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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

LABOUR MARKET REVIEW, SECOND QUARTER 2020

Introduction

The Labour Market Review (LMR) is a quarterly release by 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 LMR consolidates short term labour market statistics in a narrative which will enable users to gauge a comprehensive view on Malaysia's labour market.

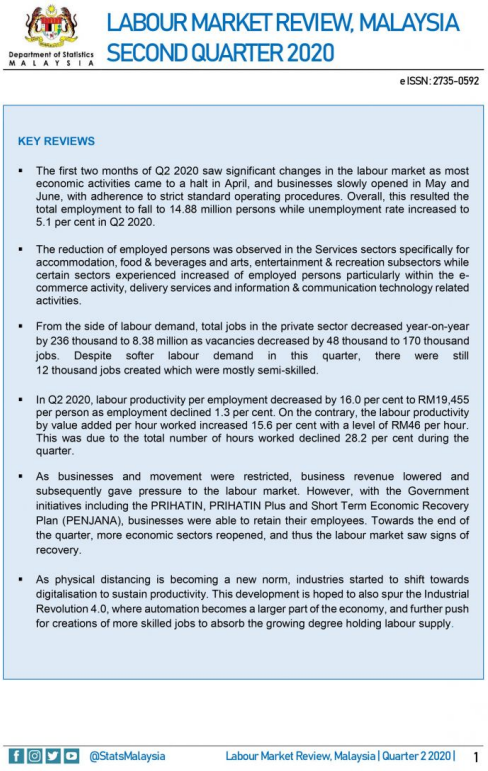
The report is divided into few sections that provide reader the different aspect of labour market information encompassing Labour Supply, Labour Demand and Labour Productivity for the second quarter of 2020. As a special feature, an article is included in the report entitled 'Supplementary Measure of Labour Underutilisation'. This LMR can be used by policy makers, academicians, economists, researchers and other users for studies related to the labour market, as well as can spark interesting discussions among these users.

Key Reviews

- The first two months of Q2 2020 saw significant changes in the labour market as most economic activities came to a halt in April, and businesses slowly opened in May and June, with adherence to strict standard operating procedures. Overall, this resulted the **total employment fall to 14.88 million persons** while **unemployment increased to 5.1 per cent** in Q2 2020.
- The reduction of employed persons was observed in the Services sectors specifically for accommodation, food & beverages and arts, entertainment & recreation subsectors while certain sectors experienced increased of employed persons particularly within the e-commerce activity, delivery services and information & communication technology related activities.
- From the side of labour demand, **total jobs in the private sector decreased year-on-year by 236 thousand to 8.38 million** as vacancies decreased by 48 thousand to 170 thousand jobs. Despite softer labour demand in this quarter, there were still 12 thousand jobs created which were mostly semi-skilled.
- In Q2 2020, **Malaysia's labour productivity per employment decreased by 16.0 per cent** in Q2 2020 to RM19,455 per person as employment declined 1.3 per cent. On the contrary, **the labour productivity by value added per hour worked increased 15.6 per cent with a level of RM46 per hour**. This was due to the total number of hours worked declined 28.2 per cent during the quarter.
- As businesses and movement were restricted, business revenue lowered and subsequently gave pressure to the labour market. However, with the Government initiatives including the PRIHATIN, PRIHATIN Plus and Short Term Economic Recovery Plan (PENJANA), businesses were able to retain

their employees. Towards the end of the quarter, more economic sectors reopened, and thus the labour market saw signs of recovery.

- As physical distancing is becoming a new norm, industries started to shift towards digitalisation to sustain productivity. This development is hoped to also spur the Industrial Revolution 4.0, where automation becomes a larger part of the economy, and further push for creations of more skilled jobs to absorb the growing graduates labour supply.



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- The reduction of employed persons was observed in the Services sectors specifically for accommodation, food & beverages and arts, entertainment & recreation subsectors while certain sectors experienced increased of employed persons particularly within the e-commerce activity, delivery services and information & communication technology related activities.
- From the side of labour demand, total jobs in the private sector decreased year-on-year by 236 thousand to 8.38 million as vacancies decreased by 48 thousand to 170 thousand jobs. Despite softer labour demand in this quarter, there were still 12 thousand jobs created which were mostly semi-skilled.
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- As physical distancing is becoming a new norm, industries started to shift towards digitalisation to sustain productivity. This development is hoped to also spur the Industrial Revolution 4.0, where automation becomes a larger part of the economy, and further push for creations of more skilled jobs to absorb the growing degree holding labour supply.

Full report of Labour Market Review, Second Quarter 2020 is accessible and downloadable in **PDF**.

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