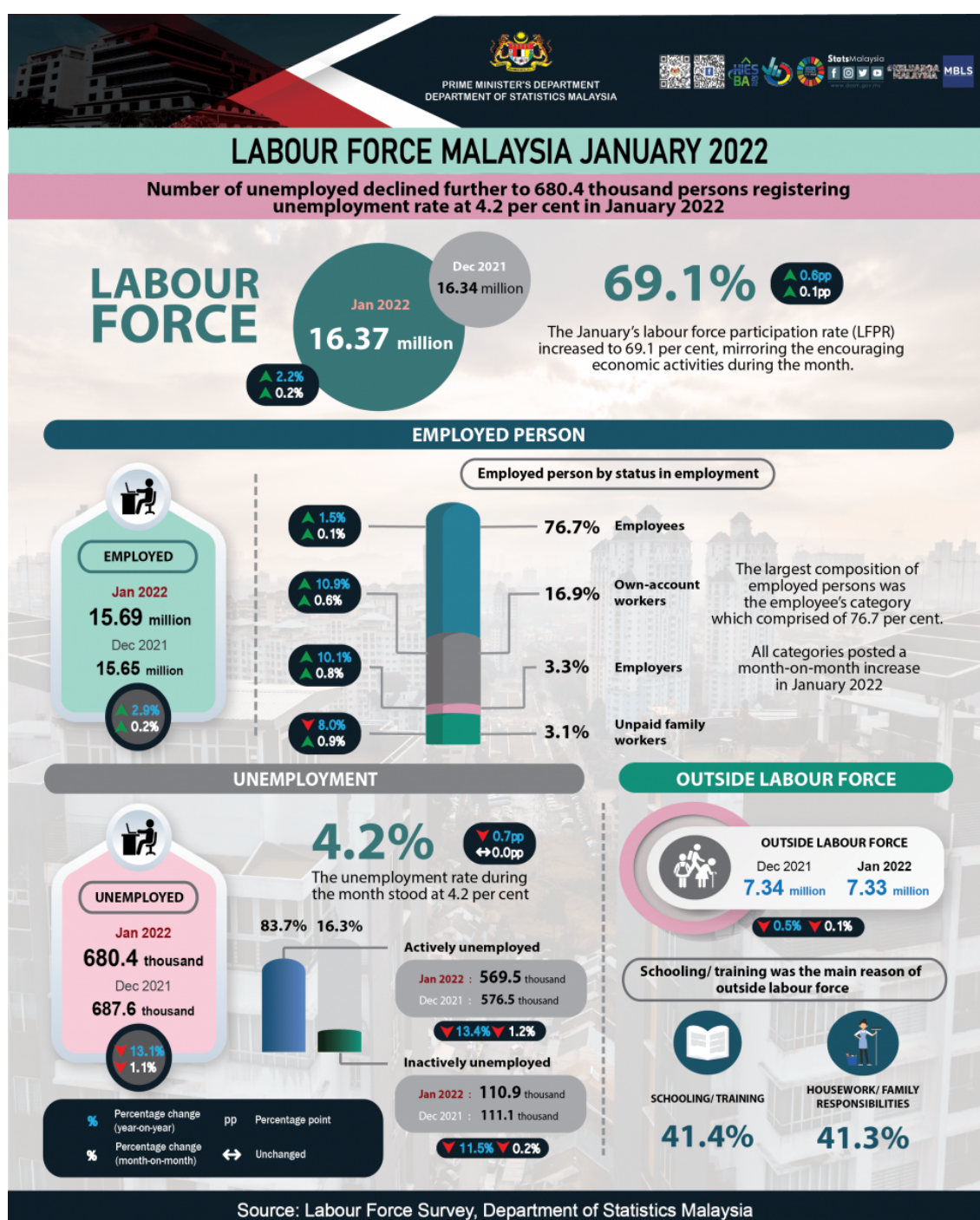




MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

KEY STATISTICS OF LABOUR FORCE IN MALAYSIA, JANUARY 2022





What is Labour Force Survey (LFS)?

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

LFS encompasses both urban and rural areas for all administrative districts within of all states in Malaysia using the actual status approach through the personal interview, Computer Assisted Telephone Interview (CATI) and telephone interview method.

The LFS are conducted based on the standard guidelines and recommendations of the International Labour Organizations (ILO).

The survey population comprises persons who live in the private living quarters, hence excludes persons residing in institutions such as hotels, hospitals, hostels, prisons, and workers residing in construction worksite.

The working age for the analysis of LFS in Malaysia refers to household members between the age of 15 to 64 years during the reference week, who are either in the labour force or outside the labour force.



