KOLOKIUM STATISTIK 2022

CONSTRUCTION SECTOR: A REVIEW OF THE LABOUR MARKET SITUATION

Nur Qistinna Israrr Ahmad[1]; Muhammad Shafiq Harun[2]

[1,2] Malaysian Bureau of Labour Statistics (MBLS), DOSM
[1] Presenter

13 SEPTEMBER 2022 | TUESDAY

StatsMalaysia
www.DOSM.gov.my

#KELUARGA MALAYSIA

20 OCT

2016 - 2030

PSSN

Content

Background: Significance of Contruction sector

With an average economic growth of **8.0 per cent** between 1986 - 1996, **Malaysia has been one of Southeast Asia's fastest developing countries** since the 1980s.

The significant role of the construction sector is reflected through **the reliance on and interlinkages with more than 120 industries** (CIDB, 2018). Numerous mega projects had transformed the country's physical landscape (Hays, 2022) providing multiple spills over effects up to this day.

Kuala Lumpur International Airport

Putrajaya

North-South Expressway

Petronas Twin Towers

Sepang International Circuit

Bakun hydroelectric dam

Multimedia Super Corridor
Multimedia Development Corporation

Problem statement

Construction sector **depended heavily on low-skilled foreign labours**. This could be due to the cheaper cost of this labour, constant availability, and high flexibility in terms of working conditions (CIDB, 2019).

This continuous reliance may result in **low skill levels among employees** and a **delayed uptake of new technology** ultimately cause **stagnation in productivity and wage growth**.

Objective

This study aims **to review the demand and supply of labour in Malaysia's construction sector**.

4

Official statistics by the Department of Statistics, Malaysia (DOSM) from 2010 to 2021.
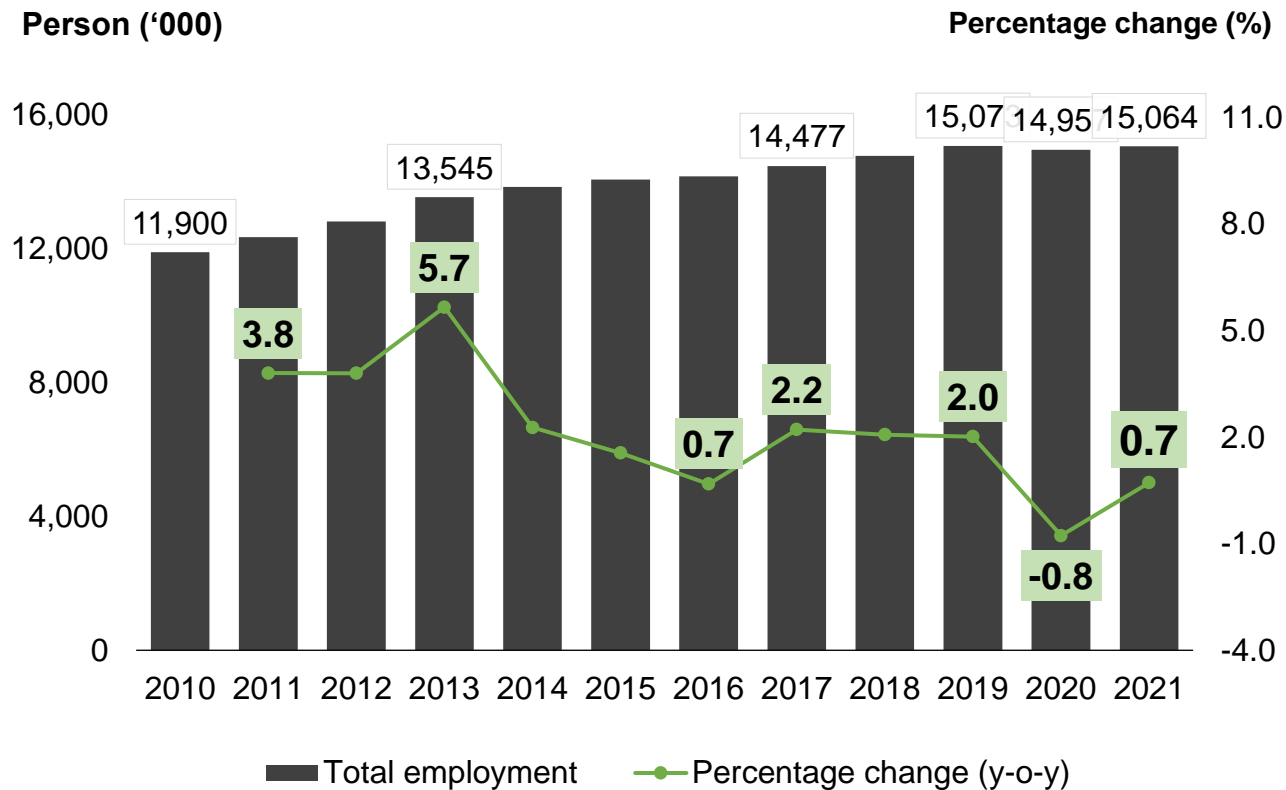
Data		Sources
Supply-side	Overall employment including by economic activity and share of citizenship	Labour Force Survey reports
Demand-side	Labour demand by economic activity which includes jobs, filled jobs and vacancies	Employment Statistics
Labour productivity	Value added and Labour Productivity	Labour Productivity report
	Value of construction work done	Quarterly Construction Statistics

Cross tabulations method

Cross tabulation in the Statistical Package for Social Science (SPSS) programme to quantitatively analyse the relationship between multiple variables in supply-side:

