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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

LABOUR PRODUCTIVITY OF FIRST QUARTER 2020

In the first quarter of 2020, Malaysia's labour productivity, as measured by value added per hour worked rose 2.1 per cent after registering 1.4 per cent in the preceding quarter. The increase in labour productivity for this quarter was due to decline in hours worked larger as against moderation in Malaysia's economy. During this quarter, value added grew marginally by 0.7 per cent (Q4 2019: 3.6%) while hours worked decreased 1.4 per cent as compared to 2.1 per cent in Q4 2019. In the meantime, **employment increased at a slower rate of 1.6 per cent** (Q4 2019: 2.2%). Thus, **labour productivity expressed as the ratio of value added to employment declined 0.8 per cent** (Q4 2019: 1.4%), the lowest growth since first quarter of 2016. In terms of labour productivity level, **value added per hour worked in Q1 2020 was RM40 per hour** (Q4 2019: RM42 per hour) while **value added per employment was RM22,578 per person** (Q4 2019: RM24,263 per person).

Agriculture sector declined further to 7.1 per cent (Q4 2019: -5.8%) for **labour productivity by hours worked**. During this quarter, value added of this sector decreased 8.7 per cent (Q4 2019: -5.7%) while hours worked declined 1.8 per cent from marginal growth of 0.2 per cent. In the meantime, labour productivity measured as **value added per employment dropped 8.9 per cent** (Q4 2019: -6.1%) while employment posted a smaller growth of 0.1 per cent (Q4 2019: 0.5%). In terms of labour productivity level, **value added per hour worked in Q1 2020 for Agriculture sector was RM23 per hour** (Q4 2019: RM25 per hour) while **value added per employment was RM11,948 per person** (Q4 2019: RM13,229 per person).

Labour productivity by hours worked for Mining and Quarrying sector rebounded to 3.8 per cent in Q1 2020 (Q4 2019: -1.1%). The growth of value added in this sector remained subdued at negative 2.0 per cent (Q4 2019: -3.4%) while hours worked declined at a faster rate of 5.6 per cent (Q4 2019: -2.2%). In this quarter, **labour productivity by value added per employment** for this sector **improved by registering a mild decline of 0.4 per cent** (Q4 2019: -4.0%) while employment decreased 1.7 per cent (Q4 2019: 0.7%). In terms of level of labour productivity, **value added per hour worked for this sector in Q1 2020 was RM565 per hour** (Q4 2019: RM614 per hour) while **value added per employment was RM339,032 per person** (Q4 2019: RM379,347 per person).

Manufacturing sector posted a growth of labour productivity in terms of **value added per hour worked at 2.2 per cent** (Q4 2019: 1.2%). Value added of this sector grew at a slower rate of 1.5 per cent (Q4 2019: 3.0%) while hours worked decreased 0.7 per cent (Q4 2019: 1.8%). During this quarter, the highest growth of labour productivity by hours worked in Manufacturing sector was recorded by Electrical, electronic & optical products (4.8%). This was followed by Petroleum, chemical, rubber & plastic products (4.3%) and Wood products, furniture, paper products & printing (2.7%). Employment for Manufacturing sector rose 1.6 per cent (Q4 2019: 2.3%) which led to drop in **value added per employment at 0.2 per cent** (Q4 2019: 0.8%). Level of labour productivity which measured as **value added per hour worked was RM51 per hour** in Q1 2020 (Q4 2019: RM53 per hour) while **value added per employment was RM29,788 per person** (Q4 2019: RM31,580 per person).

Labour productivity by hours worked for Construction sector posted a negative growth of 1.6 per cent in Q1 2020 (Q4 2019: 4.3%). During this quarter, value added of this sector contracted 7.9 per cent (Q4 2019: 1.0%) while hours worked continued its negative growth for eight consecutive quarters at 6.4 per cent (Q4 2019: -3.2%). **Labour productivity by value added per employment for this sector declined 5.3 per cent** (Q4 2019: 3.2%). In addition, employment recorded a negative growth of 2.7 per cent since Q4 2019 (Q4 2019: -2.1%). **Value added per hour worked for Construction sector was RM19 per hour in Q1 2020** (Q4 2019: RM19 per hour) while **value added per employment was RM10,776 per person** (Q4 2019: RM11,102 per person).

