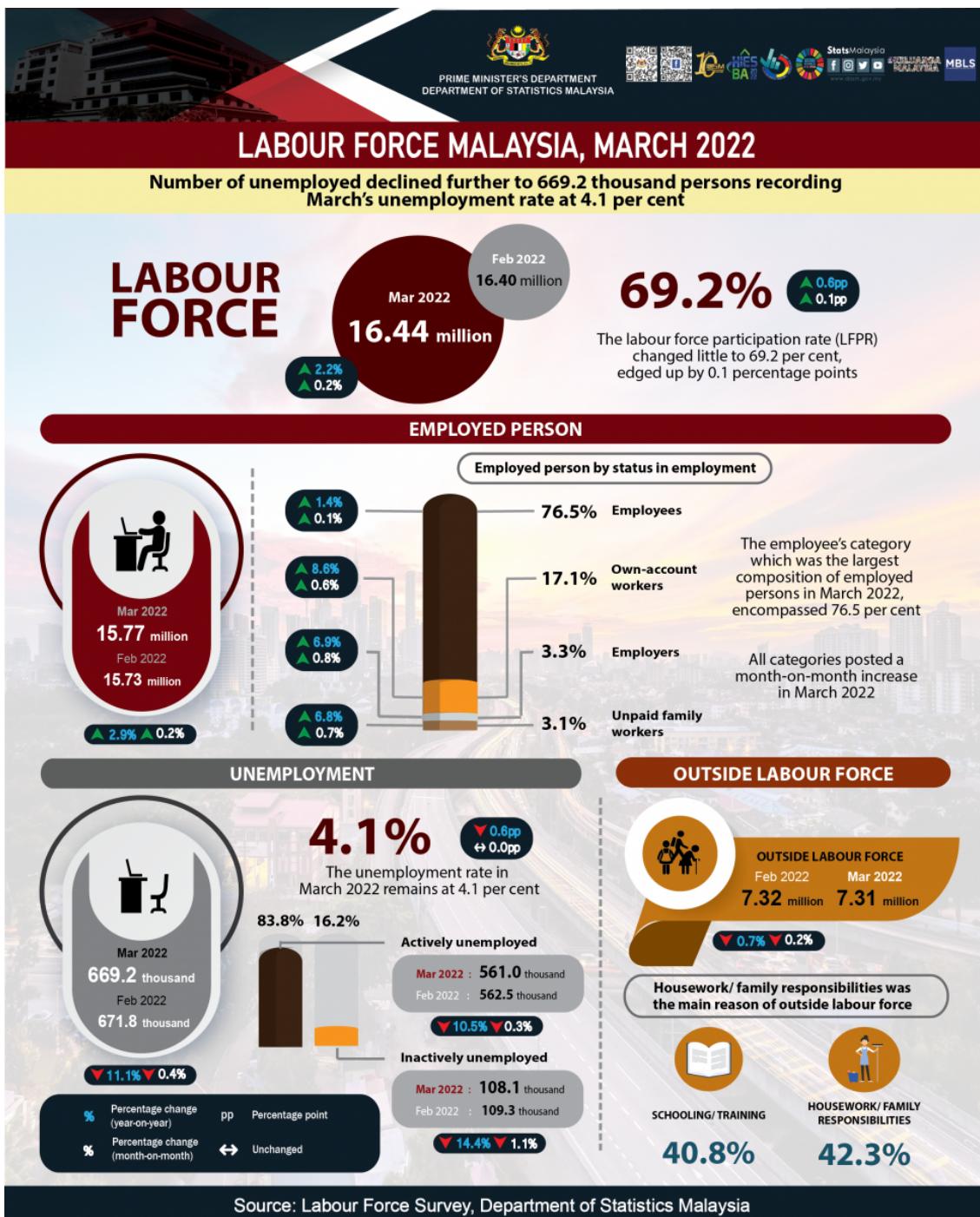




MINISTRY OF ECONOMY  
DEPARTMENT OF STATISTICS MALAYSIA

KEY STATISTICS OF LABOUR FORCE IN MALAYSIA, MARCH 2022



## 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.

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 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.

