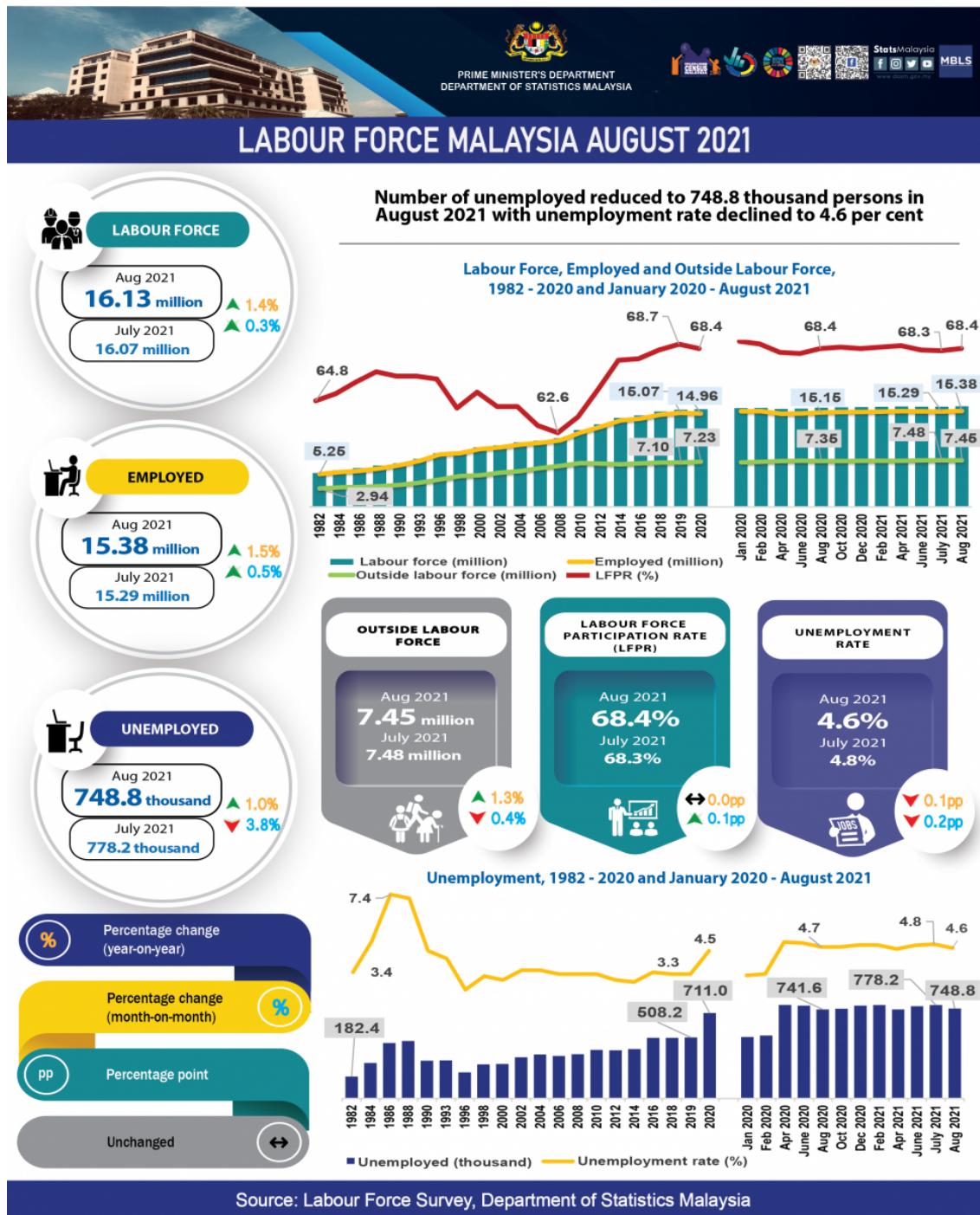




MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

KEY STATISTICS OF LABOUR FORCE IN MALAYSIA, AUGUST 2021





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, retired, 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 rose by 81.8 thousand persons to 15.38 million persons in August 2021 (July 2021: 15.29 million persons) after declining for two consecutive months. During the month, the employment-to-population ratio which indicates the ability of an economy to create employment picked up by 0.2 percentage points to 65.2 per cent (July 2021: 65.0%).
- In terms of economic sector, the Services sectors continued to register positive month-on-month changes particularly in Food & beverages services; Wholesale and retail trade; and Human health & social work activities. Employment in Manufacturing and Construction sectors also posted positive growths after recording decreases last month while Agriculture and Mining & Quarrying sectors remained on a downward trend.
- In August 2021, employee's category which comprised of 77.4 per cent, increased by 27.9 thousand persons to 11.90 million persons after posted a decline for the past two months. Likewise, own-account workers which consist mostly of daily income earners working as small business operators such as small retailers; hawkers; sellers in markets and stalls; as well as smallholders continued to rise since February 2021 with a month-on-month increase of 1.4 per cent or 33.9 thousand persons to record 2.54 million persons.
- The unemployment rate in August 2021 was downed by 0.2 percentage points to 4.6 per cent as compared to July which recorded 4.8 per cent. Accordingly, the number of unemployed persons reduced by 3.8 per cent month-on-month or equivalent to 29.4 thousand persons to register 748.8 thousand persons (July 2021: +1.2%; 778.2 thousand persons). This was the first decline in the unemployment after registering increases in June and July 2021.
- In August 2021, the number of labour force continued to increase for the second month by 0.3 per cent or with an addition 52.5 thousand persons to 16.13 million persons (July 2021: 16.07 million persons). The labour force participation rate (LFPR) during the month picked up by 0.1 percentage point to 68.4 per cent (July 2021: 68.3%).
- During the month, the number of outside labour force lessened by 0.4 per cent or 26.9 thousand persons to 7.45 million persons (July 2021: 7.48 million persons). The largest component of outside labour force was housework/ family responsibilities which comprised of 44.8 per cent and tailed by schooling/ training category with 41.8 per cent.
- The positive outcome from the declining trend of daily COVID-19 cases coupled with an increasing number of vaccination doses worldwide is anticipated to have an impact on global economic growth. Similarly, COVID-19 indicators in Malaysia are starting to decrease while the number of vaccinated adults has reached more than 88 per cent, thus leading to the transition of more states into the next phases of the NRP. This positive movement signals that the performance of Malaysia's economy will rejuvenate gradually as more businesses are resuming their operation at a greater capacity. Although the challenges will remain in the upcoming months due to the uncertain public health situation, the implementation of NRP which has allowed for a safe reopening of the economy may