- Economic activity
- Citizenship
- Skill level

Findings: Labour Supply

Chart 1: Employment, 2010 - 2021

Person ('000)

Percentage change (%)

Legend:
- Total employment
- Percentage change (y-o-y)

Source: Labour Force Survey Report, Malaysia, DOSM

Chart 2: Annual percentage change of employment by economic activity, 2018 - 2021

Legend:
- 2018
- 2019
- 2020
- 2021
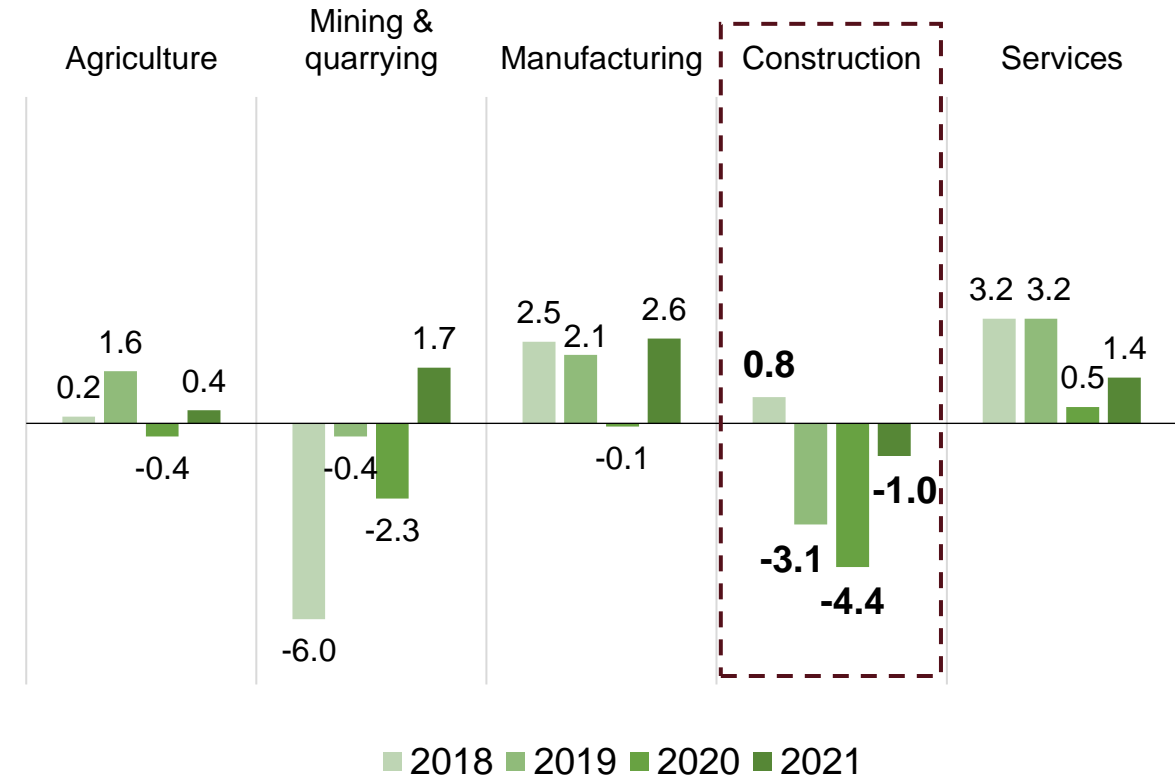
Source: Labour Productivity, Malaysia, Q2 2022, DOSM

Despite the **marginal increase** in total employment in 2021 **by 0.7 per cent**, further analysis of the economic activity found that the Construction sector **remained to record losses** in employment growth since 2019.

6

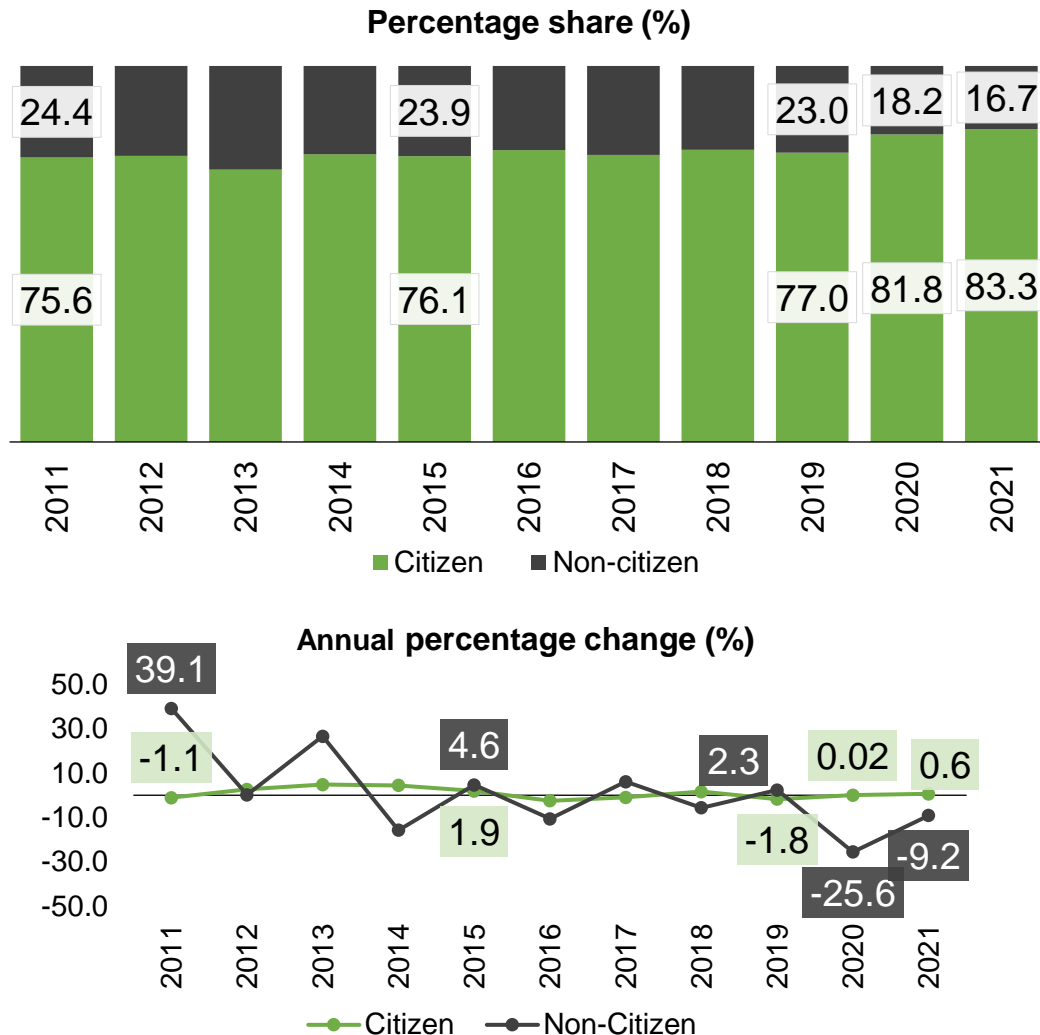**Chart 3:** Employment by citizenship in Construction sector, 2011 - 2021