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

- Employed persons further strengthened in March 2022, with an addition of 38.5 thousand persons (+0.2%) to 15.77 million persons (February 2022: 15.73 million persons). The employment-to-population ratio which indicates the ability of an economy to create employment improved by 0.1 percentage point to record 66.4 per cent in March 2022 as against to the preceding month (February 2022: 66.3%).
- In terms of economic sector, the number of employed persons in Services sector remained in upward trend mainly in Wholesale & retail trade; Food & beverages services and Human health & social work activities. Similar trend was also observed in the number of employed persons in Manufacturing and Construction sectors which increased steadily for nine consecutive months. Nevertheless, employment in Agriculture and Mining & quarrying sectors remained on a negative trend.
- The employee's category which encompassed of 76.5 per cent of employed persons in March 2022, continued to record a positive growth month-on-month of 0.1 per cent (+14.0 thousand persons) registering a total of 12.06 million persons (February 2022: 12.05 million persons). The own-account workers category also posted a rise of 0.6 per cent month-on-month (+16.9 thousand persons) to 2.69 million persons (February 2022: 2.67 million persons).
- The number of unemployed persons during the month continued to decrease with a reduction of 0.4 per cent or equivalent to 2.6 thousand persons to 669.2 thousand persons (February 2022: 671.8 thousand persons). The unemployment rate in March 2022 remains at 4.1 per cent.
- The number of labour force remained upward in March 2022 with a month-on-month rise of 0.2 per cent or equivalent to 35.8 thousand persons to record 16.44 million persons (February 2022: 16.40 million persons). Accordingly, the labour force participation rate (LFPR) edged up by 0.1 percentage point to 69.2 per cent (February 2022: 69.1%).
- The number of persons outside labour force continued to decrease in March 2022 following the reopening of all economic sectors, thus allowing this inactivity group to enter the labour market either to work or search for jobs. This group posted a reduction of 11.0 thousand persons (-0.2%) to 7.31 million persons (February 2022: 7.32 million persons). Housework/ family responsibilities was the main reason of outside labour force with a share of 42.3 per cent and schooling/ training category ranked second with 40.8 per cent.
- The transition phase to endemic as well as the easing of several more restrictions including the reopening of the country's borders to the public are seen to stimulate further the country's economy. In addition, economic activities are observed to be recovering especially for the tourism industry, thus allowing more demand for labour to ensure the operation of business activities running smoothly. In the meantime, the monthly external trade indicators for both exports and imports rebounded by registering double-digit growth month-on-month in March 2022. Meanwhile, ongoing international crises, such as the Russia-Ukraine war has disrupted the global supply chain.

However, it may have a minimal direct impact on Malaysia's trade. Therefore, in overall the national economy as well as the labour market will expand further in the upcoming months as more positive signs of the economy were indicated.

## **A THRIVING LABOUR FORCE SCENARIO OBSERVED IN MARCH 2022 REFLECTS THE STRATEGIC IMPLEMENTATION OF THE NATIONAL RECOVERY PLAN AS A CORE CATALYST TO REINFORCE ECONOMY AND LABOUR MARKET**

Malaysia's economic performance in March 2022 reveals the success of National Recovery Plan (NRP), which aimed to support the country's economic sub-sectors which was affected by the impact of COVID-19 to rebound and return to the pre-pandemic era. The recovery process has established a solid trend and is yielding positive results, with all sectors continuing to operate. In the meantime, the reopening of the international tourism sector would revive this industry which has been severely impacted by the COVID-19 pandemic. Even though the daily new COVID-19 cases recorded a spike in March 2022 due to the Omicron wave with an average of 24,000 cases daily, the highest since the pandemic surrounded the country in March 2020, the number of deaths decreased while the vaccination rate increased as a result of the National COVID-19 Immunisation Program, which was implemented to mitigate the spread of COVID-19.

In addition, as the country in a transition phase to endemic effective from 1 April 2022 as announced by the Prime Minister on 8 March 2022, all businesses remained operating as usual with adherence to the standard operating procedures, which has steered a vibrant economic and labour market situation during the month. Nowadays, COVID-19 is no longer the threat to the national economy as Malaysia is well-prepared to face another COVID-19 wave. Thus, it is now time for all sectors to explore and take advantage of the opportunities emerging in the recovery. Consequently, as all economic sectors resume the operations, the labour force participation rate rises, indicating more participation of labour force in the economy.

