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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

KEY STATISTICS OF LABOUR FORCE IN MALAYSIA, APRIL 2020

DEPARTMENT OF STATISTICS MALAYSIA

LABOUR FORCE MALAYSIA APRIL 2020

Unemployed persons increased by 48.8 per cent to 778.8 thousand persons with unemployment rate spiked to 5.0 per cent in April 2020

LABOUR FORCE

The **number of labour force in April 2020 recorded a marginal growth of 0.6 per cent** (+99.1 thousand persons) to 15.71 million persons, the lowest growth since September 2014. Month-on-month basis, the number of labour force decreased 0.8 per cent (-130.7 thousand persons) as against March 2020.

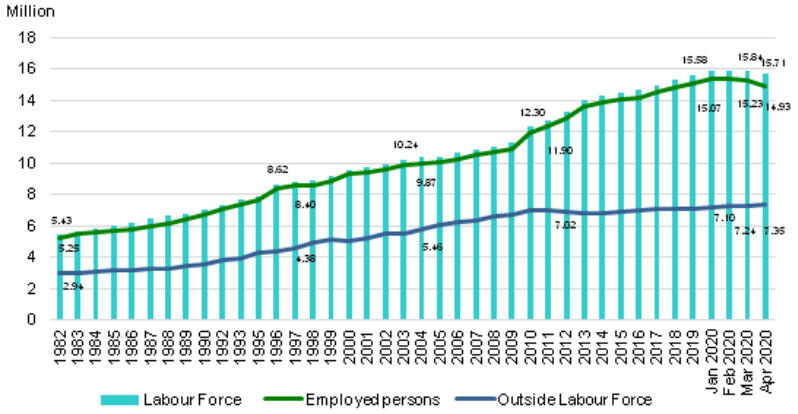
EMPLOYED

The **working population decreased 156.4 thousand persons (-1.0%) year on year to 14.93 million persons.** The most affected employed persons were in the Manufacturing and Services sectors namely accommodation and food & beverage; arts, entertainment & recreation and other services such as beauty centres and salons.