Chart 4: Employment of non-citizens in Construction sector by Status in employment, 2021

Percentage share (%)

Year	Citizen	Non-citizen
2011	75.6	24.4
2015	76.1	23.9
2019	77.0	23.0
2020	81.8	18.2
2021	83.3	16.7

■ Citizen ■ Non-citizen

Annual percentage change (%)

- Citizen values (green): -1.1, 1.9, 4.6, -1.8, 0.02, 0.6
- Non-Citizen values (grey): 39.1, 4.6, 2.3, -25.6, -9.2

─●─ Citizen   ─●─ Non-Citizen

Private sector employee 85.6%

Own account worker 12.1%

Unpaid family worker 2.0%

Employer 0.3%
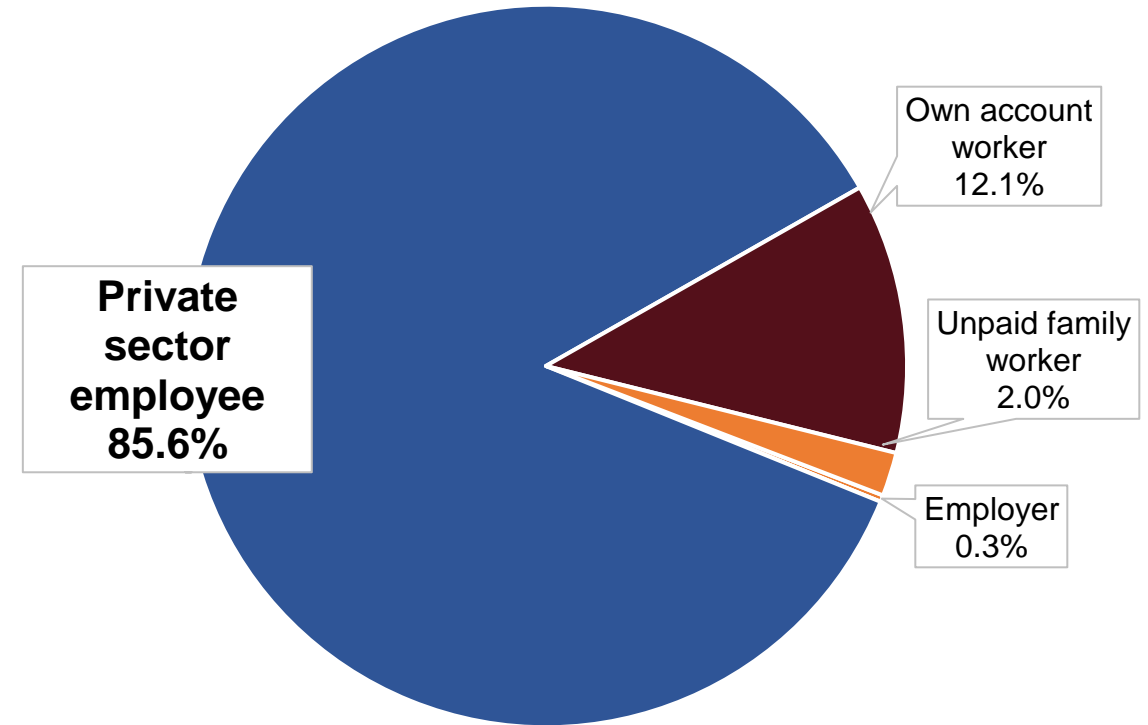
With a proportion of **85.6 per cent**, the private sector accounts for most of the non-citizen employment in the Construction sector, indicating a **dependence on foreign labour**.

