percentage points to register 8.5 per cent as compared to 8.2 per cent recorded in November 2021. [Chart 5]

Chart 5: Unemployment rate by selected age groups, 1982 - 2020 and January 2020 - December 2021

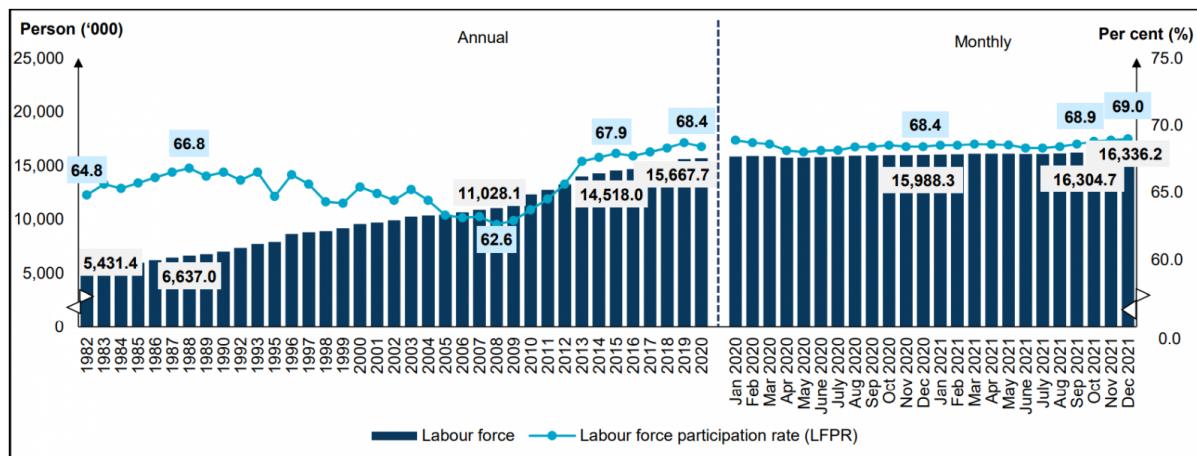


### LFPR in December 2021 went up to 69.0 per cent

Towards the end of the year, the number of labour force rose by 31.5 thousand persons or 0.2 per cent to 16.34 million persons (November 2021: 16.30 million persons). Accordingly, the labour force participation rate (LFPR) in December 2021 went up to 69.0 per cent (November 2021: 68.9%), the highest LFPR recorded since January 2020. This situation signalled the people's optimism towards the labour market, thus prompted them to search for jobs.

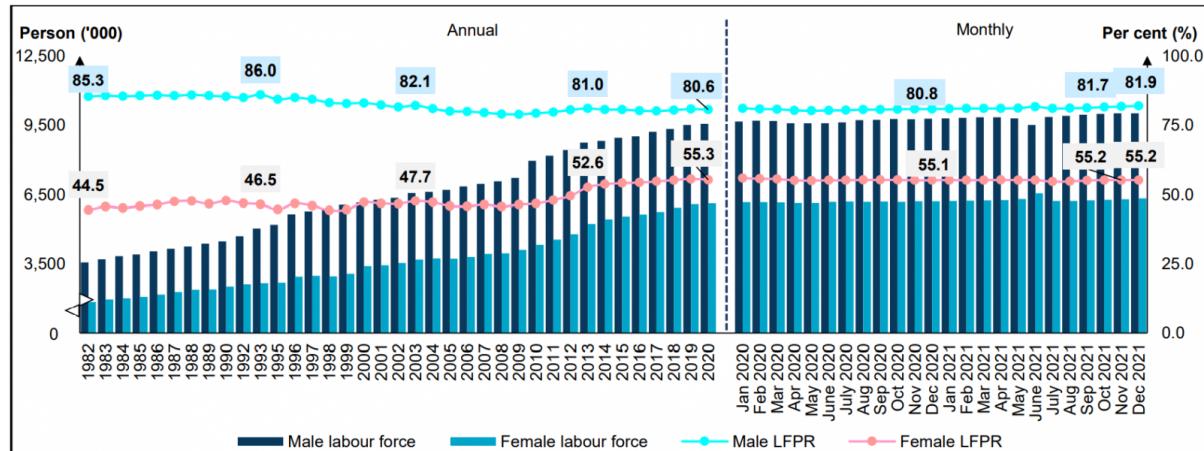
Similar trend was observed in year-on-year comparison whereby the number of labour force added by 347.9 thousand persons (2.2%) as compared to 15.99 million persons, thus the LFPR climbed by 0.6 percentage points (December 2020: 68.4%). [Chart 6]