LABOUR FORCE

- The population in the working age group of 15 to 64 years (in completed years at last birthday).
- Either employed or unemployed in the reference week.



OUTSIDE LABOUR FORCE

- All persons not classified as employed or unemployed.
- Example: housewives, students, retirees, disabled persons and those not interested in looking for a job.



EMPLOYED

- 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).
- 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.
- Those on temporary lay-off with pay who would definitely be called back to work.



UNEMPLOYED

- Those who did not work during the reference week but are interested to work and seeking for a job.
- Classified into two groups which are actively and inactively unemployed.



UNEMPLOYMENT RATE

- The proportion of the unemployed population to the total population in labour force.
- Percentage of the unemployed population in the labour force.



LABOUR FORCE PARTICIPATION RATE

- The economic activity of a population depends on the demographic characteristics of that population.
- The proportion of the economically active population, hence 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 a percentage.

KEY REVIEWS

- During the month, the positive month-on-month growth of employed persons continued in January 2022 with 0.2 per cent (+37.5 thousand persons) to record 15.69 million persons (December 2021: 15.65 million persons). The employment-to-population ratio which indicates the ability of an economy to create employment rose by 0.1 percentage point to 66.2 per cent in January 2022 as compared to 66.1 per cent in the previous month.
- By economic sector, the number of employed persons in Services persistently recorded a month-on-month increase particularly in Food & beverages services, Wholesale & retail trade; and Information & communication activities. Similar trend was observed in Manufacturing and Construction sectors with the number of employment remained increasing. On the contrary, the employment in Agriculture and Mining & quarrying sectors was on a declining trend for the past eighteenth months.
- The largest composition of employed persons was the employees category encompassed 76.7 per cent, posted a month-on-month increase of 0.1 per cent or 13.0 thousand persons month-on-month to 12.03 million persons (December 2021: 12.02 million persons). Likewise, the own-account workers category continued to increase by registering 2.66 million persons (+0.6% or +16.0 thousand persons) in January 2022 (December 2021: 2.64 million persons).
- The number of unemployed persons declined further in January 2022 to record 680.4 thousand persons, lowered by 1.1 per cent (-7.3 thousand persons) as against December 2021 (687.6 thousand persons). The unemployment rate during the month stood at 4.2 per cent.
- The number of labour force in January 2022 remained positive with an addition of 30.2 thousand persons or 0.2 per cent month-on-month to register 16.37 million persons (December 2021: 16.34 million persons). Therefore, the January's labour force participation rate (LFPR) increased to 69.1 per cent (December 2021: 69.0%).
- The number of outside labour force in January 2022 reduced further to 7.33 million persons with a lessening of 5.6 thousand persons or 0.1 per cent (December 2021: 7.34 million persons). Schooling/ training was the main reason of outside labour force with a share of 41.4 per cent, followed by housework/ family responsibilities category (41.3%).
- A healthier economic outlook is anticipated in the months ahead reflecting by the Leading Index which continuously above 100.0 points and rising in December 2021. This positive outlook will lead to the increase in the business' activities, thus creating more labour demand in the economy. With more job opportunities created, will encourage more labour participation, hence fostering the labour market to be more vibrant in the forthcoming months.

LABOUR FORCE SITUATION CONTINUED TO IMPROVE IN JANUARY 2022 LED BY THE RISE IN EMPLOYMENT WHILE UNEMPLOYED PERSONS TRENDED DOWN

An encouraging economic activity was observed in January 2022 since all states being in Phase 4 of the National Recovery Plan (NRP) including Kelantan and Sarawak which took effect from 3 January 2022. This situation has allowed businesses to continue operating at full capacity with longer business hours. During the month, the vaccination rate of Malaysian population has increased plus majority of the population has received the booster dose. As of 30 January 2022, 50.8 per cent of the adults has received the COVID-19 booster dose while 97.9 per cent of the adults has completed two-dose of the vaccination. Therefore, it gave confidents to the country to open the economy persistently.

Unlike in January last year, the labour market was in a challenging situation as most of the states were in the Movement Control Order (MCO) phase following the rising number of the COVID-19 new cases. During this period, only five essential economic sectors were allowed to operate while inter-state and inter district travel were restricted.

Hence, labour force situation continued to improve in January 2022 as against December 2021, led by the continuous rise in employment while unemployed persons trended down. Similar trend was also observed on the year-on-year comparison with a significant increase in the labour force. Meanwhile, the Leading Index (LI) continuously above 100.0 points and rising in December 2021 indicates a more sanguine momentum on the economic outlook in the months ahead (November 2021: 111.3 points) despite the surge in COVID-19 cases. However, the monthly external trade indicators, both export and import posted a decline of 10.6 per cent (December 2021: 10.4%) and 0.6 per cent (December 2021: -0.4%) respectively.