Source: Labour Force Survey Report, Malaysia, DOSM

7

Chart 5: Employment in Construction sector by citizenship and skill level, 2018 - 2021

Percentage share (%)

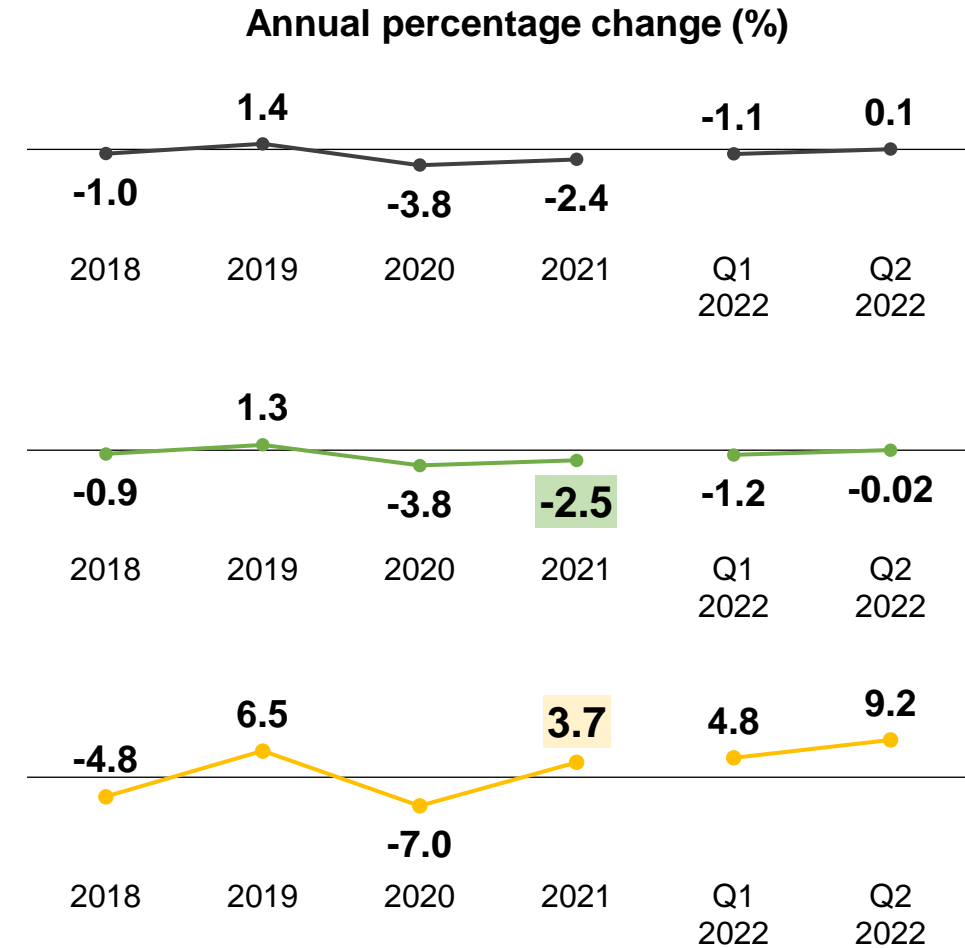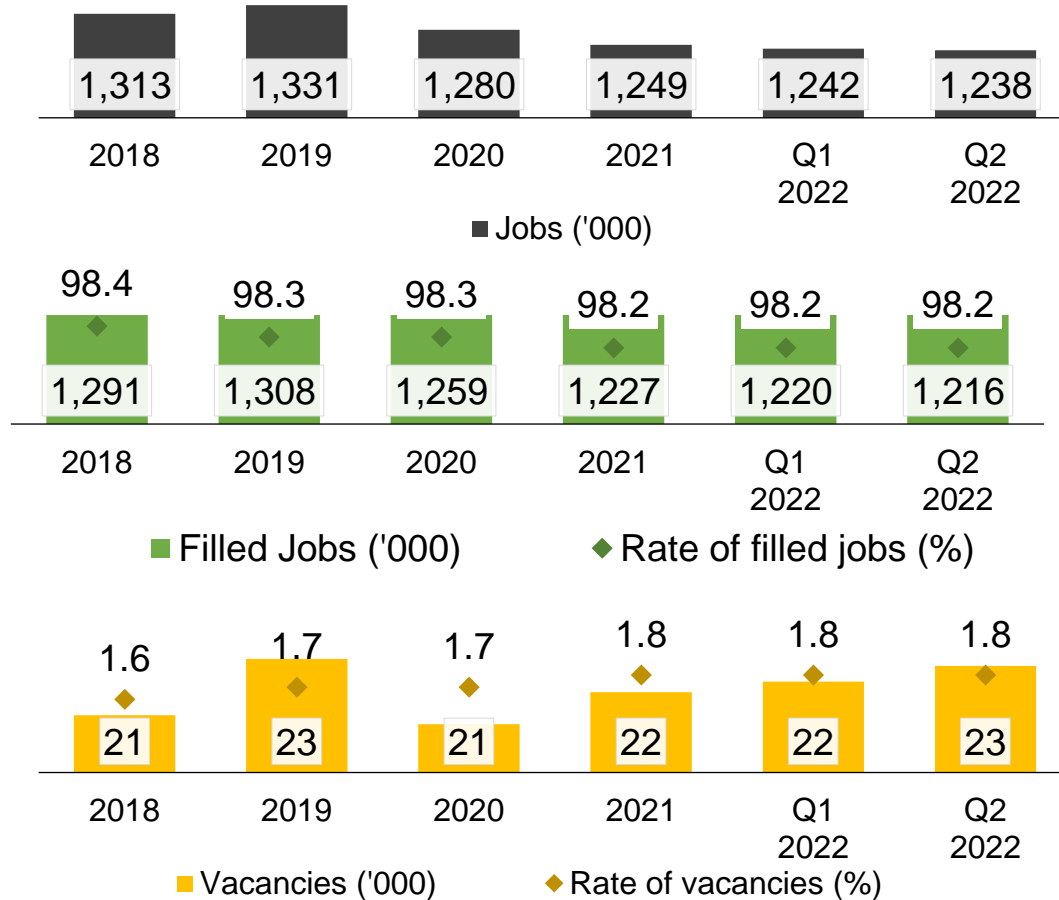| Citizenship	Year	Low-skilled	Semi-skilled	Skilled
Non-citizen	2021	65.7	27.8	6.5
	2020	54.2	42.1	3.8
	2019	55.8	41.4	2.8
	2018	52.0	42.9	5.1
Citizen	2021	15.2	52.2	32.5
	2020	18.4	50.7	30.9
	2019	16.5	53.9	29.6
	2018	16.2	56.7	27.1