Chart 6: Labour force and LFPR, 1982 - 2020 and January 2020 - December 2021



Analysing further on the labour force indicator for December 2021, the number of male labour force was 10.0 million persons (November 2021: 10.01 million persons) while the female labour force recorded a total of 6.33 million persons (November 2021: 6.29 million persons). In terms of LFPR, male LFPR remained on an increasing trend to 81.9 per cent (November 2021: 81.7%) whereas female LFPR was unchanged at 55.2 per cent. In the meantime, by comparing with the same month of the preceding year, male LFPR escalated by 1.1 percentage points (December 2020: 80.8%) while female LFPR posted a marginal increase of 0.1 percentage point (December 2020: 55.1%). [Chart 7]

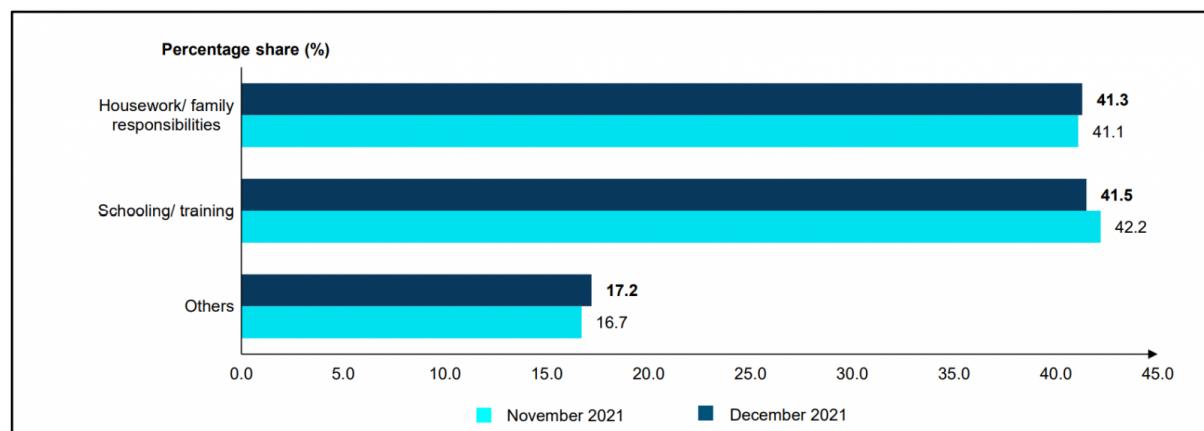
Chart 7: Labour force and LFPR by sex, 1982 - 2020 and January 2020 - December 2021



### The largest composition of outside labour force was due to schooling/ training

In December 2021, the decline in the number of outside labour force endured, lessening by 6.7 thousand persons (0.1%) to 7.34 million persons (November 2021: 7.34 million persons). A similar trend was observed year-on-year basis, whereby the number of outside labour force reduced by 34.4 thousand persons (0.5%) from 7.37 million persons recorded in December 2020. The largest composition of the outside labour force was due to schooling/ training with a share of 41.5 per cent and tailed by housework/ family responsibilities category with 41.3 per cent. [Chart 8]

Chart 8: Share of outside labour force by reasons for not seeking work, November and December 2021

