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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

LABOUR PRODUCTIVITY, FOURTH QUARTER 2023

Malaysia's Labour Productivity

Malaysia's economy stood at 3.0 per cent in year-on-year growth rate of value added, reaching to RM410 billion which improved marginally from the previous quarter's 3.3 per cent (Q3 2023: RM398 billion), and marked at 3.7 per cent in overall 2023 performance (2022: 8.7%). The marginal growth in value added resulted in a 2.3 per cent growth in total hours worked, a slower rate compared to the 4.2 per cent in the third quarter of 2023. However, there was a notable improvement in Malaysia's labour productivity measured as value added per hour worked, with a 0.7 per cent increase to RM43.5 per hour (Q3 2023: -0.9%; RM42.2 per hour), despite a decline in average hours worked by negative 0.2 per cent from 1.5 per cent in the previous quarter. In the meantime, **labour productivity per employment growth slowed down after registering 0.5 per cent to RM25,080 per person** (Q3 2023: 0.6%; RM24,470 per person), following a slower economic performance in this quarter. Regardless of this, the total number of employees continued to rise at a rate of 2.5 per cent, totaling 16.3 million persons compared to the 2.7 per cent growth in Q3 2023 (16.3 million persons).

Agriculture

In the Agricultural sector, **labor productivity expressed as value added per hour worked increased by 1.0 per cent** compared to the negative 0.9 per cent in the third quarter of 2023, while a negative 0.8 per cent growth recorded throughout the 2023's performance (2022: -1.2%). The increase in labour productivity per hour worked during this quarter coincided with a rise in value added to 1.9 per cent, totaling to RM25.7 billion compared to the previous quarter (Q3 2023: 0.9%; RM27.9 billion). Despite of this, the total number of hours worked grew at a slower rate of 0.9 per cent to 1,009 million hours (Q3 2023: 1.8%; 1,035 million hours), while the average hours worked increased marginally by 0.1 per cent, reaching 41.9 hours per week (Q3 2023: 1.1%; 42.2 hours per week). Concurrently**, labor productivity in terms of value added per employment increased by 1.1 per cent**, compared to 0.3 per cent in Q3 2023 and smaller positive growth was recorded during this year, which was 0.04 per cent (2022: 0.8%). Simultaneously, total employment also experienced growth at 0.8 per cent, totaling to 1.9 million persons compared to the preceding quarter (Q3 2023: 0.6%; 1.9 million persons). The recorded **value added per hour worked stood at RM25.5 per hour** (Q3 2023: RM27.0 per hour), while the **value added per employment amounted to RM13,871 per person** (Q3 2023: RM14,792 per person).

Mining and Quarrying

In the recent quarter, **the Mining and quarrying sector saw a positive shift in labor productivity, marked by a 1.8 per cent increase in value added per hour worked**, contrasting with the previous quarter's negative 0.4 per cent. Similarly, this year's growth of labour productivity per hour worked showed a smaller negative rate at 0.9 per cent compared to the previous year (2022: -1.2%). The sector also recorded a 3.8 per cent growth in its value added, totaling RM26.3 billion (Q3 2023: -0.1%; RM23.1 billion). Total hours worked increased by 2.0 per cent to 46.6 million hours (Q3 2023: 0.4%; 45.9 million hours), while the growth rate for average hours worked slowed down to 0.7 per cent (47.1 hours per week) compared to 1.7 per cent (47.6 hours per week) in Q3 2023. **Labor productivity per employment expanded by 3.6 per cent** compared to the preceding quarter's negative 0.5 per cent, while posted 0.6 per cent growth during 2023 (2022: 1.4 per cent). The total employment maintained a positive growth of 0.2 per cent, reaching 76.3 million persons, slightly less than the 0.4 per cent growth in Q3 2023 (76.4 million persons). Hence, the **value added per hour worked amounted to RM563.5 per hour** compared to RM503.3 per hour in Q3 2023 and the **value added per employment posted at RM344,483 per person** (Q3 2023: RM302,703 per person).