■ Low-skilled ■ Semi-skilled ■ Skilled
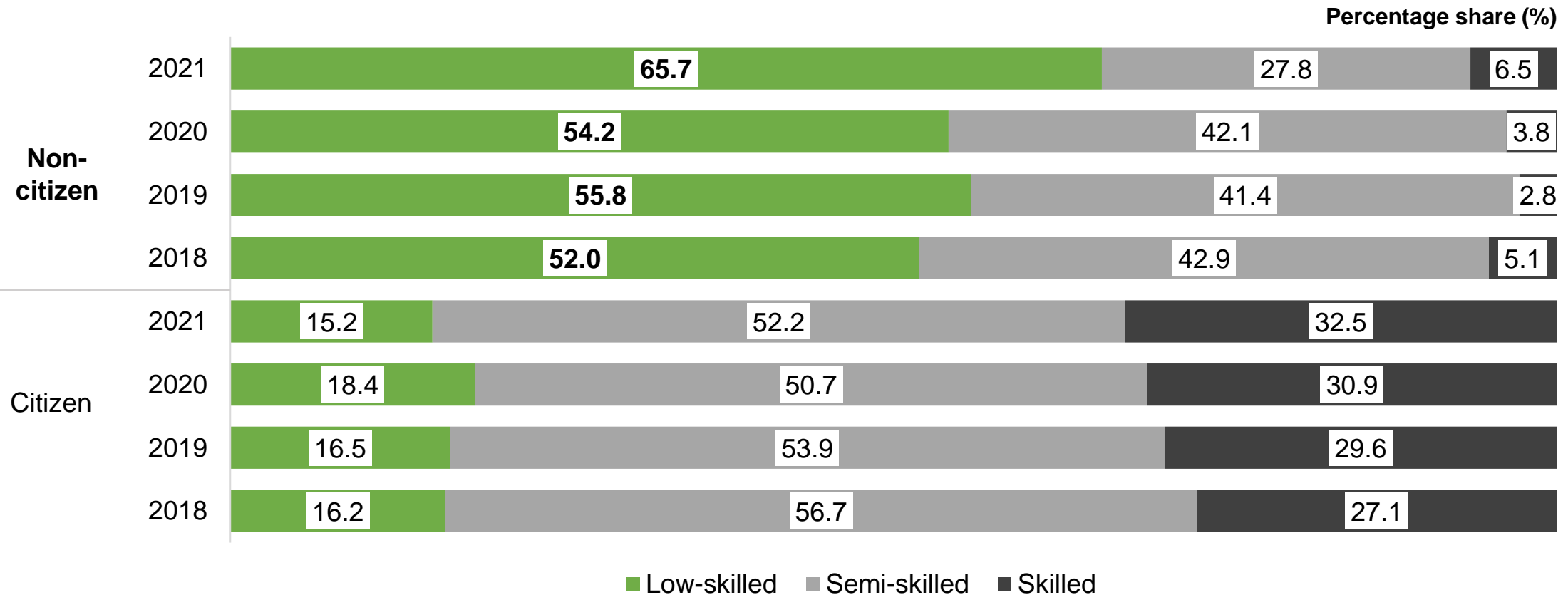
Source: Labour Force Survey, Malaysia, DOSM

Non-citizens are mostly employed in low-skilled jobs in the Construction sector comprised of **more than two-thirds in 2021** while most citizens are hired for semi-skilled jobs.

Findings: Labour Demand

Chart 6: Jobs, filled jobs and vacancies in Construction sector, 2018 - 2021 & Q1 - Q2 2022

Annual percentage change (%)

	2018	2019	2020	2021	Q1 2022	Q2 2022
Jobs ('000)	1,313	1,331	1,280	1,249	1,242	1,238

Jobs annual % change:
- 2018: -1.0
- 2019: 1.4
- 2020: -3.8
- 2021: -2.4
- Q1 2022: -1.1
- Q2 2022: 0.1

	2018	2019	2020	2021	Q1 2022	Q2 2022
Rate of filled jobs (%)	98.4	98.3	98.3	98.2	98.2	98.2
Filled Jobs ('000)	1,291	1,308	1,259	1,227	1,220	1,216

Filled jobs annual % change:
- 2018: -0.9
- 2019: 1.3
- 2020: -3.8
- 2021: -2.5
- Q1 2022: -1.2
- Q2 2022: -0.02

	2018	2019	2020	2021	Q1 2022	Q2 2022
Rate of vacancies (%)	1.6	1.7	1.7	1.8	1.8	1.8
Vacancies ('000)	21	23	21	22	22	23

