



MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

LABOUR PRODUCTIVITY OF SECOND QUARTER 2020

In the second quarter of 2020, Malaysia's labour productivity as measured by value added per hour worked increased 15.6 per cent after registering 2.1 per cent in the preceding quarter. The double digit growth in labour productivity by value added per hour worked in this quarter was due to larger decline in hours worked as compared to sluggish performance in gross value added. During this quarter, Malaysia's Gross Domestic Product contracted 17.1 per cent (Q1 2020: 0.7%) with hours worked decreased further to 28.2 per cent (Q1 2020: -1.4%). **Labour productivity expressed in terms of value added per employment dropped 16.0 per cent** in this quarter from negative 0.8 per cent in Q1 2020 as employment declined 1.3 per cent (Q1 2020: 1.6%). **In terms of labour productivity level, value added per hour worked was RM46 per hour in Q2 2020** (Q1 2020: RM40 per hour) while **value added per employment was RM19,455 per person** (Q1 2020: RM22,577 per person).

Labour productivity by hours worked for Agriculture sector went up to 16.1 per cent in Q2 2020 as compared negative 7.1 per cent in Q1 2020. The growth of value added during this quarter was 1.0 per cent (Q1 2020: -8.7%) while hours worked decreased 13.0 per cent (Q1 2020: -1.8%). In this quarter, labour productivity by **value added per employment increased 1.5 per cent** (Q1 2020: -8.9%) while employment with a smaller decline of 0.5 per cent (Q1 2020: 0.1%). **Value added per hour worked for Agriculture sector was RM29 per hour in Q2 2020** (Q1 2020: RM23 per hour) while **value added per employment was RM13,243 per person** (Q1 2020: RM11,948 per person).

Mining and Quarrying sector recorded a growth of 6.9 per cent (Q1 2020: 3.8%) of labour productivity by hours worked. The value added for this sector declined further to negative 20.0 per cent (Q1 2020: -2.0%) while hours worked dropped at a faster rate of negative 25.1 per cent (Q1 2020: -5.6%). **Measuring labour productivity by value added per employment for this sector, decreased 17.1 per cent** (Q1 2020: -0.4%) as employment dropped 3.5 per cent (Q1 2020: -1.7%). **Value added per hour worked in Q2 2020 for Mining and Quarrying sector was RM602 per hour** (Q1 2020: RM565 per hour) while **value added per employment was RM280,302 per person** (Q1 2020: RM339,032 per person).

The growth of labour productivity, value added per hour worked for Manufacturing sector stepped up 15.2 per cent (Q1 2020: 2.2%). The value added of this sector plunged 18.3 per cent after registering 1.5 per cent in the preceding quarter while hours worked dropped 29.1 per cent (Q1 2020: -0.7%). The highest growth of labour productivity by hours worked in Manufacturing sector was recorded by Vegetable and animal oils & fats and food processing (36.1%). This was followed by Transport equipment, other manufacturing & repair and Electrical, electronic & optical products which posted a growth of 35.7 per cent and 35.2 per cent respectively. Meanwhile, **labour productivity expressed as the ratio of value added to employment fell 17.3 per cent** (Q1 2020: -0.2%) as employment declined 1.3 per cent (Q1 2020: 1.6%). **Level of labour productivity which measured as value added per hour worked was RM60 per hour in Q2 2020** (Q1 2020: RM51 per hour) while **value added per employment was RM25,739 per person** (Q1 2020: RM29,788 per person).

Labour productivity by hours worked for Construction sector declined 3.2 per cent in Q2 2020 (Q1 2020: -1.6%). The growth of value added in this sector plummeted 44.5 per cent (Q1 2020: -7.9%) while hours worked decreased further to 42.7 per cent (Q1 2020: -6.4%). In the meantime, **labour productivity measured as value added per employment dropped 40.8 per cent** from negative 5.3 per cent in the preceding quarter. In addition, employment recorded a negative growth for seven consecutive quarters with a rate of negative 6.3 per cent (Q1 2020: -2.7%). **Value added per hour worked for this sector was RM18 per hour** (Q1 2020: RM19 per hour) while **value added per employment was RM6,536 per person** (Q1 2020: RM10,776 per person).

