



MINISTRY OF ECONOMY  
DEPARTMENT OF STATISTICS MALAYSIA

## **MEDIA STATEMENT**

### **LABOUR MARKET REVIEW, THIRD QUARTER 2023**

***National labour market continued to expand in the third quarter of 2023, registering the highest labour force participation rate at 70.1 per cent***

**PUTRAJAYA, 24 November 2023** – National labour market continued to expand in the third quarter of 2023, registering the highest labour force participation rate at 70.1 per cent, the Department of Statistics Malaysia (DOSM) reported today on the release of the **Labour Market Review, Third Quarter 2023 (LMR Q3 2023)**. This publication consolidates quarterly labour statistics and highlights recent Malaysia's labour market situation to provide a more comprehensive narrative. This edition also features an article titled "To Study the Impact of Minimum Wage Policy on Wage Inequality in Malaysia using Administrative Data" which provides insights into the significant impact of the minimum wage policy effective in May 2022, using the Gini coefficient as a proxy for measuring wage inequality.

Chief Statistician of Malaysia, Dato' Sri Dr. Mohd Uzir Mahidin, said, "The upswing in industry-driven demand for labour is attributed to the rise of employment resulting from the expansion of domestic markets, eventually leading to an improvement in the unemployment situation. Despite escalating uncertainties in the global landscape, Malaysia's economy grew by 3.3 per cent in the third quarter of 2023, following a growth rate of 2.9 per cent in the preceding quarter.

In line with the economic growth, labour supply remained strong as the labour force participation rate rose 0.7 percentage points year-on-year to 70.1 per cent. The number of labour force increased by 2.3 per cent to record 16.82 million persons, primarily contributed by the increment of 2.7 per cent in employed persons, which accounted for 16.25 million persons in the third quarter of 2023 (Q3 2022: 15.83 million). At the same time, the number of unemployed decreased by 6.3 per cent to 573.1 thousand persons (Q3 2022: 611.8 thousand), resulting the national unemployment rate at 3.4 per cent, observing a gradual return to pre-pandemic level (Q3 2022: 3.7%, Q4 2019: 3.2%).

Observing the underemployment situation, the Chief Statistician stated, "The number of persons who worked less than 30 hours per week, registering a marginal decline of 0.8 per cent as against the same quarter in 2022, with a total of 284.8 thousand persons. On the contrary, the number of persons in time-related underemployment grew by 1.2 per cent to 189.0 thousand persons but maintained the rate at 1.2 per cent. In the meantime, skilled-related underemployment which indicated those with tertiary education but were employed in semi-skilled and low-skilled occupation categories escalated by 4.5 per cent year-on-year to record 1.92 million persons with a rate of

37.3 per cent or comprised more than one-third of employed persons with tertiary education.

Commenting on the labour demand situation during the third quarter of 2023, Dato' Sri Dr. Mohd Uzir Mahidin informed, "Jobs in the economic sector strengthened by 2.6 per cent to 8.90 million jobs (Q3 2022: 8.68 million). Filled jobs which comprised 97.9 per cent of total jobs grew by 2.7 per cent to 8.71 million while job openings in the economy was indicated by the number of job vacancies which made up another 2.1 per cent of jobs, declined slightly by 0.2 per cent to 190.9 thousand vacancies. More than half of the vacancies in the third quarter of 2023 were in the Manufacturing sector, accounting for 107.9 thousand vacancies, largely in the sub-sector of Electrical, electronic & optical products which recorded 33.8 thousand vacancies. A stable labour demand situation during the quarter was also indicated by the 4.8 per cent increase in the number of jobs created to meet the needs of the industry, encompassing 32.0 thousand jobs."

As the economy expanded in the third quarter of 2023, labour productivity measured by value added per employment posted an increase of 0.6 per cent (Q2 2023: 0.02%) as against the same quarter last year to RM24,465 per person (Q3 2022: RM24,312; Q2 2023: RM23,407). In the meantime, the total hours worked during the third quarter of 2023 surged by 4.2 per cent to register a total of 9.42 billion hours. Therefore, value added per hour worked dropped by 0.9 per cent with a value of RM42.2 per hour (Q3 2022: RM42.6; Q2 2023: RM40.6), indicating decreased labour market efficiency.

Concluding his statement on today's release, Dato' Sri Dr. Mohd Uzir Mahidin said, "Malaysia's labour market has exhibited a favourable outlook during the third quarter of 2023, which is noteworthy amid global economic uncertainties. Moving towards the final quarter of 2023, the outlook remains optimistic, as the current Malaysia's Leading Index expects that the Malaysian economy will continue to moderate, attributed to these challenges, despite robust domestic demand. The strategies and initiatives in Budget 2024 align with the Ekonomi MADANI framework, aiming to elevate the country and Rakyat's economic stature is expected to have a positive impact on the labour market ecosystem by enhancing workforce skills, increasing wages and creating job opportunities through strategic investments. Hence, overall labour market performance is expected to expand, with prospects for modest growth in the forthcoming quarters. However, this viewpoint is subject to various global and domestic challenges that may emerge from unforeseen circumstances in the future, as well as the impact of flood disasters that may occur during the expected North East Monsoon or monsoon season in Malaysia, starting in early November 2023 and continuing until March 2024."

Time series statistics and more information on the labour market can be obtained from the Malaysia Labour Market Interactive Data (MyLMID) portal. For more information, please visit <https://mbls.dosm.gov.my/mylmid/> or scan the QR code below.



*DOSM has launched OpenDOSM NextGen as a medium that provides a catalogue of data and visualisation to facilitate users in analysing various data. OpenDOSM NextGen is an open source data sharing platform and accessible through <https://open.dosm.gov.my> portal.*

*The Department of Statistics Malaysia (DOSM) will conduct the Agricultural Census in 2024. Please visit <https://www.myagricensus.gov.my/> for more information. The theme is “Agriculture Census, Key to Agriculture Development”.*

*The Government of Malaysia has declared National Statistics Day (MyStats Day) on October 20<sup>th</sup> each year. MyStats Day theme is “Statistics is the Essence of Life”.*

*Released by:*

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