The growth of labour productivity, value added per hour worked for Services sector went up by 3.7 per cent (Q4 2019: 2.6%). The value added of this sector expanded 3.1 per cent after registering 6.2 per cent in the preceding quarter while hours worked declined 0.6 per cent (Q4 2019: 3.5%). The highest growth of labour productivity by hours worked in Services sector was recorded by Finance & insurance (6.9%). This was followed by Utilities and Information & communication which posted a growth of 6.1 per cent and 3.2 per cent respectively. Meanwhile, labour productivity expressed as the ratio of **value added to employment grew at a slower rate of 0.5 per cent** (Q4 2019: 2.9%) as employment increased 2.5 per cent (Q4 2019: 3.2%). **Value added per hour worked for this sector was RM38 per hour** in Q1 2020 (Q4 2019: RM41 per hour) while **value added per employment was RM21,656 per person** (Q4 2019: RM23,463 per person).

DEPARTMENT OF STATISTICS MALAYSIA

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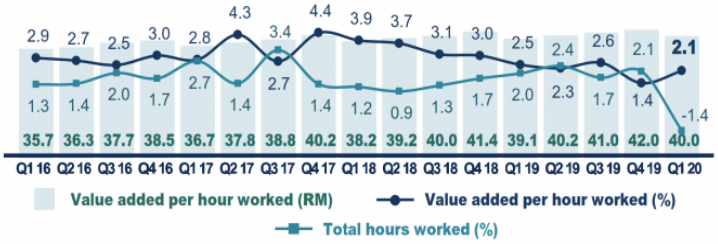
LABOUR PRODUCTIVITY OF FIRST QUARTER 2020

Labour productivity, value added per hour worked

Malaysia's labour productivity **rose 2.1 per cent** as total hours worked declined larger as against moderation in Malaysia's economy.

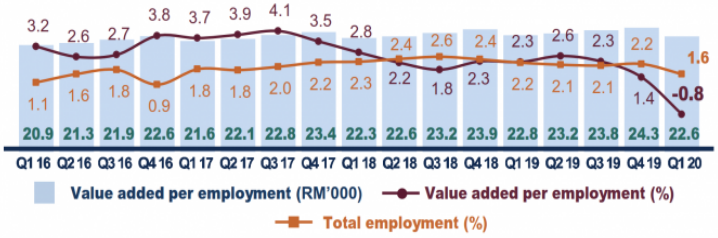


Labour Productivity	**RM40.0**	RM42.0
Growth	**2.1%**	1.4%
Total Hours Worked (million hours)	**8,614**	8,818
Growth	**-1.4%**	2.1%

Q1 2020 Q4 2019

Labour productivity, value added per employment

Labour productivity expressed as the ratio of value added to employment **declined 0.8 per cent** as employment grew 1.6 per cent.



Labour Productivity	**RM22,578**	RM24,263
Growth	**-0.8%**	1.4%
Total Employment ('000 persons)	**15,243**	15,255
Growth	**1.6%**	2.2%

Q1 2020 Q4 2019

Labour productivity by economic activity

Three sectors posted a positive growth of labour productivity per hour worked namely **Mining & Quarrying (3.8%)**, **Services (3.7%)** and **Manufacturing (2.2%)**.

	Agriculture	Mining & Quarrying	Manufacturing	Construction	Services
LP	RM23.0 -7.1%	RM564.6 3.8%	RM50.9 2.2%	RM18.6 -1.6%	RM38.2 3.7%
THW	977 -1.8%	45 -5.6%	1,509 -0.7%	824 -6.4%	5,259 -0..6%

	Agriculture	Mining & Quarrying	Manufacturing	Construction	Services
LP	RM11,948 -8.9%	RM339,032 -0.4%	RM29,788 -0.2%	RM10,776 -5.3%	RM21,656 0.5%
EMP	1,883 0.1%	74 -1.7%	2,576 1.6%	1,424 -2.7%	9,284 2.5%

Note: LP - Labour productivity THW - Total hours worked (million hours) EMP - Total employment ('000 persons) Level | Growth

Note: % refers to the annual percentage change from the same quarter of the previous year

Source: Labour Productivity, First Quarter 2020 Department of Statistics Malaysia

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