Therefore, all these positive signs are reflected by the steadily increasing of employment while the number of unemployed persons decreased further. Consequently, a thriving labour force scenario observed during the month reflects the strategic implementation of the NRP as a core catalyst to reinforce economy and labour market. Moreover, the Leading Index (LI) which indicated the direction of the Malaysian economy reaching 110.8 points in February 2022 (January 2022: 110.2 points), indicating that the Malaysian economy is bound to continue its journey to recovery although the growth momentum would be at ease in the near term. In addition, the monthly external trade indicators for both export and import rebounded by registering double-digit growth month-on-month by 28.7 per cent (February 2022: -7.9%) and 27.3 per cent (February 2022: -10.8%) respectively.

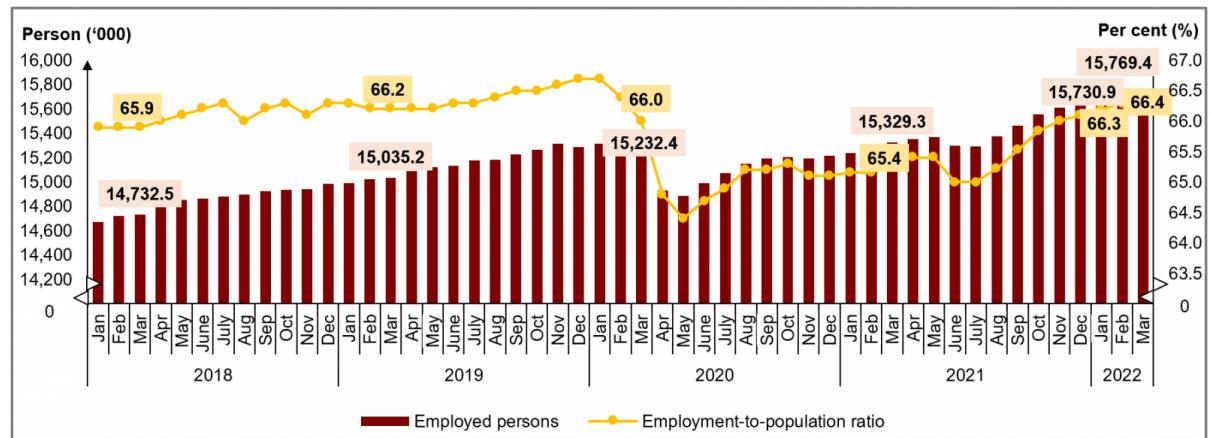
### **Employed persons further strengthened in March 2022**

Employed persons further strengthened in March 2022, with an addition of 38.5 thousand persons (+0.2%) to 15.77 million persons (February 2022: 15.73 million persons). In the meantime, the number of employed persons heightened by 2.9 per cent or equivalent to 440.1 thousand persons year-on-year (March 2021: 15.33 million persons).

In terms of economic sector, the number of employed persons in Services sector remained in upward trend mainly in Wholesale & retail trade; Food & beverages services and Human health & social work activities. Similar trend was also observed in the number of employed persons in Manufacturing and Construction sectors which increased steadily for nine consecutive months. Nevertheless, employment in Agriculture and Mining & quarrying sectors remained on a negative trend.

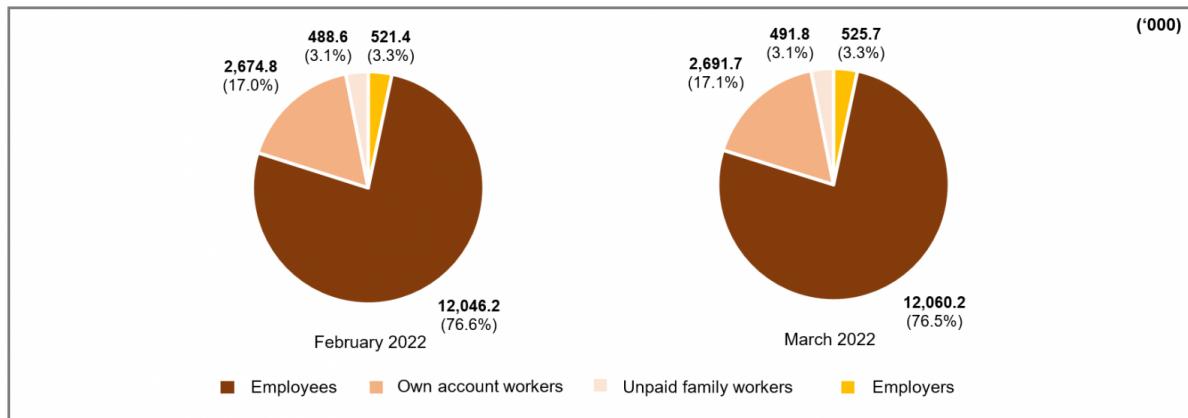
The employment-to-population ratio which indicates the ability of an economy to create employment improved by 0.1 percentage point to record 66.4 per cent in March 2022 as against to the preceding month (February 2022: 66.3%). Similarly, year-on-year comparison, the ratio ascended by 1.0 percentage points as compared to 65.4 per cent in March 2021. [Chart 1]