partly navigate the country's economy to progressively recover. The encouraging economic performance may increase labour demand including the creation of more job opportunities in the economy. Therefore, the reviving of the economy and the labour market is foreseen in stages in the forthcoming months.

ENCOURAGING LABOUR FORCE SITUATION WAS OBSERVED IN AUGUST 2021 WITH LOWER UNEMPLOYMENT WHILE EMPLOYMENT ROSE

In August 2021, saw several states were moved into next phases of the National Recovery Plan (NRP). Perlis and Sarawak had shifted into Phase 3 starting from 4 August 2021 except for certain districts in Sarawak namely Lundu, Bau, Kuching, Serian, Tebedu, Samarahan, Asajaya and Simunjan which were still in Phase 2. Meanwhile, Negeri Sembilan and W.P. Labuan had switched to Phase 2 and Phase 4 respectively effective from 26 August 2021. In the meantime, six states namely Johor, Kedah, Melaka, Selangor, W.P. Kuala Lumpur and W.P. Putrajaya remained in Phase 1 whereas another six states were still in Phase 2, which were Kelantan, Pahang, Pulau Pinang, Perak, Terengganu, and Sabah. Despite the fact that the COVID-19 pandemic was still surrounding the nation, the government remained optimistic in combating the public health crisis. As of 31 August 2021, Malaysia has reached 64.7 per cent of the adult population who had completed vaccination while 84.3 per cent had completed the first dose of the vaccination. This portrayed that the implementation of NRP was paying off.

During the month, the relaxation of economic activities to operate in Phase 1 of NRP had expanded to include car wash services; electrical and electronics; household items and kitchenware stores; sport equipment stores; car accessories store; car distribution sales centres; clothing; fashion and accessories stores; jewellery stores; barbershop & beauty centres/ salons; furniture stores; as well as morning markets & farmers market. In addition, dine-in activities; night market & weekly markets; and sports, recreation & leisure activities without physical contact were also permitted during this phase. Furthermore, in Phase 2 and Phase 3 of NRP, more business activities with longer business hours are allowed to operate while in Phase 3, domestic tourism activities within the same districts was permitted to fully-vaccinated individuals. Additionally, all economic activities in W.P. Labuan which was in Phase 4 were running as usual with compliance to Standard Operating Procedures. Therefore, with the reopening of more economic activities plus the permission of inter-district travel in certain location within the month has enabled businesses to resume their operations at greater capacity. This may had injected some positivity to the economy as well as the labour market activities to be more vibrant during the month and the months ahead.