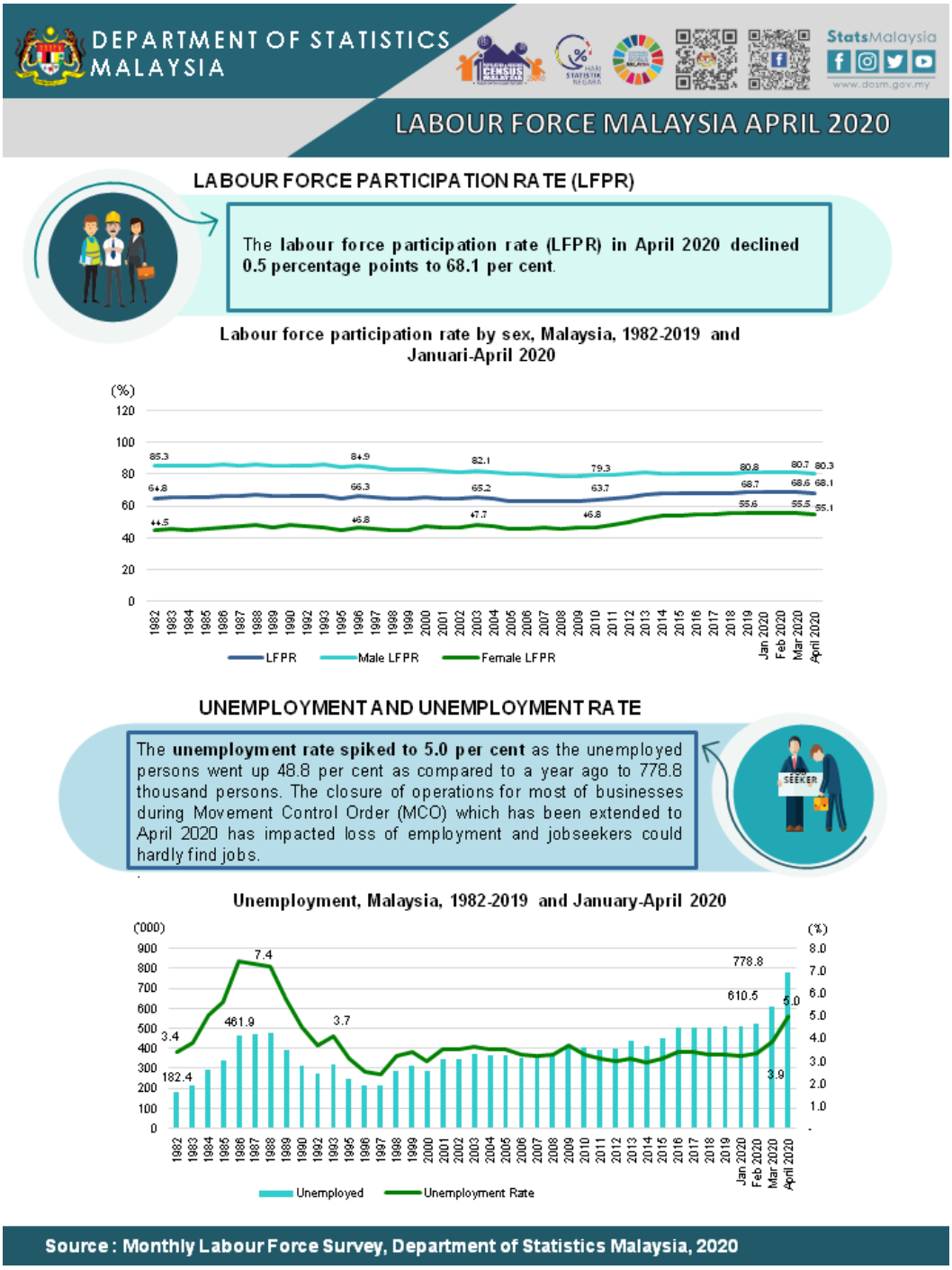
OUTSIDE LABOUR FORCE

Outside labour force increased by 160.7 thousand persons (2.2%) to 7.35 million persons as compared to the same month of the previous year. Reasons of being outside of labour force were mainly due to housework/ family responsibilities (43.3%) and schooling (40.2%).

Labour force, employed persons and outside labour force, Malaysia, 1982-2019 and January-April 2020



Source : Monthly Labour Force Survey, Department of Statistics Malaysia, 2020



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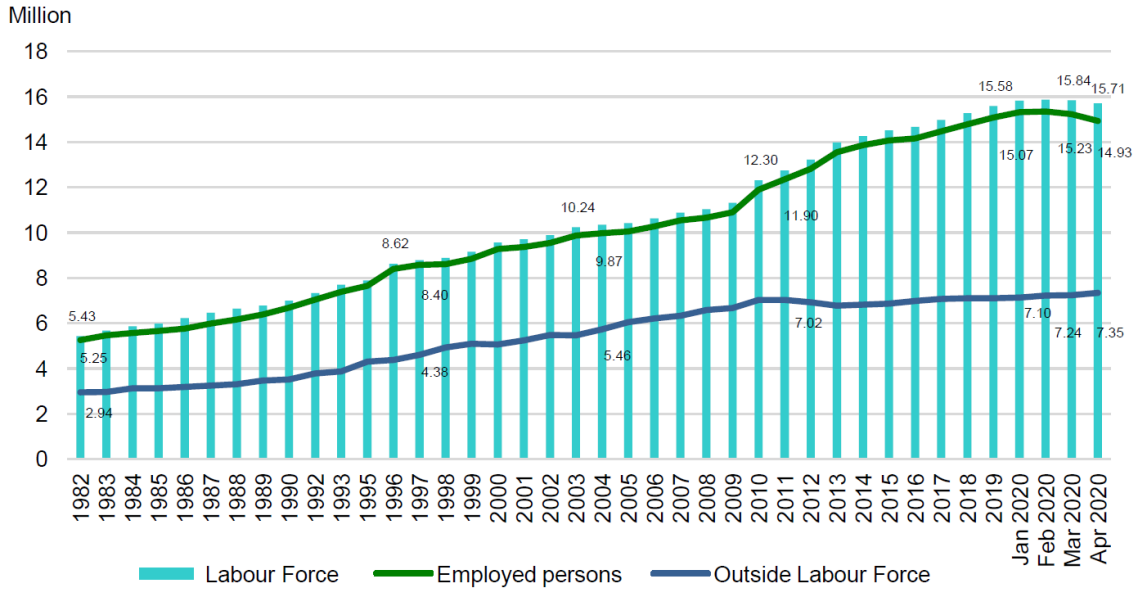
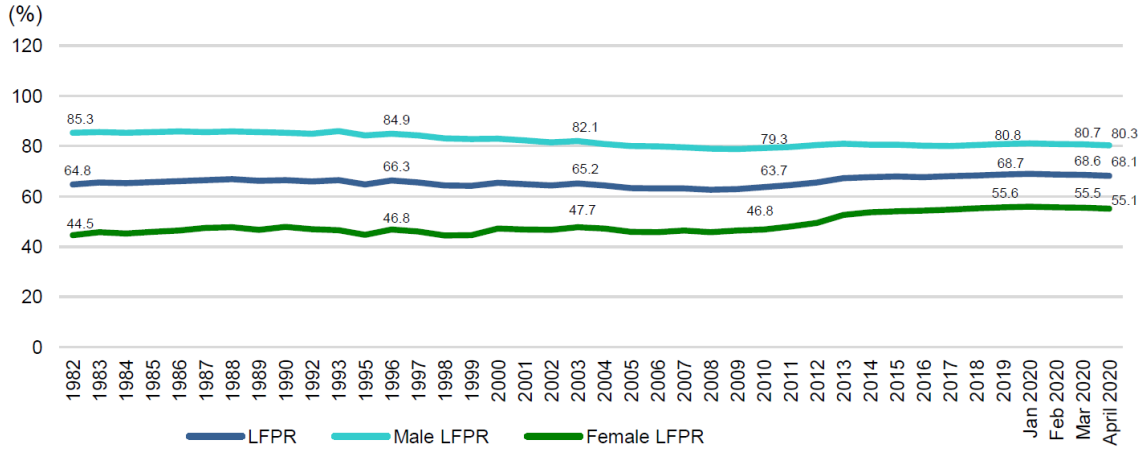