Chart 1: Employed persons and employment-to-population ratio, January 2018 - March 2022



The employee's category which encompassed 76.5 per cent of employed persons in March 2022, continued to record a positive growth month-on-month by 0.1 per cent (+14.0 thousand persons) registering a total of 12.06 million persons (February 2022: 12.05 million persons). The own-account workers category also posted a rise of 0.6 per cent month-on-month (+16.9 thousand persons) to 2.69 million persons (February 2022: 2.67 million persons). This category consists mostly of daily income earners working as small business operators such as retailers; hawkers; sellers in markets and stalls; as well as smallholders. [Chart 2]

Chart 2: Employed person by status in employment, February and March 2022



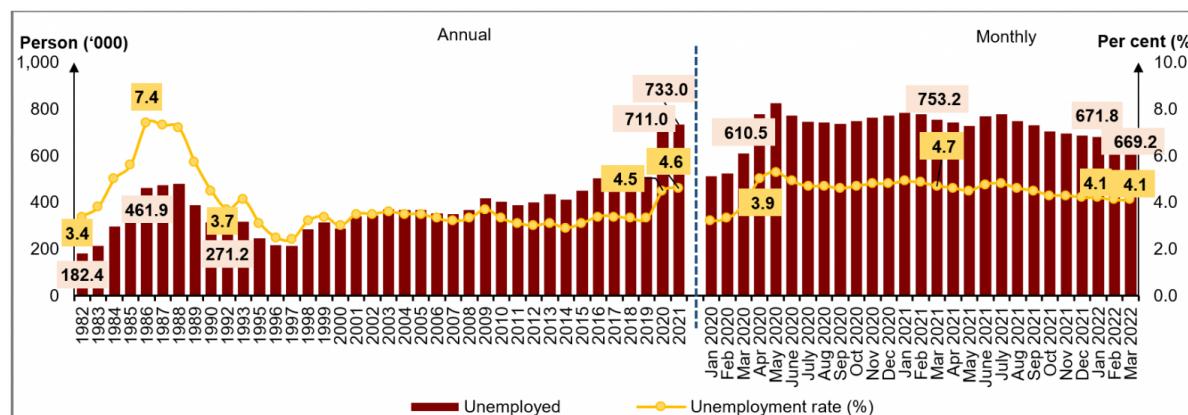
The number of employed persons who were temporarily not working increased slightly by 5.6 per cent (+4.9 thousand persons) recording 93.9 thousand persons in March 2022, as compared to 89.0 thousand persons in February 2022. The increase was partly due to the school holiday season during the month. Nevertheless, as compared to the March last year, this category continued to reduce by 27.1 thousand persons (March 2021: 121.0 thousand persons). This group of persons, who were most likely not able to work were not categorised as unemployed as they had work to return to.

### Unemployment rate in March 2022 remains at 4.1 per cent

The number of unemployed persons during the month continued to decrease with a reduction of 0.4 per cent or equivalent to 2.6 thousand persons to 669.2 thousand unemployed persons (February 2022: 671.8 thousand persons). The unemployment rate in March 2022 remains at 4.1 per cent.