In this regard, the transition of most states to the next phases of the NRP as well as the relaxation of more economic activity to operate had observed an encouraging labour force situation during the month. This was portrayed by the reduction in the number of unemployed persons as well as the increase in the number of employed persons. On the other hand, the Leading Index (LI) recorded a slower decline of 0.6 per cent month-on-month (June 2021: 2.8%) signalled that Malaysia's economic outlook is likely to be surrounded by the uncertainties. As for the exports and imports indicators, both registered a month-on-month declines of 1.8 per cent (July 2021: -18.8%) and 11.2 per cent (July 2021: +0.5%) respectively.

The Labour Force Report for August 2021 describes the labour supply situation as the country entered the various phases of NRP. The report will elaborate on the month-on-month changes to examine the immediate effects of the NRP to contain the spread of COVID-19 and rejuvenate the economy. 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.

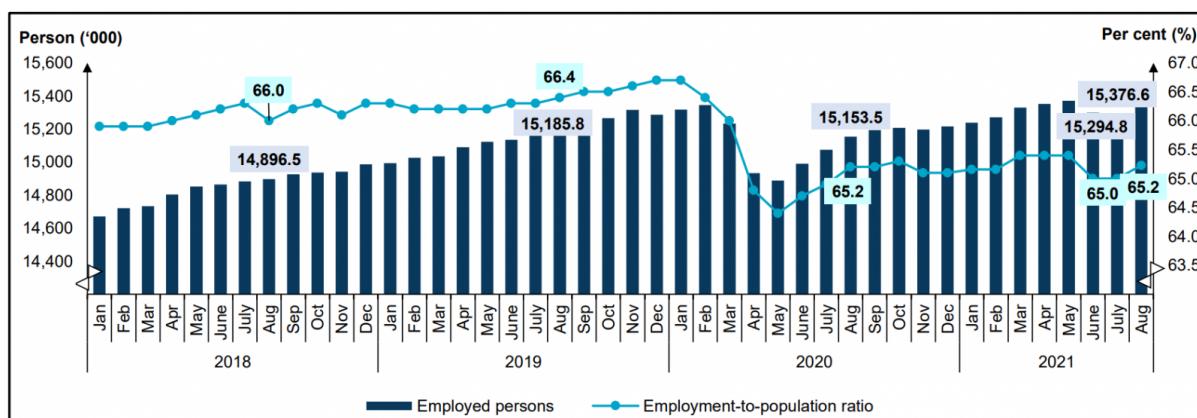
Employed persons rose in August 2021 after declining for two consecutive months

Employed persons rose by 81.8 thousand persons to 15.38 million persons in August 2021 (July 2021: 15.29 million persons) after declining for two consecutive months. Similarly, year-on-year basis, the number of employed persons continued on an upward trend for the sixth month by 1.5 per cent or with an addition of 223.1 thousand persons (August 2020: 15.15 million persons).

In terms of economic sector, the Services sector continued to register positive month-on-month changes particularly in Food & beverages services; Wholesale and retail trade; and Human health & social work activities. Employment in Manufacturing and Construction sectors also posted positive growths after recording decreases last month while Agriculture and Mining & Quarrying sectors remained on a downward trend.