Labour force participation rate (LFPR)

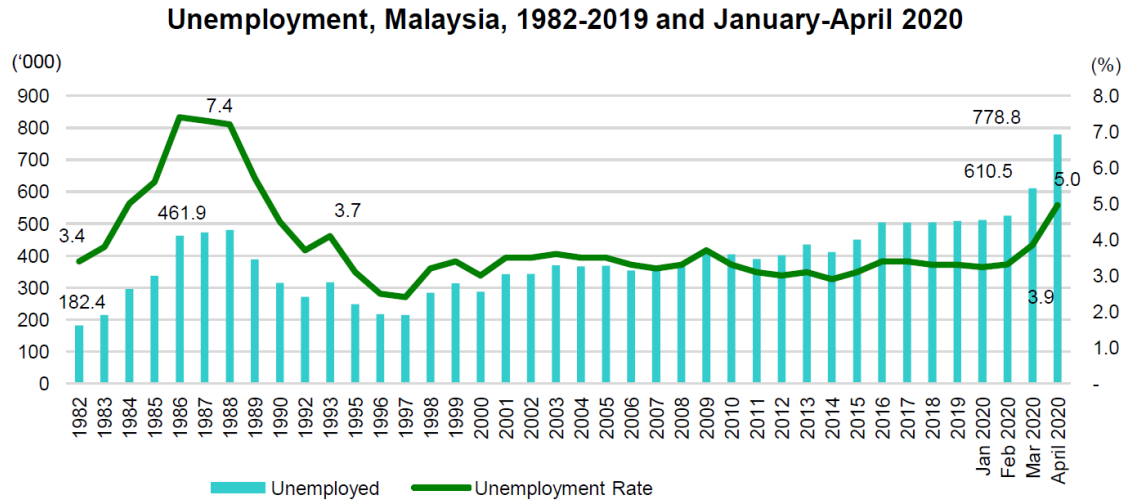
The labour force participation rate (LFPR) in April 2020 declined 0.5 percentage points to 68.1 per cent.

Labour force participation rate by sex, Malaysia, 1982-2019 and Januari-April 2020



Unemployment rate

The unemployment rate spiked to 5.0 per cent as the unemployed persons went up 48.8 per cent as compared to a year ago to 778.8 thousand persons. The closure of operations for most of businesses during Movement Control Order (MCO) which has been extended to April 2020 has impacted loss of employment and jobseekers could hardly find jobs.



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.

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DATO' SRI DR. MOHD UZIR MAHIDIN
CHIEF STATISTICIAN MALAYSIA
DEPARTMENT OF STATISTICS, MALAYSIA
DrUzir_Mahidin **Dr_Uzir**

#myHariBulan# #myBulan# #myTahun#

Contact person:

Mohd Yusrizal bin Ab. Razak
Public Relation Officer
Strategic Communication and International Division
Department of Statistics, Malaysia
Tel : +603-8885 7942
Fax : +603-8888 9248
Email : yusrizal.razak[at]dosm.gov.my

Contact person:

Baharudin Mohamad
Public Relation Officer
Strategic Communication and International Division
Department of Statistics Malaysia
Tel : +603-8090 4681
Fax : +603-8888 9248
Email : baharudin[at]dosm.gov.my

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