Vacancies annual % change:
- 2018: -4.8
- 2019: 6.5
- 2020: -7.0
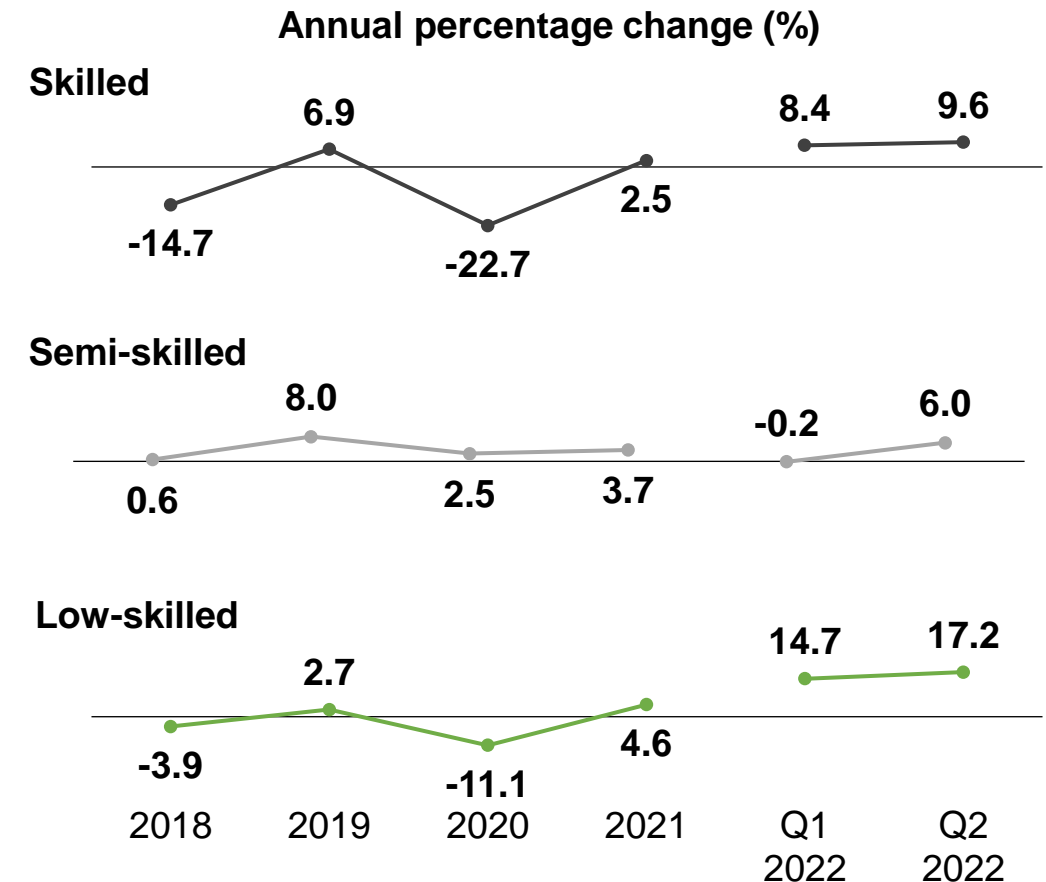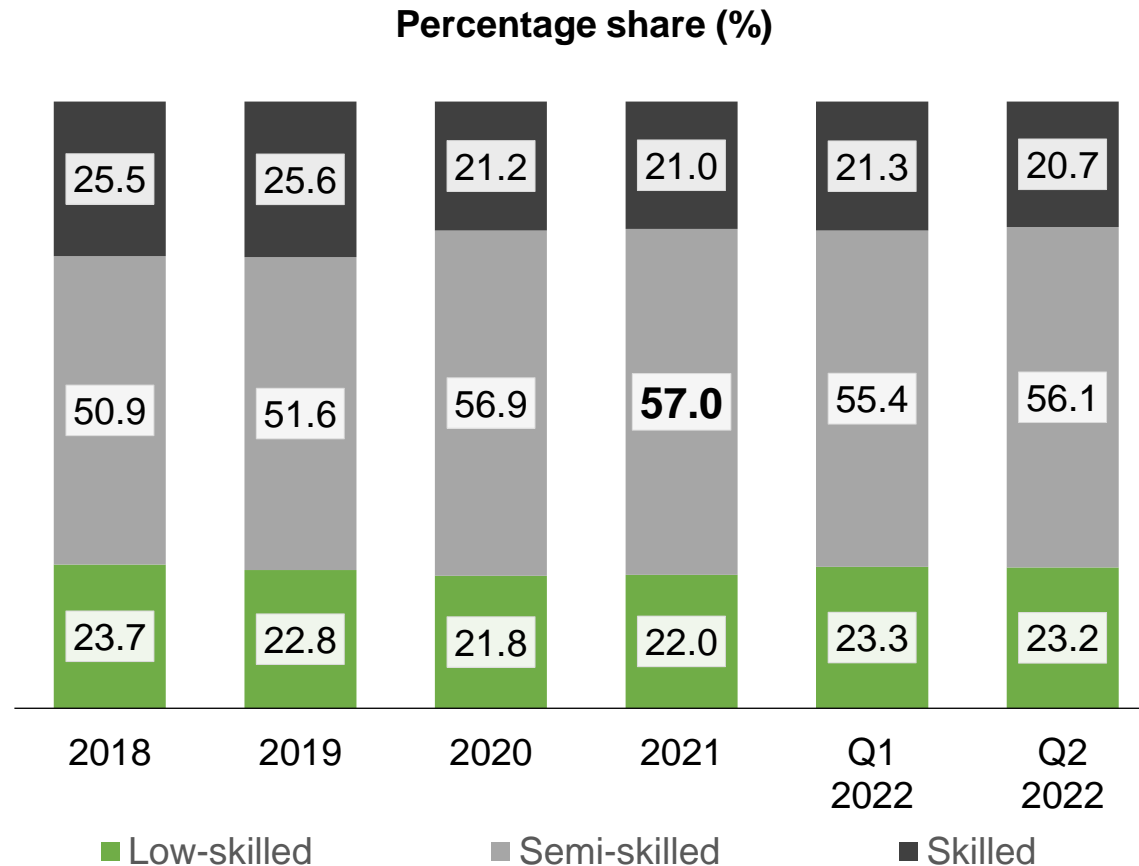- 2021: 3.7
- Q1 2022: 4.8
- Q2 2022: 9.2