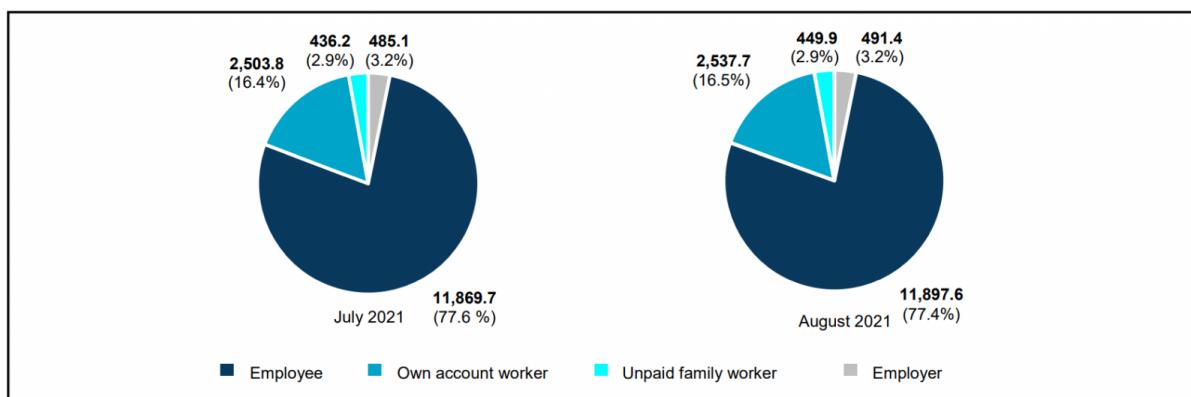
During the month, the employment-to-population ratio which indicates the ability of an economy to create employment picked up by 0.2 percentage points to 65.2 per cent (July 2021: 65.0%). Meanwhile, year-on-year, the ratio stood at 65.2 per cent. [Chart 1]

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



In August 2021, employee's category which comprised of 77.4 per cent, increased by 27.9 thousand persons to 11.90 million persons after posted a decline for the past two months. Likewise, own-account workers which consist mostly of daily income earners working as small business operators such as small retailers; hawkers; sellers in markets and stalls; as well as smallholders continued to rise since February 2021 with a month-on-month increase of 1.4 per cent or 33.9 thousand persons to record 2.54 million persons. The increasing trend was partly due to the permission of small businesses to remain operating during the NRP period coupled with the movement of several states into the next phases of the NRP which allowed more economic activities to resume. [Chart 2]

Chart 2: Employed person by status of employment, July and August 2021



During the month, the resumption of more economic activities led the continuous reduction in the number of employed persons who were temporarily not working for two consecutive months, with a decline of

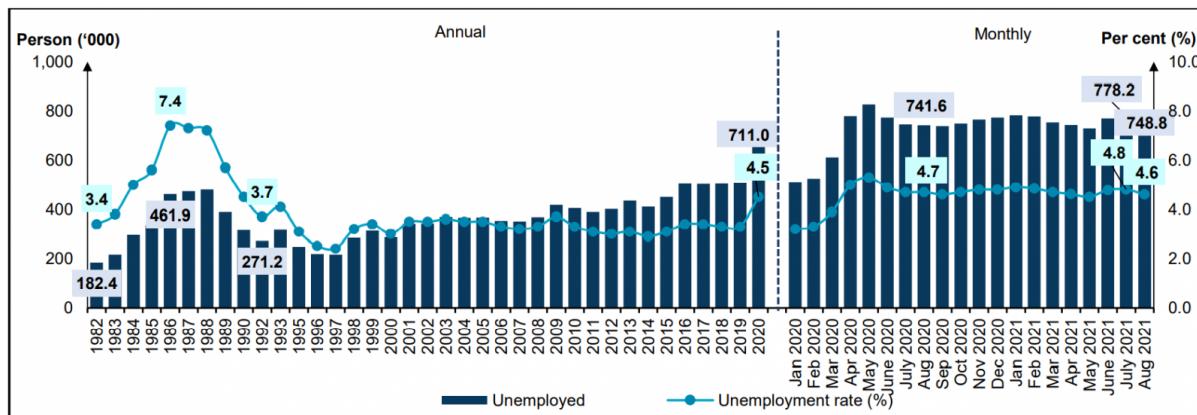
105.1 thousand persons to 671.2 thousand persons (July 2021: 776.3 thousand persons). Conversely, as the country was in the Recovery Movement Control Order (RMCO) phase in August last year, the number of employed persons in this category was higher by 8.4 thousand persons (August 2020: 102.0 thousand 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.

The unemployment rate downed by 0.2 percentage points to 4.6 per cent

The unemployment rate in August 2021 was downed by 0.2 percentage points to 4.6 per cent as compared to July which recorded 4.8 per cent. Accordingly, the number of unemployed persons reduced by 3.8 per cent month-on-month or equivalent to 29.4 thousand persons to register 748.8 thousand persons (July 2021: +1.2%; 778.2 thousand persons). This was the first decline in the unemployment after registering increases in June and July 2021.