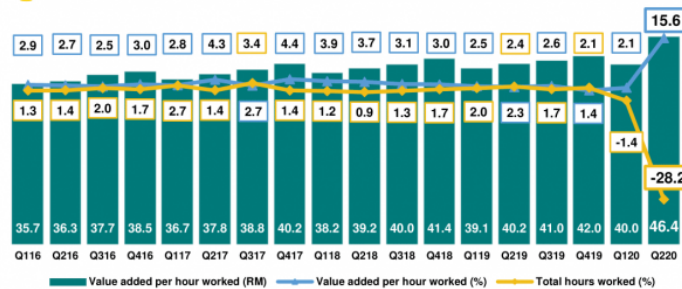
Services sector posted a growth of labour productivity in terms of value added per hour worked at 17.2 per cent (Q1 2020: 3.7%). Value added of this sector shrank 16.2 per cent (Q1 2020: 3.1%) while hours worked dropped 28.5 per cent (Q1 2020: -0.6%). During this quarter, the highest growth of labour productivity by hours worked in Services sector was recorded by Information & communication (51.5%). This was followed by Utilities (22.2%) and Finance & insurance (21.8%). **Measuring labour productivity per employment for this sector, decreased 15.6 per cent** (Q1 2020: 0.5%) while employment declined 0.6 per cent (Q1 2020: 2.5%). In terms of labour productivity level, **value added per hour worked for this sector in Q2 2020 was RM44 per hour** (Q1 2020: RM38 per hour) while **value added per employment was RM18,427 per person** (Q1 2020: RM21,655 per person).



LABOUR PRODUCTIVITY OF SECOND QUARTER 2020



LABOUR PRODUCTIVITY, VALUE ADDED PER HOUR WORKED



Malaysia's labour productivity **increased 15.6%** as total hours worked dropped larger than contraction in Malaysia's economy

Labour Productivity

RM46.4 | RM40.0

Growth

15.6% | 2.1%

Total Hours Worked (million hours)

6,241 | 8,614

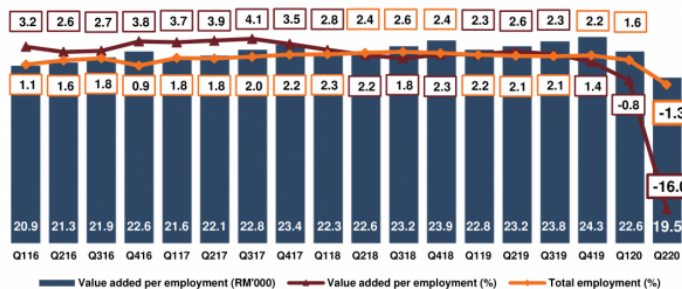
Growth

-28.2% | -1.4%

Q2 2020 | Q1 2020



LABOUR PRODUCTIVITY, VALUE ADDED PER EMPLOYMENT



Labour productivity expressed as the ratio of value added to employment **shrank 16.0%** while employment declined 1.3%

Labour Productivity

RM19,455 | RM22,577

Growth

-16.0% | -0.8%

Total Employment ('000 persons)

14,884 | 15,243

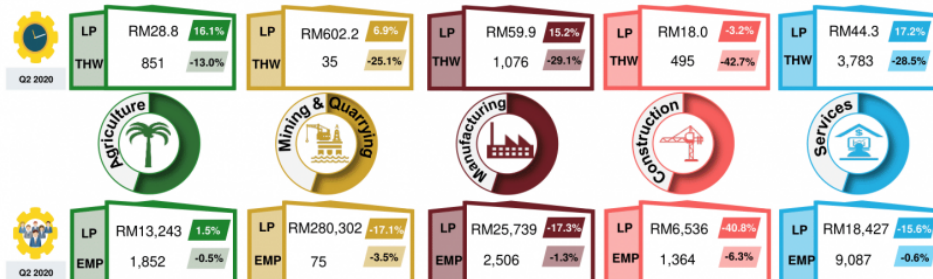
Growth

-1.3% | 1.6%

Q2 2020 | Q1 2020

LABOUR PRODUCTIVITY BY ECONOMIC ACTIVITY

Most of economic sectors posted **decline** of labour productivity per employment while labour productivity per hour worked **increased**



Note: LP – Labour productivity THW – Total hours worked (million hours) EMP – Total employment ('000 persons)

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

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

Released By:

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