Source: Employment Statistics, Malaysia, DOSM

There is **a labour shortage** in the Construction sector as seen by the rise in job vacancies and drop in jobs filled.

Chart 7: Vacancies in Construction sector by skill level, 2018 - 2021 & Q1 - Q2 2022

Percentage share (%)

	2018	2019	2020	2021	Q1 2022	Q2 2022
Skilled	25.5	25.6	21.2	21.0	21.3	20.7
Semi-skilled	50.9	51.6	56.9	**57.0**	55.4	56.1
Low-skilled	23.7	22.8	21.8	22.0	23.3	23.2

■ Low-skilled   ■ Semi-skilled   ■ Skilled

Annual percentage change (%)

Skilled

2018	2019	2020	2021	Q1 2022	Q2 2022
-14.7	6.9	-22.7	2.5	8.4	9.6

Semi-skilled

2018	2019	2020	2021	Q1 2022	Q2 2022
0.6	8.0	2.5	3.7	-0.2	6.0

Low-skilled

2018	2019	2020	2021	Q1 2022	Q2 2022
-3.9	2.7	-11.1	4.6	14.7	17.2

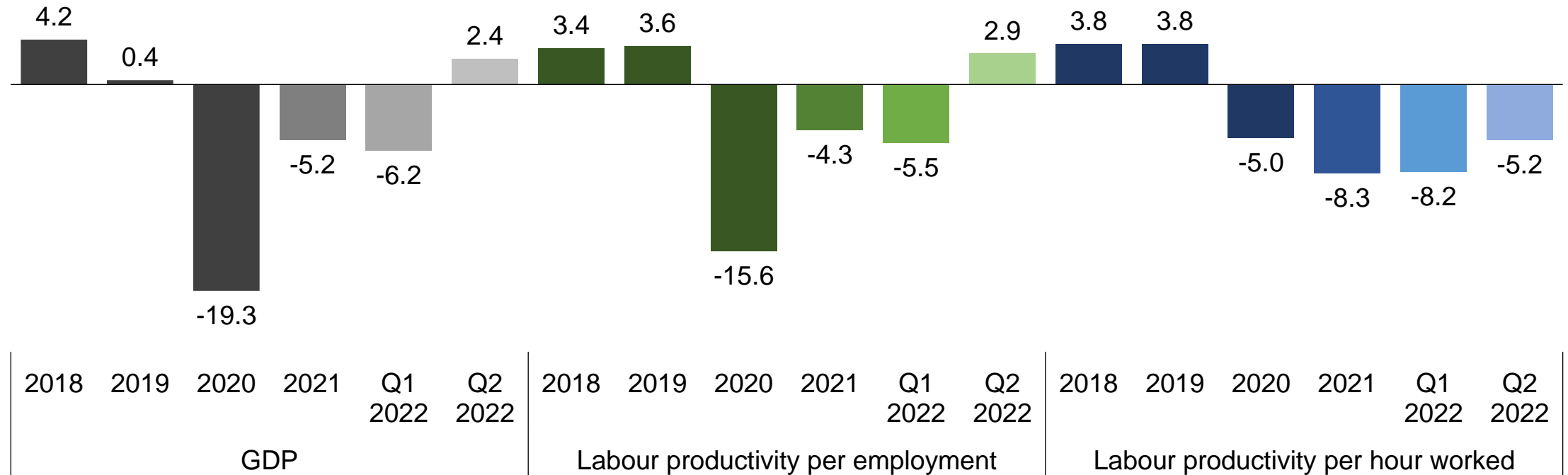**Source:** Employment Statistics, Malaysia, DOSM

More than half of the vacancies in the sector were concentrated in **semi-skilled jobs**, registering **57.0 per cent in 2021**.

Findings: Labour Productivity

Chart 8: GDP and Labour Productivity, Construction Sector, 2018 - 2021 & Q1 - Q2 2022

Annual percentage change (%)

	2018	2019	2020	2021	Q1 2022	Q2 2022	2018	2019	2020	2021	Q1 2022	Q2 2022	2018	2019	2020	2021	Q1 2022	Q2 2022
	4.2	0.4	-19.3	-5.2	-6.2	2.4	3.4	3.6	-15.6	-4.3	-5.5	2.9	3.8	3.8	-5.0	-8.3	-8.2	-5.2

GDP | Labour productivity per employment | Labour productivity per hour worked

**Source:** Labour Productivity, Malaysia, DOSM

Prior to the pandemic, labour productivity per employment **varied from 3.4 to 3.6 per cent.** In 2020, it **declined to 15.6 per cent** as a result of the pandemic and the MCO measures imposed. This effect persisted until Q1 2021 but recently rebounded in Q2 2022. However, labour productivity per hour worked is still on a declining trend.

