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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

LABOUR MARKET REVIEW, FIRST QUARTER 2022

Introduction

The Labour Market Review (LMR) is a quarterly release by Malaysian Bureau of Labour Statistics (MBLS), Department of Statistics, Malaysia (DOSM) that brings official statistics to life through reviews and features which highlighted the most recent trends in labour market. The quarterly statistics is consolidated in a narrative to provide readers with a comprehensive view on Malaysia's labour market.

The report is divided into three segments to provide readers the different aspects of labour market information encompassing Labour Supply, Labour Demand and Labour Productivity. The special feature of the report is for every quarter, there is one or more article(s) highlighting the most recent labour market issues through statistics; or delving on the methodologies to strengthen labour market statistics.

The report will elaborate on the year-on-year changes as well as the short-term changes from the previous quarter to examine the immediate effect of recent events. Users are advised to interpret the quarterly changes with cautions since they are non-seasonally adjusted. The LMR can be used by policy makers, academicians, economists, researchers and other users for studies related to the labour market. It is hoped that this report can facilitate the growing demand for labour market statistics.

Key Reviews

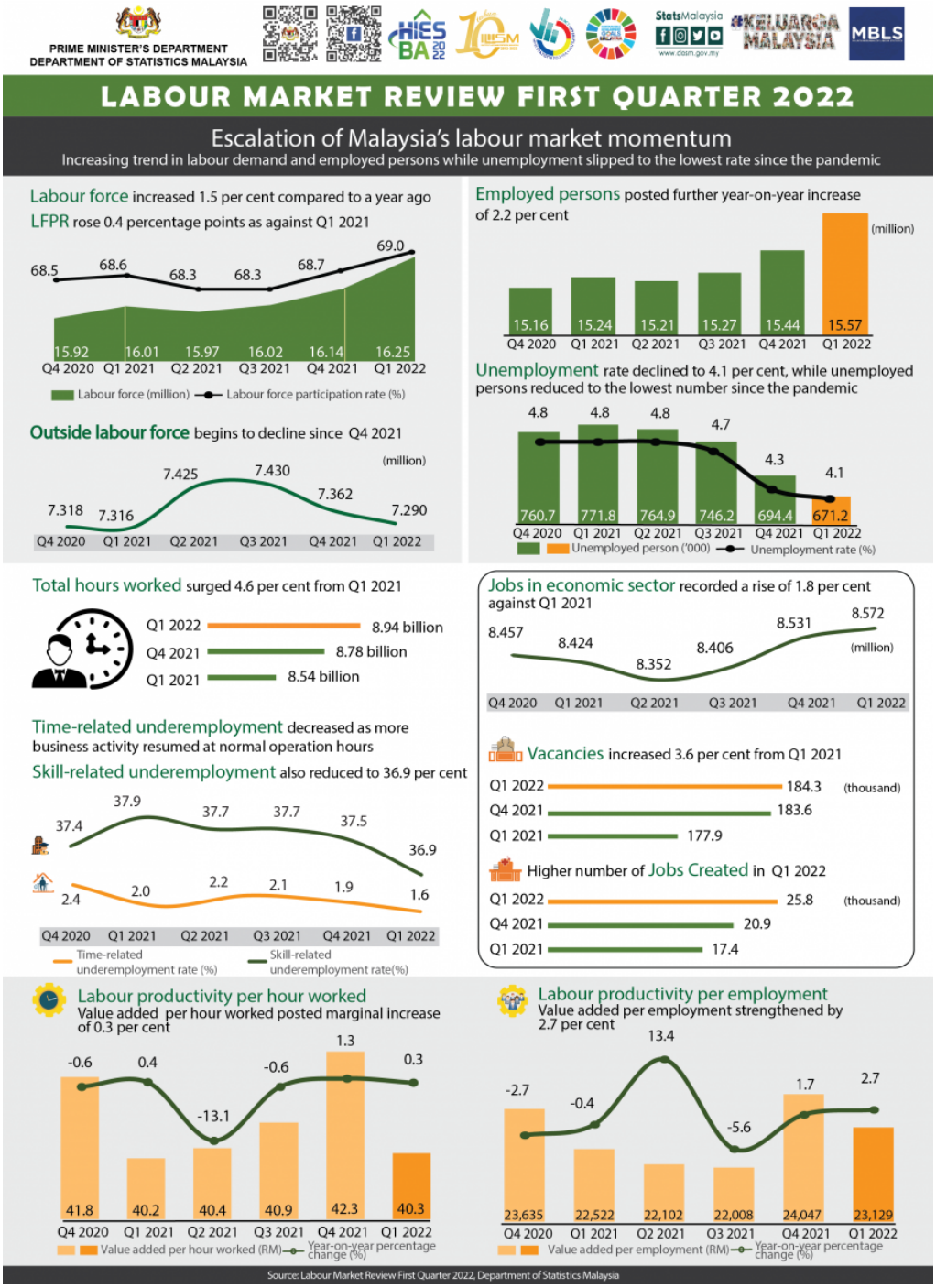
- The continuous removal of pandemic-related restrictions throughout the first quarter of 2022 had encouraged more economic activities, hence had stimulated the rise in labour demand and subsequently increased the number of employed persons and reduced unemployment.