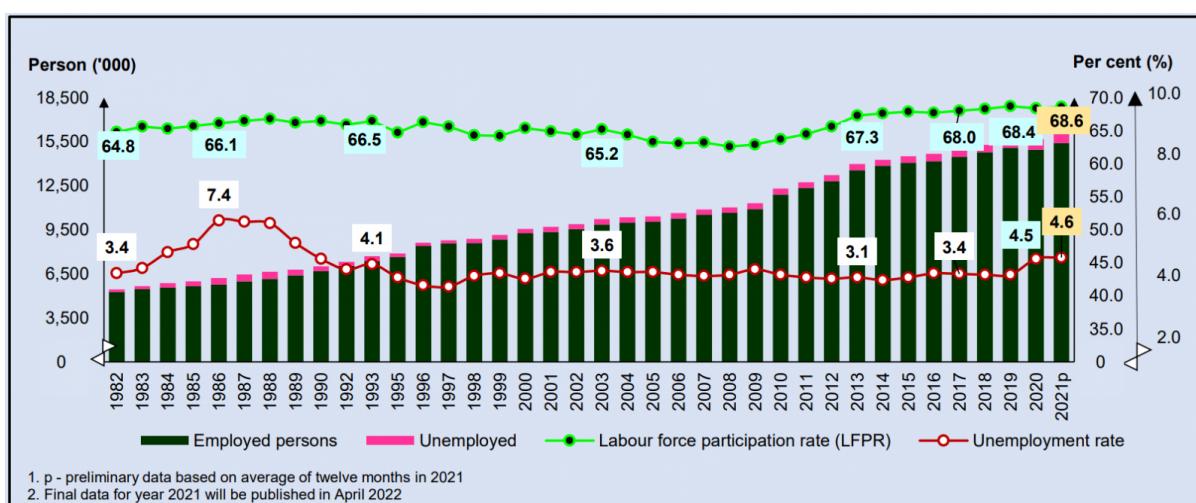


## 2021 LABOUR FORCE SITUATION AT A GLANCE

In 2021, based on monthly average data, LFPR during the year rose by 0.2 percentage points to 68.6 per cent as against 68.4 per cent in year 2020. The number of employed persons registered an increase of 3.0 per cent to record 15.4 million persons (2020: 15.0 million persons). The rise in employment was due to the low-based number of employed persons in 2020. Besides, the reopening of economic and social activities towards the second half of the year also contributed to the growth in employment as the country experienced the movement of the NRP from Phase 1 to Phase 4 which was implemented by the Government as one of the initiatives to ensure that people's health is protected and the country's economy could be open in staggered following the SOPs.

Apart from this, the battle against the pandemic prolonged into the year 2021. Thus as labour market remains in a challenging situation, the number of unemployed persons continued to increase for the second year to 741.4 thousand persons (2020: 711.0 thousand persons). Therefore, the unemployment rate climbed to 4.6 per cent in 2021 as compared to 4.5 per cent in 2020, the highest unemployment rate since year 1993 (4.1%). [Chart 9]

Chart 9: LFPR and Unemployment rate, 1982- 2021p



## GOVERNMENT'S INITIATIVES

Through the Wage Subsidy Programme (PSU) 1.0 under the PRIHATIN Packages which aimed to ensure employees are able to retain their jobs, a total of 322,177 employers and 2.64 million registered employees benefitted with an approved value reaching RM12.96 billion as of 17 January 2022. In addition, a total of RM1.41 billion has been channelled to 81,101 employers to retain 717,188 employees through the PSU 2.0 under the KITA PRIHATIN Packages which are designed to further support the employers and employees. Next, a total of RM3.63 billion was distributed to 161,948 employers to maintain 1.52 million employees through PSU 3.0, while there were RM2.19 billion was distributed to 143,474 employers to continue their operation and to retain 1.72 million employees under PSU 4.0. As for PSU 5.0, the Government through Social Security Organisation (SOCSO) continued with the implementation of the targeted PSU to the tourism operators who experienced a decline in incomes of at least 30 per cent from the total sales or revenue in October 2021 until December 2021. As of 17 January 2021, a total of RM1.82 million was channelled to 200 employers to retain 3,208 employees. Overall, the Government has channelled a total of RM20.18 billion to 357,468 employers through the PSU to retain employment of 2.95 million local workers.