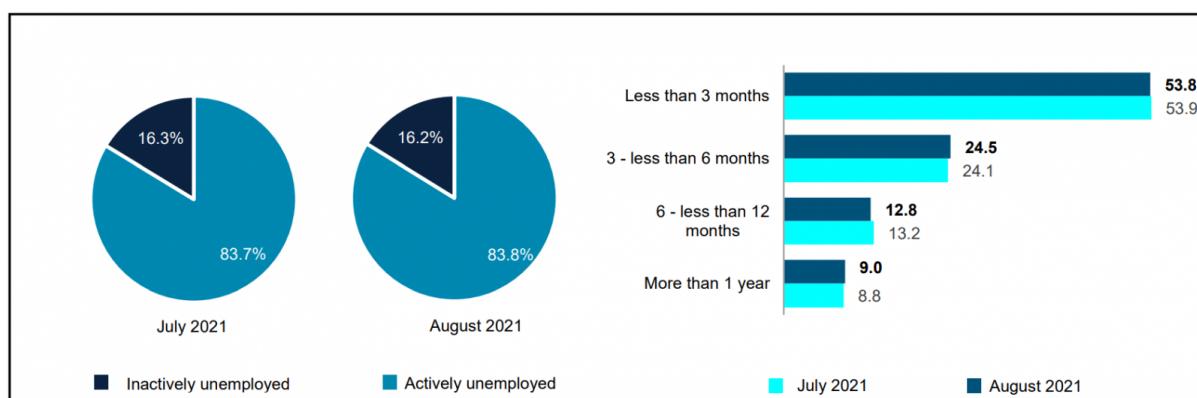
By comparing with the same month of the previous year, the unemployment rate was lower by 0.1 percentage point (August 2020: 4.7%) while the number of unemployed persons augmented by 1.0 per cent or 7.2 thousand persons (August 2020: 741.6 thousand persons). [Chart 3]

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



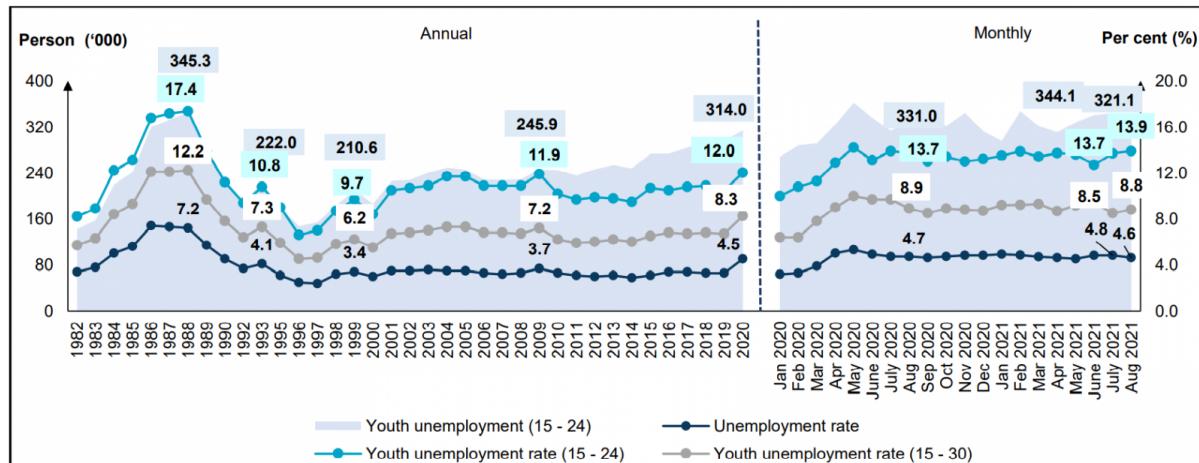
During the month, the actively unemployed or those who were available for work and were actively seeking job encompassed 83.8 per cent of the total unemployed persons. This group reduced by 23.8 thousand persons to 627.5 thousand persons (July 2021: 651.3 thousand persons). Out of the total actively unemployed, 53.8 per cent were unemployed for less than three months while those who were in long-term unemployment of more than a year¹ comprised of 9.0 per cent. A similar trend was observed in the inactively unemployed who believed that there were no jobs available which decreased by 4.4 per cent month-on-month or 5.6 thousand persons to register 121.3 thousand persons (July 2021: +0.8%; 126.9 thousand persons). [Chart 4]