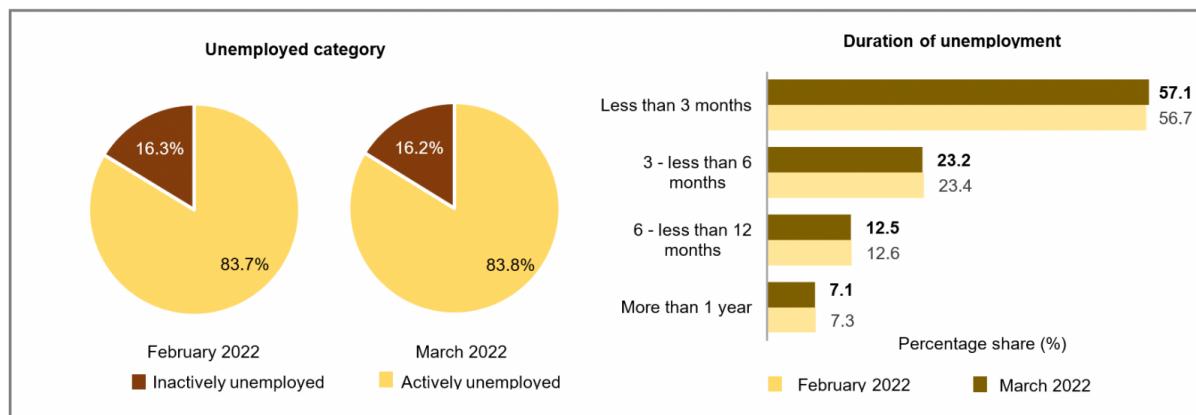
Similarly, the number of unemployed persons reduced further by 11.1 per cent or 84.0 thousand persons as against the same month of the previous year (March 2021: 753.2 thousand persons). The unemployment rate also declined by 0.6 percentage points as compared to 4.7 per cent in March 2021. [Chart 3]

Chart 3: Unemployed persons and unemployment rate, 1982 - 2021 and January 2020 - March 2022



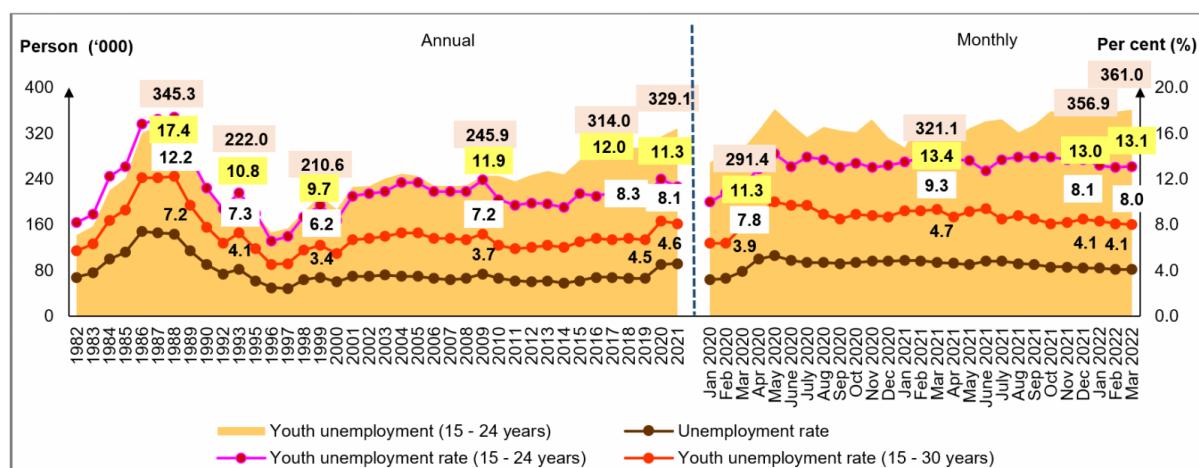
Looking at the unemployment category, 83.8 per cent from the total unemployed persons were those who were available for work and were actively seeking jobs or actively unemployed. This category posted a decrease of 0.3 per cent (-1.4 thousand persons) to 561.0 thousand persons (February 2022: 562.5 thousand persons). From the total actively unemployed, 57.1 per cent were those who were unemployed persons for less than three months, while 7.1 per cent were those who were in long-term unemployment of more than a year. On the other hand, the inactively unemployed or those who believed that there were no jobs available were on a declining trend for eight consecutive months with a reduction of 1.1 per cent (-1.2 thousand persons) to record 108.1 thousand persons (February 2022: 109.3 thousand persons). [Chart 4]

Chart 4: Unemployed category and duration of unemployment, February and March 2022



As for the unemployment rate for youth aged 15 to 24 years rose to 13.1 per cent in March 2022 as against 13.0 per cent in February 2022, registering 361.0 thousand unemployed youths (February 2022: 356.9 thousand persons). On the contrary, the unemployment rate for youth aged 15 to 30 years dropped marginally by 0.1 percentage point to 8.0 per cent, following a decrease of 2.2 per cent (-11.4 thousand persons) in the number to record 502.4 thousand unemployed youths (February 2022: 8.1%; 513.7 thousand persons). [Chart 5]