Furthermore, through the Recruitment Incentive Programme (PenjanaKerjaya), a total of 15,098 employers and 116,316 employees have benefitted under PenjanaKerjaya 1.0 with a value of RM647.12 million as of 25 January 2022. In addition, a total of RM751.87 million had been channelled to benefit 16,648 employers and 138,659 employees under the PenjanaKerjaya 2.0. On top of that, there were 12,274 employers and

62,800 employees whom benefitted involving a total value of RM157.79 million funds through the PenjanaKerjaya 3.0. In total, through the PenjanaKerjaya, the Government has channelled RM1.56 billion to 44,020 employers to retain 317,775 local employees. Moreover, through the Malaysia-Short Term Employment Programme (MySTEP), a total of 63,221 employees had been recruited which successfully achieved the overall target of 50,000 job vacancies in 2021. Apart from PenjanaKerjaya and MySTEP, the Government has also succeeded in creating 137,950 new jobs through domestic investment and 74.2 per cent of it was in the skilled and semi-skilled categories.

As for the Hiring Incentive Programme and Training Assistance, a total of 137,659 employees were able to be hired particularly in the Manufacturing and Wholesale and retail trade industries as of 31 December 2021. Next, through the Reskilling and Upskilling Programme which is meant to assist jobseekers particularly among youths, a total of 151,505 individuals were accepted to take part in the provided programmes as of 31 December 2021. In addition, under the Career Advancement Programme (KPT-CAP) which was one of the efforts to address the issue of the unemployed graduates, has managed to assist 19,266 unemployed graduates to obtain job opportunities. Also, the National Apprenticeship Scheme (SPN) which was an apprentice scheme under the Ministry of Youth and Sport and in collaboration with other ministries such as the Ministry of Works, Ministry of Human Resources and federal agencies under the three ministries, aimed to provide job opportunities to youth as apprentices in various companies and organisations as well as providing a support system by giving experience for youths and enhancing the knowledge and skills of youths through soft-skill training and on-the-job training. This programme has successfully aided 14,990 youths to secure jobs as of 31 December 2021.

Meanwhile, a total of 4,611 graduates have succeeded to be positioned in the PROTEGE Ready-to-Work programme this year through the Professional Training and Education for Growing Entrepreneurs (PROTEGE) under Ministry of Entrepreneur and Cooperative Development (MEDAC) which was designed to implement the marketability enhancement programmes and inculcate entrepreneurial skills among the graduates. As for the MyDigitalWorkforce in Tech (MYWiT) which was introduced by the government in collaboration with Malaysia Digital Economy Corporation (MDEC) to improve the skills and capabilities of Malaysian workers by encouraging companies to hire local workers for technology and digital services jobs through salary incentives and training course subsidies, a total of 193 participants out of 2,153 applicants under this programme were successfully placed in technology and digital services jobs as of 31 December 2021.

To empower the businesses, through the Small, Medium Enterprise (SMEs) Soft Loan Funds by Bank Negara Malaysia (BNM) which comprised of Special Relief Facility (SRF); Automation & Digitalisation Facility (ADF); All-Economic Sector Facility (AES); and Agrofood Facility (AF) funds, a total of 26,369 SMEs have benefitted involving a value of RM12.59 billion as of 14 January 2022. Besides, under the Danajamin Prihatin Guarantee Scheme (DPGS) which focused on the viable businesses in all sectors facing difficulties due to COVID-19, a value of RM2.06 billion of total guarantees had been approved to 58 companies over 89 companies applying for the guarantees. Moreover, a total of RM75.5 million was approved for 376 applications from 730 applications through the PENJANA Tourism Financing which was specifically allocated for Bumiputera SMEs to support SMEs and micro-SMEs which were still affected by the COVID-19 pandemic. In the meantime, a total of RM21.50 million was funded to assist 899 Micro SMEs through the Indian Community Entrepreneur Development Scheme (SPUMI) which was a strategic initiative under TEKUN designed to assist the Indian community in enhancing their economy by involvement in business and entrepreneurship. Furthermore, a total of 19,381 Agricultural Micro SMEs was aided involving RM241.17 million under the Agrobank Microcredit Financing Scheme to support in the Agriculture and Food Industries.