Chart 4: Unemployed category and duration of unemployment, July and August 2021



The youth unemployment rate for aged 15 to 24 years registered an increase for the second month by 0.2 percentage points to 13.9 per cent in August 2021 (July 2021: 13.7%). The number of unemployed youths was 321.1 thousand persons after registering 344.1 thousand persons in July 2021. Similarly, the unemployment rate for youth aged 15 to 30 years rose by 0.3 percentage points to record a rate of 8.8 per cent (July 2021: 8.5%). [Chart 5]

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

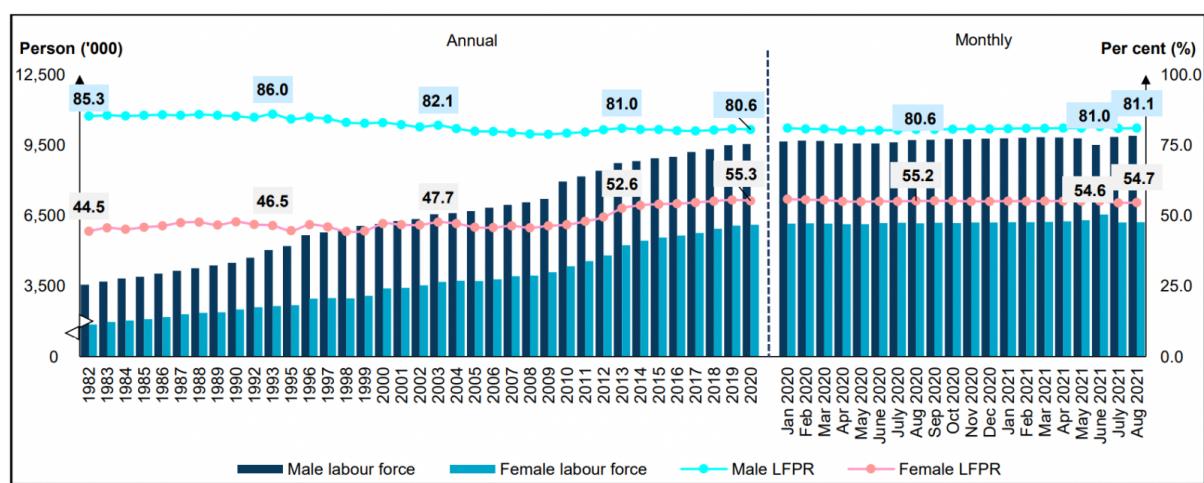


August's LFPR picked up by 0.1 percentage point

In August 2021, the number of labour force continued to increase for the second month by 0.3 per cent or with an addition 52.5 thousand persons to 16.13 million persons (July 2021: 16.07 million persons). The labour force participation rate (LFPR) during the month picked up by 0.1 percentage point to 68.4 per cent (July 2021: 68.3%).

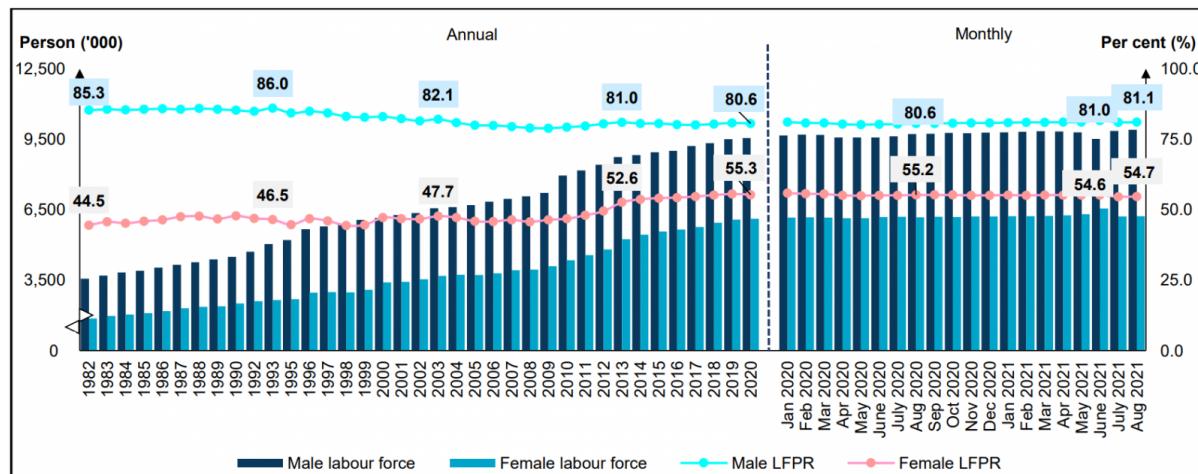
Year-on-year comparison, the number of labour force heightened by 230.3 thousand persons (1.4%) as against 15.90 million persons in August 2020. During the same period, the LFPR was stagnant. [Chart 6]