Manufacturing

Labour productivity per hour worked in the Manufacturing sector experienced a negative growth of 2.8 per cent in Q4 2023, showing an improvement from negative 4.5 per cent in the previous quarter. On the other hand, a larger negative growth of 2.8 per cent was recorded during 2023 following negative 0.1 per cent growth in 2022. This was due to the further dropped in value added growth to negative 0.3 per cent from negative 0.1 per cent in Q3 2023. Despite this decline, the total hours worked continued to show positive growth of 2.6 per cent to reach 1,674 million hours (Q3 2023: 4.6%; 1,669 million hours). However, average hours worked declined to negative 0.4 per cent after three consecutive quarters of positive growth. Compared to the previous quarter, there were five out of eight sub sectors in labour productivity per hour worked showed an increment, namely Vegetable and animal oils & fats and food processing at 2.9 per cent (Q3 2023: -3.5%); Non-metallic mineral products, basic metal and fabricated metal products at 2.7 per cent (Q3 2023: 2.5%); Textiles, wearing apparel and leather products at 1.5 per cent (Q3 2023: 2.8%); Transport equipment, other manufacturing and repair at 1.2 per cent (Q3 2023: -2.0%); and lastly Wood products, furniture, paper products and printing at 0.1 per cent (Q3 2023: -6.4%). Simultaneously, **labour productivity**

by value added per employment further dropped to negative 3.2 per cent compared to the preceding quarter (Q3 2023: -3.1%), with 2023's growth also dropped to negative 2.1 per cent from 4.1 in 2022. However, the total employment sustained at 3.0 per cent after registering 2.8 million persons during this quarter (Q3 2023: 3.0%; 2.8 million persons), with four sub sectors increased in growth of labour productivity per employment. These include Vegetable and animal oils & fats and food processing (Q4 2023: 1.7%; Q3 2023: -2.5%); Transport equipment, other manufacturing and repair (Q4 2023: 1.9%; Q3 2023: -1.0%); Beverages and tobacco products (Q4 2023: 2.1%; Q3 2023: 0.4%); and Non-metallic mineral products, basic metal and fabricated metal products (Q4 2023: 2.2%; Q3 2023: 2.8%). In terms of level, the **value added per hour worked was RM56.9 per hour** (Q3 2023: RM55.3 per hour), meanwhile **the value added per employment was RM33,746 per person** (Q3 2023: RM32,801 per person).

Construction

During this quarter, the Construction sector demonstrated a slower growth in **labour productivity per hour worked after posting 2.6 per cent,** lower than the previous quarter's 5.2 per cent. There was a significant growth from negative 2.0 per cent recorded in 2022 to positive 4.4 per cent in 2023. The value added also increased marginal at 3.6 per cent, amounted to RM14.4 billion (Q3 2023: 7.2%; RM14.6 billion). Additionally, the total hours worked recorded a growth of 0.9 per cent from 2.0 per cent in Q3 2023, with a decline in average hours worked at negative 0.2 per cent to record 45.9 hours per week (Q3 2023: 0.4%; 46.3 hours per week). Meanwhile, the **labour productivity per employment continued its positive momentum with 2.4 per cent growth during Q4 2023** as it was slower than the previous quarter's 5.7 per cent growth. Throughout 2023, there was a 5.0 per cent growth in labour productivity per employment compared to 5.2 per cent in 2022, with marginal increase in total employment at 1.2 per cent compared to the previous quarter's 1.4 per cent. Hence, **value added per hour worked was recorded at RM17.2 per hour** (Q32023: RM17.5 per hour), while **value added per employment was posted at RM10,251 per person** (Q3 2023: RM10,474 per person).

Services

The Services sector displayed an increase of 1.5 per cent in labour productivity measured as value added per hour worked (Q3 2023: 0.1%) which aligned with the positive growth of its value added at 4.2 per cent (Q3 2023: 5.0%). However, there was a slower growth recorded during this year after registering 1.1 per cent growth compared to 3.3 per cent in 2022. In the meantime, the total hours worked posted a marginal increase at 2.6 per cent to 5,854 million hours (Q3 2023: 4.9%; 5,830 million hours), while average hours worked declined by negative 0.2 per cent to 44.5 hours per week from 1.8 per cent (44.8 hours per week) in Q3 2023. In this quarter, there was an expansion in every Services sub sector, except for Finance and insurance which posted a double-digit negative growth at 13.2 per cent (Q3 2023: -4.9%) and Food & beverages and Accommodation at negative 5.3 per cent from negative 5.2 per cent in Q3 2023. At the same time, the **labour productivity per employment for this sector displayed a slower growth of 1.2 per cent compared to 1.9 per cent in the preceding quarter,** which also recorded 1.8 per cent in its annual growth (2022: 6.5%). There was 2.9 per cent growth in total of employment, reaching to 10.2 million persons (Q3 2023: 3.1%; 10.1 million persons). Meanwhile, majority of Services sub sectors showed an increase in labour productivity per employment except for Finance and insurance (Q4 2023: -6.3%; Q3 2023: -2.2%) and Food & beverages and Accommodation (Q4 2023: -4.0%; Q3 2023: -3.2%). In terms of level, **value added per hour worked was posted at RM41.6 per hour** (Q3 2023: RM40.3 per hour) while **value added per employment was RM23,871 per person** (Q3 2023: RM23,339 per person).

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