Additionally, as of 14 January 2022, a total of RM90.5 million was channelled to 13,891 businesses to support and encourage SMEs and Technical and Digital Mid-tier Companies (MTCs) to digitalise their operations and trade channels in the form of grants and loans for digitalisation services subscriptions.

Next, through the CENDANA initiative which is designed to support the Arts, Culture and Entertainment Sector, a total of RM6.71 million was funded to 589 recipients including artists and organisations who were actively involved in the Malaysian arts and culture industry. Furthermore, under the Mudah Jaya Financing Scheme for Private Institute of Higher Learning (SPiM Penjana IPTS) by Majlis Amanah Rakyat (MARA) which focused to support the Bumiputera IPTS which was affected by the COVID-19 pandemic to cover their working capital, a total RM152.3 million was channelled to 22 Bumiputera IPTS from 55 applications as of 31 December 2021.

## **LOOKING AHEAD**

For the second year in a row, the COVID-19 pandemic engulfed the global economy, hindering a full and balanced recovery of the labour market. The pace at which economic activity is recovering depends on the extent to which the virus is constrained; hence the economic recovery will be depending on the different patterns of the geographies and sectors. Similarly, in Malaysia, the aftermath of the pandemic caused the economic revival to be somewhat slightly hindered and it also affected the regaining of the entire labour market as its recovery is directly proportional to the performance of the economy.

Throughout 2021, Malaysia's labour market situation remained in a challenging situation due to the prolonged health crisis. The recovery process in the labour market was also seen to be slightly affected as the country was again imposed a nationwide full lockdown in June 2021 whereby this stringent measure only allowed essential services to operate while travel restrictions has been tightened. Later, in ensuring that the public health is protected and subsequently enabling the country's economy to reopen in stages, the Government has implemented NRP which includes four phases of implementation. By the end of 2021, most states were in Phase 4 of the NRP which allowed more economic and social sectors operating as usual with compliance to the SOPs, hence leading the labour force situation to recover modestly. Also, towards the end of 2021, the catastrophic floods had hit certain parts of the central and eastern coast areas of the country. However, the labour market is seen not to be severely affected as the impact is more localised. In January 2022, Kelantan and Sarawak had exited from Phase 3 of the NRP which meant that all states were in Phase 4 of the NRP, hence enabling full capacity of business operation.

Furthermore, the reopening of schooling sessions on 9 January 2022 is anticipated to result in more positive impact on other related activities such as school bus services, school canteens and tuition centres. As for the umrah pilgrimages for Malaysian which were temporarily suspended before this, will be resumed on 8 February 2022. This ease allows the umrah tourism agents to continue their activities. These positive progresses signalled that the labour market is foreseen to continue improving in the upcoming months, not considering the challenges of the new and more lethal variants. In addition, Malaysia's health crisis seems to be challenging with the average number of daily cases increasing. Nonetheless, the rate of fully vaccinated of Malaysia's population is improving to 78.8 per cent while adults' rose to 98.0 per cent as of 7 February 2022.

## TECHNICAL NOTES

This information is derived from the **Labour Force Survey (LFS)** which was conducted to collect information on the structure and distribution of labour force, employment and unemployment.

Concepts and definitions used in LFS are based on the standard guidelines of International Labour Organizations (ILO) through “Manual on Concepts and Methods: Surveys of Economically Active Population, Employment, Unemployment and Underemployment” which is also used by other country.