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



In August 2021, both male and female LFPR posted little changes by 0.1 percentage point to record 81.1 per cent and 54.7 per cent respectively. The number of male labour force went up by 0.5 per cent to 9.91 million persons as compared to July 2021 (9.86 million persons). Similarly, the number of female labour force increased by 0.1 per cent to 6.22 million persons as compared to the previous month. In comparison with a year ago, male LFPR improved by 0.5 percentage points (August 2020: 80.6%) whereas female LFPR decreased by 0.5 percentage points (August 2020: 55.2%). [Chart 7]

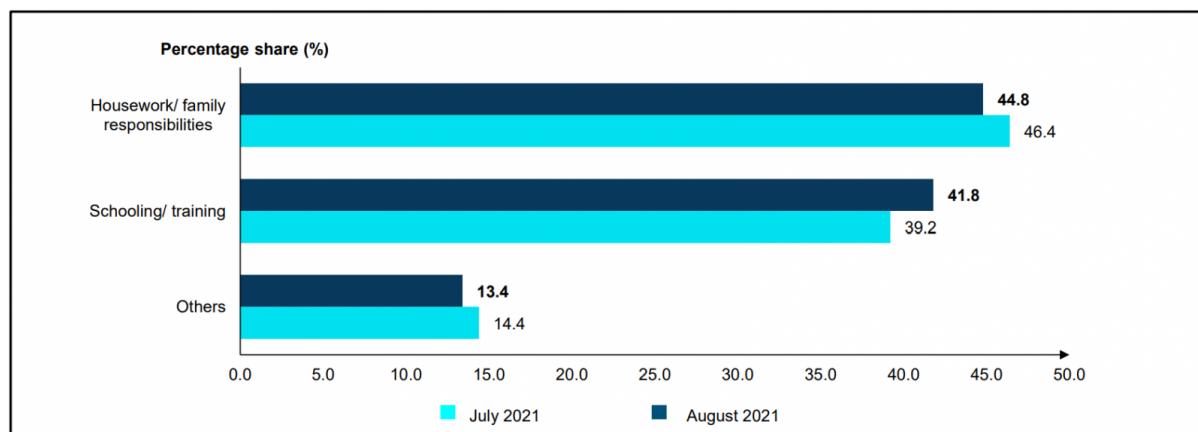
Chart 7: Labour force and LFPR by sex, 1982 - 2020 and January 2020 - August 2021



The largest component of outside labour force was housework/ family responsibilities

During the month, the number of outside labour force lessened by 0.4 per cent or 26.9 thousand persons to 7.45 million persons (July 2021: 7.48 million persons). On the contrary, the number of outside labour force was higher by 97.0 thousand persons (1.3%) as against the same month of the preceding year. The largest component of outside labour force was housework/ family responsibilities which comprised of 44.8 per cent and trailed by schooling/ training category with 41.8 per cent. [Chart 8]

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



GOVERNMENT'S INITIATIVES²

Various government initiatives had been executed to maintain the livelihood and business continuity in order to assist each layer of the targeted groups. The Wage Subsidy Programme (PSU 1.0) which aimed to ensure employees are able to retain their jobs had benefitted a total of 322,177 employers and 2.64 million registered employees with an approved value of RM12.94 billion as at 10 September 2021. In addition, a total RM1.37 billion has been distributed to 79,703 employers and 701,161 employees under the Wage Subsidy Programme (PSU) 2.0 to further support the employers and employees. Through the Hiring Incentive Programme and Training Assistance, a total of 137,659 employees were able to secure jobs particularly in Manufacturing and Wholesale and retail trade industries. Besides, a total of 150,908 individuals had successfully participated in the provided programmes via the Reskilling and Upskilling Programme which was designed to assist those who are looking for jobs. A total of 47,672 persons were hired through the Short-Term Employment Programme (MYSTEP) as of 31 August 2021. Out of this total, 35,917 employees were positioned in the public sector while 11,755 employees were located in the GLCs and their strategic partners.