Note: MCO - Movement Control Order

11

Value of construction work done

Chart 9: Value of Construction Work Done, Q1 2019 - Q2 2022
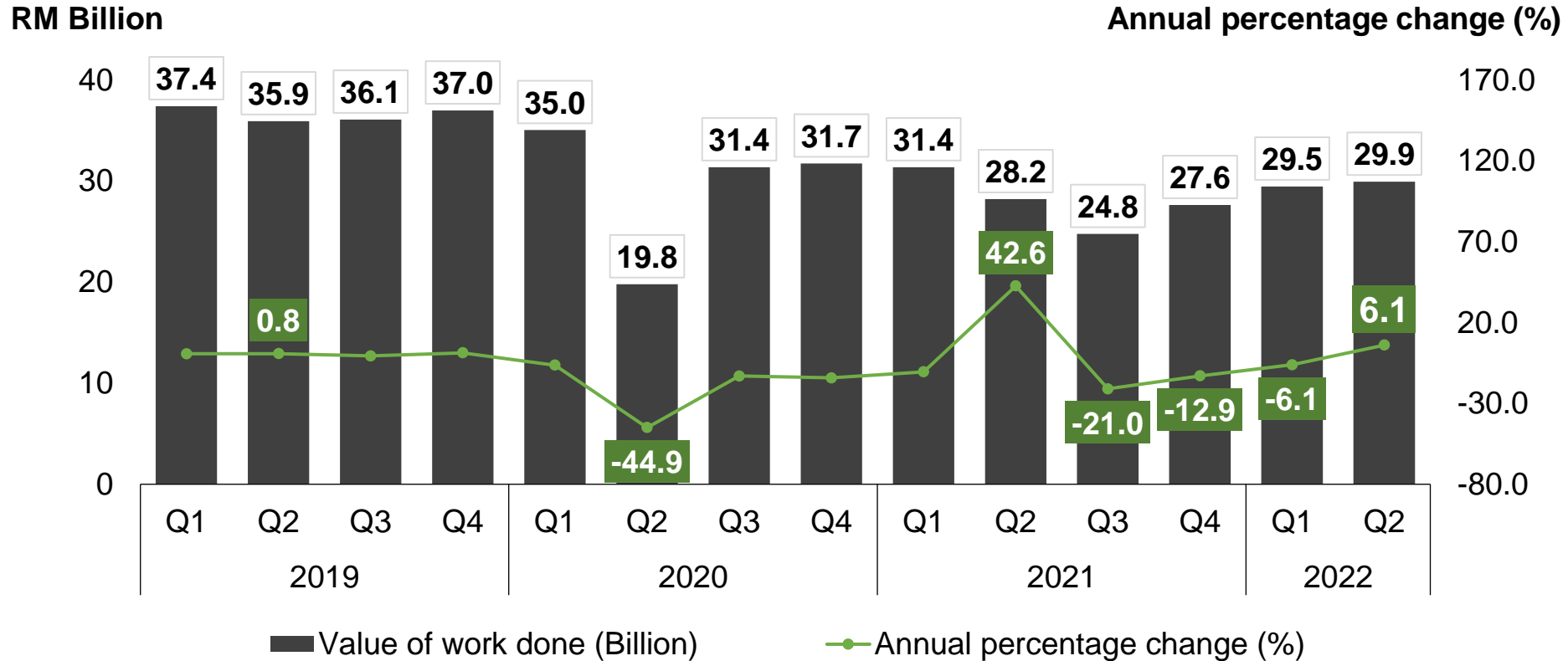
Source: Quarterly Construction Statistics, Malaysia, DOSM

As compared to the same quarter in the preceding year, the value of Construction work done **rebounded by 6.1 per cent** in **Q2 2022 to RM29.9 billion**, after three successive quarters of decline. A higher value has been recorded during the pandemic which was around RM 31 billion.

1

The Construction sector in Malaysia **employs 1.2 million people**, accounting for **7.7 per cent of the total employment**. The **average productivity rate** for the Construction sector is **lower compared to most other sectors**. The reason for this is the continuous dependence on low-skilled foreign labour and the limited adoption of new technology or best practices.

2

This leads us to believe **that improving the quality of labour**, **technological adoption** and **operational procedures** in the Construction sector can boost productivity rates.

3

Wider adoption of mechanisation and automation to wean themselves off low-skilled workers and **hire more skilled ones** who in turn **help boost efficiency** and **productivity**.

4

Reskilling, upskilling, and accreditation programmes to develop skilled local talents. Imposing levies, improving governance institutions and migration policies, diversifying labour sources, and eliminating illegal migration. All of these could **mitigate the negative consequences** of reliance on foreign labour in the long term.

"STATISTICS BLOOM IN HARMONY"

Doesn't matter far or near
Strength in numbers
we don't live in fear

Birds of feather flock together
Statistics our form of adour
We, will always live it up

So let us live in solidarity
And in the world arena we'll succeed
It is statistics that will come to be
The reason we will bloom in harmony

Everybody undivided
Data's where our hearts reside in
There will always be a bind

Just like fire that ignites
That's how brightly lit our dreams are
We'll reach higher than the stars

Sending love to one another
Leaving no one in a slumber
We will stand with unity

Mustering our courage while
Embracing our disparities
We'll achieve our victory

One dream with unity
One love with harmony

" STATISTICS BLOOM IN HARMONY" VIDEO

https://bit.ly/StatisticsBloomInHarmony

THANK YOU

#KELUARGA MALAYSIA

StatsMalaysia

www.DOSM.gov.my

2012-2022   **2022**   **20 OCT**   **2016 - 2030**   **PSSN**