- In Q1 2022, the number of labour force strengthened by 1.5 per cent year-on-year to record 16.25 million persons. Thus, the labour force participation rate went up 0.4 percentage points to 69.0 per cent. The number of employed persons continued to increase by 2.2 per cent to 15.57 million persons with employment-to-population ratio ascending to 66.2 per cent. The number of unemployed persons declined by 100.6 thousand to 671.2 thousand persons, hence registering an unemployment rate of 4.1 per cent

- Malaysia as a whole had shifted into the fourth phase of the National Recovery Plan at the beginning of 2022 thus resulting in resumption of business and social activities at full capacity throughout Q1 2022. This had subsequently brought down the number of persons who worked less than 30 hours per week by 23.9 per cent as against Q1 2021 to register 336.3 thousand persons. Accordingly, the rate of time-related underemployment declined 0.4 percentage points to 1.6 per cent. In the meantime, despite registering lower rate during the quarter, skill-related underemployment made up more than one-third of employed persons with tertiary education at 36.9 per cent.

- Looking at the demand for labour in the economic sector, number of jobs increased further by 1.8 per cent as against a year ago to 8.57 million. Filled jobs which comprised of 97.8 per cent, surged 1.7 per cent over the same quarter of the preceding year to record 8.39 million. Meanwhile jobs opening as reflected by the number of vacancies, edged up by 3.6 per cent to 184.3 thousand vacancies during the same period. Indicative of the improvement in demand, the number of jobs created increased by 48.6 per cent to 25.8 thousand.

- As Malaysia's economy expanded by 5.0 per cent, labour productivity as measured by value added per employment posted an increase of 2.7 per cent registering the level of RM23,129 per person in Q1 2022. During the same period, total hours worked surged 4.6 per cent to 8.94 billion hours following continuous resumption of economic activities. Thus, the ratio of value added to hours worked grew marginally by 0.3 per cent to bring the level of labour productivity at RM40.3 per hour.



- Malaysia had begun the road to endemicity as we announced entering the transition to endemic phase on 1 April 2022. This transition is an exit strategy that will allow the population to return to a near-normal life after more than two years of combatting COVID-19. Instead of going back to the way things were before the pandemic, we are at an important junction that can lead to improvement in the structure of the labour market which can subsequently facilitate shift to high value added economy. There's no denying the fact that this is a massive and arduous task that require commitment of the whole labour and economic cycles namely industries, communities and the government. Yet, the effort is in line with the strategic initiatives outlined in the 12th Malaysia Plan which ultimately aspire the country to become an advance high income economy by 2025.

- As we moved into the second quarter of 2022, transitioning into the endemic phase among others involved easing of several more restrictions including reopening of the country's international borders. Furthermore, the permission of special withdrawal by Employees Provident Fund contributors to ease the burden of those who are still impacted by the COVID-19 pandemic is foreseen to give positive impact to the economy resulting in higher demand of goods and services considering the fasting month of Ramadan followed by celebration of Eid also fell in this quarter. As social and economic activities continue to normalise throughout the quarter, it is expected to stimulate the labour market situation in terms of increasing demand by the industry and reducing unemployment. However, the outlook is subjected to the various challenges of global economy including the ongoing geopolitical tension between Russia and Ukraine.



Download full LMR Q1 2022 publication **here.**

The full publication of LMR Q1 2022 is also accessible and downloadable free of charge through the **eStatistik** application in DOSM web page, www.dosm.gov.my.

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