Chart 5: Unemployment rate by selected age groups, 1982 - 2021 and January 2020 - March 2022

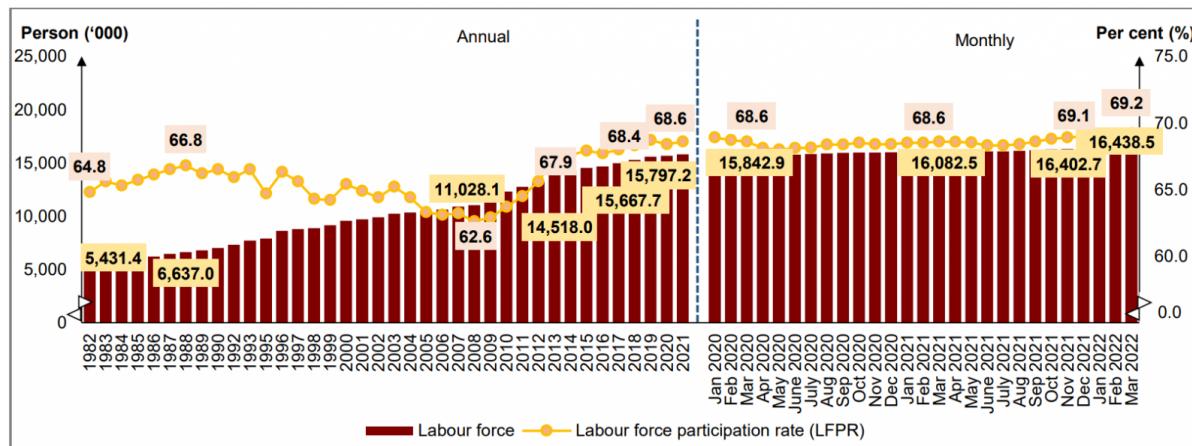


## LFPR edged up by 0.1 percentage point to 69.2 per cent in March 2022

The number of labour force remained upward in March 2022 with a month-on-month rise of 0.2 per cent or equivalent to 35.8 thousand persons to record 16.44 million persons (February 2022: 16.40 million persons). Accordingly, the labour force participation rate (LFPR) edged up by 0.1 percentage point to 69.2 per cent (February 2022: 69.1%).

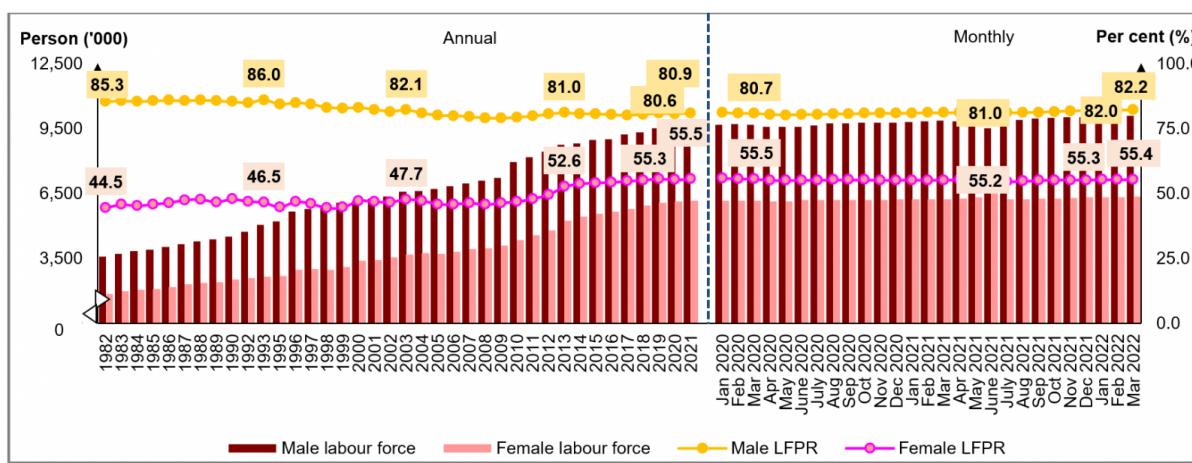
Year-on year comparison, the number of labour force heightened by 356.0 thousand persons (+2.2%) as compared to 16.08 million persons in March 2021. In terms of rate, the LFPR increased by 0.6 percentage points (March 2021: 68.6%). [Chart 6]