As for businesses empowerment, through the Small, Medium Enterprise (SMEs) Soft Loan Funds by Bank Negara Malaysia (BNM), there were 26,154 SMEs benefited with a total value of RM12.43 billion encompassing Special Relief Facility (SRF); Automation & Digitalisation Facility (ADF); All-Economic Sector Facility (AES); and Agrofood Facility (AF) funds. To support SMEs and micro-SMEs which were still affected by the COVID-19 pandemic, PENJANA Tourism Financing was specifically allocated for Bumiputera SMEs with the approved value of RM66.6 million for 337 applications as of 10 September 2021. As for the Bumiputera Relief Financing (BRF), RM200 million allocated fund was successfully funded to 749 SMEs. Meanwhile, through the Mudah Jaya Financing Scheme for Private Institute of Higher Learning (SPiM Penjana IPTS) by Majlis Amanah Rakyat (MARA), there were 22 approved applications totalling RM118.3 million. Out of this total, RM10.6 million has been channelled to twelve Bumiputera IPTS. This scheme aimed to assist Bumiputera IPTS which was affected by the COVID-19 pandemic to cover their working capital such as operating costs, employee's salary, utilities and operating expenses and etc. Moreover, to support the Agriculture and Food Industry, 15,058 Agricultural Micro SMEs benefitted under the Agrobank Microcredit Financing Scheme involving a total of RM187.74 million.

To assist and encourage SMEs and Technical and Digital Mid-tier Companies (MTCs) to digitalise their operations and trade channels, a total of RM83.91 million had been distributed in the form of grants and loans for digitalisation services subscriptions to 13,884 businesses. In terms of SMEs Digitalisation Grant provided by Bank Simpanan Nasional to assist SMEs in adopting digitalisation services in day-to-day business operations, a total of RM96.46 million had been channelled to 34,761 SMEs. Next, through the Danajamin Prihatin Guarantee Scheme (DPGS) under the PRIHATIN Economic Stimulus Package which focused on the viable businesses in all sectors facing difficulties due to COVID-19, a total of RM1.72 billion of total guarantees had been approved to 52 companies. Through the CENDANA initiative which focused in supporting the Arts, Culture and Entertainment Sector, 539 recipients had benefitted totalling RM5.33 million including artists, collectives and organisations who were actively involved in the Malaysian arts and culture industry.

LOOKING AHEAD

Globally, according to World Health Organisation (WHO), there were 235.7 million confirmed cases of COVID-19, including 4.81 million deaths as of 6 October 2021. Nevertheless, a total of 6.19 billion vaccine doses have been administered worldwide as of 2 October 2021 which may contribute to a declining trend of daily COVID-19 cases in most of the countries. This positive outcome is anticipated to have an impact on global economic growth. In Malaysia, COVID-19 indicators namely daily cases, deaths, ventilated patients, ICU patients, and hospitalised patients are starting to decline with the number of vaccinated adults reaching 88.8 per cent on 6 October 2021 . In addition, none of the states is in Phase 1 of the NRP across

the country. Terengganu was shifted to Phase 3 of the NRP effective from 17 September 2021 whereas Negeri Sembilan had moved to Phase 4 on 24 September 2021. Meanwhile, Melaka, Selangor, W.P. Kuala Lumpur and W.P. Putrajaya have entered Phase 3 of the NRP while Kedah was shifted to Phase 2 effective on 1 October 2021. Another two states will move into next phases of the NRP which were Johor (Phase 3) and Pahang (Phase 4) effective from 8 October 2021. By looking at this positive movement especially for Selangor and W.P. Kuala Lumpur which were among the major contributors to national economic growth, signalled that the performance of Malaysia's economy will rejuvenate gradually as more businesses are resuming their operation at a greater capacity.

Therefore, with the encouraging economic performance in the country may increase labour demand including the creation of more job opportunities in the economy. Although the challenges will remain in the upcoming months due to the uncertain public health situation, the implementation of NRP which has allowed for a safe reopening of the economy may partly navigate the country's economy to progressively recover. Thus, the reviving of the economy and the labour market is foreseen in stages in the forthcoming months.

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, August 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

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