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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

MONTHLY PRINCIPAL STATISTICS OF LABOUR FORCE, MALAYSIA, JANUARY 2016

Labour Market in Malaysia, January 2016

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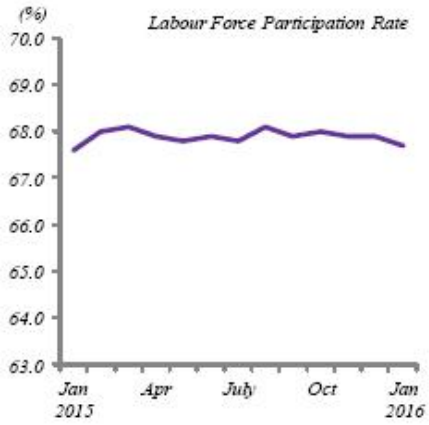
March 2016

Indicator		Previous Month			Same month of the previous year	
	January 2016	December[r] 2015	Change %		January[r] 2015	Change (%)
Labour force ('000)	14,652.0	14,690.0	-0.3		14,442.0	1.5
Employed ('000)	14,150.5	14,185.7	-0.2		13,991.8	1.1
Unemployed ('000)	501.5	504.3	-0.6		450.3	11.4
Outside labour force ('000)	6,984.2	6,945.3	0.6		6,923.7	0.9
Labour force participation rate (LFPR) (%)	67.7	67.9	-0.2		67.6	0.1
Unemployment rate (%)	3.4	3.4	-		3.1	0.3
Seasonally adjusted						
Unemployment rate (%)	3.2	-	-		-	-

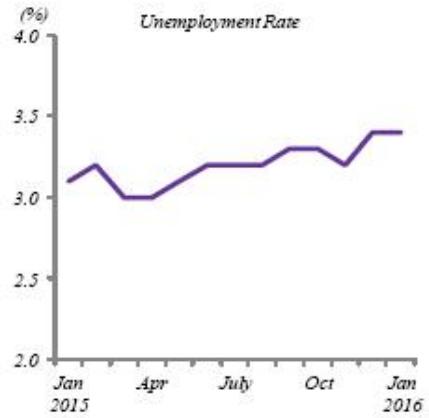
[r] Updated

Starting January 2016 Monthly Release, the labour force statistics are estimated based on the latest current population estimates. Therefore the monthly statistics labour force time series is updated.



Labour force participation rate was 67.7%

The labour force participation rate increased 0.1 percentage points to 67.7 per cent in January 2016 compared to the previous year.
Month-on-month comparison showed that the labour force participation rate decreased 0.2 percentage points compared to 67.9 per cent in December 2015.



Unemployment rate was 3.4%

The unemployment rate remained unchanged at 3.4 per cent in January 2016 and December 2015. Year-on-year comparison showed that the unemployment rate rose by 0.3 percentage points. Meanwhile the seasonally adjusted unemployment rate was 3.2 per cent.

TECHNICAL NOTES

This information derived from the **Labour Force Survey (LFS)** which was conducted to collect information on the structure and distribution of labour force, employment and unemployment.

Concepts and definitions used in LFS are based from the standard guidelines of International Labour Organizations (ILO) through "Manual on Concepts and Methods: Surveys of Economically Active Population, Employment, Unemployment and Underemployment" which is also used by other country.

LFS covers both urban and rural areas of all states in Malaysia through personal interview method.
The survey population is defined to cover persons who live in private living quarters and hence excludes persons residing in institutions such as hotels, hostels, hospitals, prisons, boarding houses and construction work site.

The survey comprises of the economically active and inactive population. To measure the economically active population, the LFS uses the age limit of 15 to 64 years. The economically active population comprises of those employed and unemployed whereas those who are inactive is classified as outside the labour force.

LFS uses the actual status approach, where a person is classified on the basis of his labour force activity during the reference week.

- **Labour force** refers to those who, during the reference week are in the 15 to 64 years (in completed years at last birthday) and who are either employed or unemployed.
- **Employed** refers to all persons who, at any time during the reference week worked at least one hour for pay, profit or family gain (as an employer, employee, own-account worker or unpaid family worker). Also considered as employed are persons who did not work during the reference week because of illness, injury, bad weather, leave, labour dispute and social or religious reasons but had a job, farm, enterprise or other family enterprise to return to. Also included are those on temporary lay-off with pay who would definitely be called back to work.
- **Unemployed**

  Unemployed refers to those who do not have a job but are interested to work. There are two groups of unemployed that is the actively unemployed and inactively unemployed.
- The economic activity of a population depends on the demographic characteristics of that population. The proportion of economically active population, therefore, differs between sub-groups of that population. These variations are measured by specific activity rates termed as labour force participation rate. **Labour force participation rate** is defined as the ratio of the labour force to the working age population (15 to 64 years), expressed as percentage.
- **Unemployment rate** is the proportion of unemployed population to the total population in labour force. This rate measures the percentage of unemployed population in the labour force.

Seasonally adjusted

Malaysian economic time series data are affected by major religious festivals such as the Eid-ul Fitr, the Chinese New Year and the Deepavali. The major festivals in this country are usually related to the religious activities and such as, the dates are determined by the respective religious calendar. The dates of these holidays are not in line with the Gregorian calendar. Hence, they tend to move along the Gregorian

calendar and has strong seasonal influence on many economic time series data.

Since these non-fixed holidays have large impact on the time series data, they need to be taken into account when performing seasonal adjustment process so as to avoid confusion in seasonally adjusted data and trend estimates. Furthermore, the presence of the non-fixed holidays effects may complicate the interpretation of the data.

Seasonal adjustment is a process of removing the estimated effects of normal seasonal variation from the original series so that the effects of other influences on the series may be more clearly recognized.

Seasonal adjustment can be derived by various methods and the results may vary according to the procedure adopted. The approach used for seasonal adjustment in Malaysia is the **Seasonal Adjustment for Malaysia (SEAM).**

SEAM is a procedure to remove moving holiday effect on the selected Malaysian economic time series data by introducing steps that can be used to overcome the limitations of the existing seasonal adjustment procedure. To apply the SEAM procedure, the X-ARIMA program in Statistical Analysis Software (SAS) is used.

This seasonal adjusted rate will be revised when a complete 12 months time series for the particular year are obtained.

Population benchmarks

Revised of Principal Statistics of Labour Force based on Malaysia current population estimates.

Starting with the monthly release of the Principal Statistics of Labour Force, Malaysia, January 2016, the monthly principal statistics of labour is estimated based on the current population estimates of Malaysia as compared to the previous series which was population projections based on the Population and Housing Census of Malaysia, 2010. The rebase of labour force statistics using the current population estimates of Malaysia is to obtain statistics that is more consistent with current estimate of the population of Malaysia.

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