Chart 6: Labour force and LFPR, 1982 - 2021 and January 2020 - March 2022



In terms of gender, the number of labour force in both male and female remained upsurge to record 10.08 million persons and 6.36 million persons respectively (February 2022: 10.08 million persons; 6.32 million persons). Accordingly, male LFPR edged up to 82.2 per cent (+0.2 percentage points), as well as female LFPR rose by 0.1 percentage point to register 55.4 per cent. As compared to one year earlier, male LFPR went up by 1.2 percentage points (March 2021: 81.0%) while female LFPR increased by 0.2 percentage points (March 2021: 55.2%). [Chart 7]

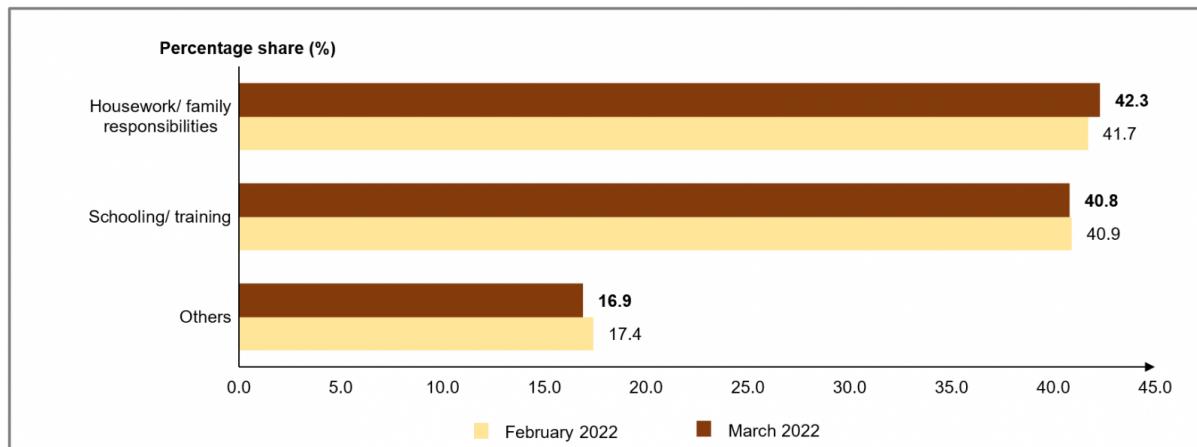
Chart 7: Labour force and LFPR by sex, 1982 - 2021 and January 2020 - March 2022



## Housework/ family responsibilities was the main reason of outside labour force

The number of persons outside labour force continued to decrease in March 2022 following the reopening of all economic sectors, thus allowing this inactivity group to enter the labour market either to work or search for jobs. This group posted a reduction of 11.0 thousand persons (-0.2%) to 7.31 million persons (February 2022: 7.32 million persons). Correspondingly, the number of outside labour force descended by 54.0 thousand persons (-0.7%) as against to 7.36 million persons recorded in March 2021. Housework/ family responsibilities was the main reason of outside labour force with a share of 42.3 per cent and schooling/ training category ranked second with 40.8 per cent. [Chart 8]

Chart 8: Share of outside labour force by reasons for not seeking work, February and March 2022



## GOVERNMENT'S INITIATIVES

Under the PRIHATIN Packages, the Wage Subsidy Programme (PSU) is a financial assistance paid to employers of each enterprise to support employers to continue their operations and retaining employees. As of 8 April 2022, PSU 1.0 has benefited 322,177 employers and 2.64 million registered employees with an approved value of RM12.96 billion. Additionally, through PSU 2.0 under the Kita PRIHATIN Packages, 81,136 employers were benefitted involving a total of RM1.41 billion to assist them to continue operating and maintaining 718,443 employees. Next, under the PSU 3.0 which was provided to support 162,282 employers to retain 1.53 million employees with a total value of RM3.74 billion. Moreover, through PSU 4.0 under PEMULIH packages, there were RM2.48 billion was channelled to 160,260 employers to sustain 1.88 million employees. Later, a total of RM98.66 million was granted to 6,789 employers through PSU 5.0 to retain 79,508 employees.