LFS covers both urban and rural areas of all states in Malaysia through personal interview method. The survey population cover persons who live in private living quarters and excludes persons residing in institutions such as hotels, hostels, hospitals, prisons, boarding houses and workers residing in construction work site.

The survey comprises of the economically active and inactive population. To measure the economically active population, the LFS uses the age limit of 15 to 64 years. The economically active population comprises of those employed and unemployed whereas those who are inactive is classified as outside the labour force.

LFS uses the actual status approach, where a person is classified on the basis of his labour force activity during the reference week.

- **Labour force** refers to those who, during the reference week are in the 15 to 64 years (in completed years at last birthday) and who are either employed or unemployed.
- **Employed** refers to all persons who, at any time during the reference week worked at least one hour for pay, profit or family gain (as an employer, employee, own-account worker or unpaid family worker). Also considered as employed are persons who did not work during the reference week because of illness, injury, bad weather, leave, labour dispute and social or religious reasons but had a job, farm, enterprise or other family enterprise to return to. Also included are those on temporary lay-off with pay who would definitely be called back to work.

- **Unemployed**

Unemployed refers to those who do not have a job but are interested to work. There are two groups of unemployed that is the actively unemployed and inactively unemployed.

- **Outside Labour Force**

All persons not classified as employed or unemployed as stated above are classified as outside labour force. Includes housewives, students (including those going for further studies), retired, disabled persons and those not interested in looking for a job.

- **Labour Force Participation Rate**

The economic activity of a population depends on the demographic characteristics of that population. The proportion of economically active population, therefore, differs between sub-groups of that population. These variations are measured by specific activity rates termed as labour force participation rate. **Labour force participation rate** is defined as the ratio of the labour force to the working age population (15 to 64 years), expressed as percentage.

- **Unemployment rate** is the proportion of unemployed population to the total population in labour force. This rate measures the percentage of unemployed population in the labour force.

## **Seasonally adjusted**

Malaysian economic time series data are affected by major religious festivals such as the Eid-ul Fitr, the Chinese New Year and the Deepavali. The major festivals in this country are usually related to the religious activities and such as, the dates are determined by the respective religious calendar. The dates of these holidays are not in line with the Gregorian calendar. Hence, they tend to move along the Gregorian calendar and has strong seasonal influence on many economic time series data.

Since these non-fixed holidays have large impact on the time series data, they need to be taken into account when performing seasonal adjustment process so as to avoid confusion in seasonally adjusted data and trend estimates. Furthermore, the presence of the non-fixed holidays effects may complicate the interpretation of the data.

Seasonal adjustment is a process of removing the estimated effects of normal seasonal variation from the original series so that the effects of other influences on the series may be more clearly recognized.

Seasonal adjustment can be derived by various methods and the results may vary according to the procedure adopted. The approach used for seasonal adjustment in Malaysia is the **Seasonal Adjustment for Malaysia (SEAM)**.

SEAM is a procedure to remove moving holiday effect on the selected Malaysian economic time series data by introducing steps that can be used to overcome the limitations of the existing seasonal adjustment procedure. To apply the SEAM procedure, the X-ARIMA program in Statistical Analysis Software (SAS) is used.

This seasonal adjusted rate will be revised when a complete 12 months time series for the particular year are obtained.

## **Population Benchmarks**

Population by characteristics of age group, ethnicity and state were used as benchmarks to produce labour statistics.

Starting with the monthly release of the Principal Statistics of Labour Force, Malaysia, January 2016, the principal statistics of labour is estimated based on the current population estimates as compared to the previous series which used population projections based on the Population and Housing Census of Malaysia, 2010. This rebase is to obtain statistics that is more consistent with current population structure.

The full publication of the Labour Force Report, December 2021. This report is accessible and downloadable through the application [eStatistik](#) Portal, [Free Download](#)

For more details, please refer to the Department's portal: [www.dosm.gov.my](http://www.dosm.gov.my)

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