Furthermore, as of 31 March 2022, 51,037 employees had successfully obtained jobs under SOCSO's JaminKerja Keluarga Malaysia initiative. As for the Career Advancement Programme (KPT-CAP) under Ministry of Higher Education, a total of 11,750 graduates was successfully being position under this programme. In addition, through the National Apprenticeship Scheme (SPN) under the Ministry of Youth and Sports in collaboration with other ministries such as Ministry of Works, Ministry of Human Resources and Federal Agencies under all three ministries, a total of 2,263 youths has been successfully placed using the JaminKerja Employment Incentive specialty for the apprentices. As of 25 March 2022, a total of 384 participants from 2,442 applications had been successfully placed in the technology and digital services employment through MyDigitalWorkforce Work in Tech (MYWiT). The government in collaboration with the Malaysia Digital Economy Corporation (MDEC) has launched this initiative to improve the skills and capabilities of Malaysian workers by incentivizing companies to hire locals for digital tech and services jobs via salary and training subsidies.

To empower the businesses, Targeted Relief and Residual Facility (TRRF) was granted as a loan facility to assist Small and Medium Enterprises (SMEs) which was affected in the services sector with an allocation of RM8.0 billion. As of 31 March 2022, a total of 20,136 SMEs from 33,736 applications were successfully benefitted with a value of RM5.43 billion. Additionally, there were 2,212 applications from the total of 2,938 applications were approved totalling RM1.72 billion of the allocation of Agrofood Facilities (AF) provided by Bank Negara Malaysia (BNM). This facility aims to drive the modernization of the agricultural sector in an effort to increase food security and safety, generate higher income, and attract more younger agropreneurs. Furthermore, under the Danajamin PRIHATIN Guarantee Scheme (DPGS), which focused on the viable businesses in all sectors facing difficulties due to COVID-19, a total of RM2.07 billion of total guarantees had been approved to 61 companies out of 92 companies as of 8 April 2022. Next, as of 31 March 2022, the government has also allocated a total of RM5.94 million funds through the Women's Special Business Financing Scheme (DanaNITA) programme under Majlis Amanah Rakyat (MARA) and TEKUNITA via Tekun Nasional to assist 146 women entrepreneurs who were affected by COVID-19 as well as to increase their business capacity. Later, through the Indian Community Entrepreneur Development Scheme (SPUMI), which is a strategic initiative under TEKUN designed to assist the Indian community in improving their economy through engagement in business and entrepreneurship, a total of RM7.24 million was channelled to support 357 Micro SMEs.

Moreover, under MARA through the Youth/ MARA Educational Institution Graduate Entrepreneur Programme (PUTRA) which was aimed to provide financing facilities for micro businesses for all sectors such as retail, manufacturing and services except agriculture and livestock farming and to produce dynamic entrepreneurs among the younger generation who are eager to start a business, a total of RM785.0 thousands was approved for 85 new entrepreneurs as of 31 March 2022. Additionally, through the Technical Entrepreneur Development Programme (PUTEK) which was a financing facility for the younger generation to start a business in a technical field based on the skills possessed under MARA, a total of RM548.0 thousands have been channelled to 7 MARA technical entrepreneurs. As for the

Professional Financing Scheme (ProSPEC) under MARA which aimed to provide business facilities and to increase the participation of Bumiputera entrepreneurs in the field of professional entrepreneurship, a total of RM1.4 million has been approved for 4 professionals to venture into entrepreneurship as of 31 March 2022.

Meanwhile, as of 15 April 2022, a total of RM92.9 million was channelled to 13,892 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. Also, a total of RM79.1 million was approved for 393 applications from the total of 753 applications through the PENJANA Tourism Financing, which was specifically allocated for Bumiputera SMEs to support SMEs and micro-SMEs that were still affected by the COVID-19 pandemic. To support the Arts, Culture and Entertainment Sector, a total of RM7.08 million was channelled to 589 applicants under CENDANA initiative.

## **LOOKING AHEAD**

The transition phase to endemic as well as the easing of several more restrictions, including the reopening of the country's borders to the public are seen to stimulate further the country's economy. In addition, economic activities are observed to be recovering, especially for the tourism industry, thus allowing more demand for labour to ensure the operation of business activities running smoothly.

In the meantime, the monthly external trade indicators for both exports and imports rebounded by registering double-digit growth month-on-month in March 2022. Meanwhile, ongoing international crises, such as the Russia-Ukraine war has disrupted the global supply chain. However, it may have a minimal direct impact on Malaysia's trade. Therefore, in overall the national economy as well as the labour market will expand further in the upcoming months as more positive signs of the economy were indicated.

## 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, May 2022 can be downloaded through [eStatistik Portal](#).

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

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