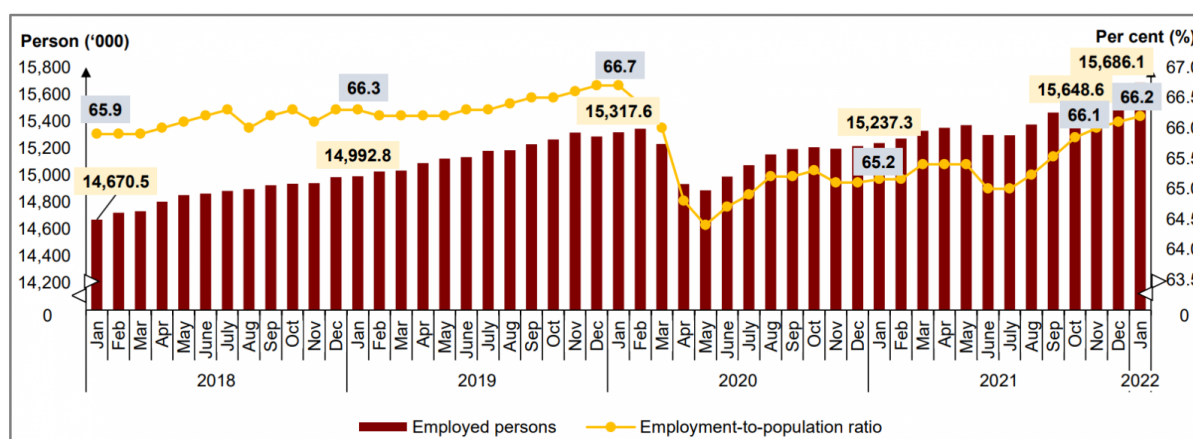
The positive month-on-month growth of employed persons continued in January 2022

During the month, the positive month-on-month growth of employed persons continued in January 2022 with 0.2 per cent (+37.5 thousand persons) to record 15.69 million persons (December 2021: 15.65 million persons). In the meantime, the number of employed persons remained on an increasing trend year-on-year by registering 2.9 per cent or 448.8 thousand persons (January 2021: 15.24 million persons).

By economic sector, the number of employed persons in Services persistently recorded a month-on-month increase particularly in Food & beverages services, Wholesale & retail trade; and Information & communication activities. Similar trend was observed in Manufacturing and Construction sectors with the number of employment remained increasing. On the contrary, the employment in Agriculture and Mining & quarrying sectors was on a declining trend for the past eighteenth months.

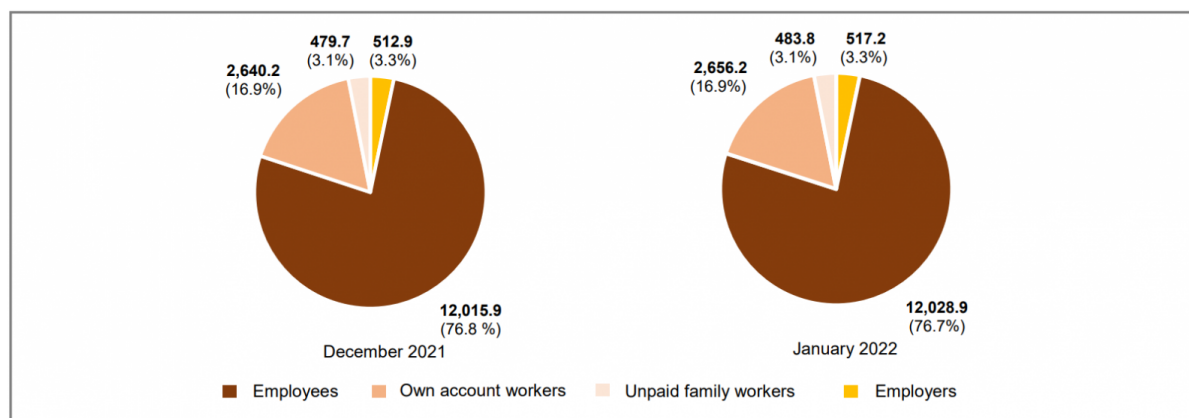
The employment-to-population ratio which indicates the ability of an economy to create employment rose by 0.1 percentage point to 66.2 per cent in January 2022 as compared to 66.1 per cent in the previous month. Likewise, on year-on-year basis, the ratio grew by 1.0 percentage points from 65.2 per cent in January 2021. [Chart 1]

Chart 1: Employed persons and employment-to-population ratio, January 2018 - January 2022



The largest composition of employed persons was the employees category encompassed of 76.7 per cent, posted a month-on-month increase of 0.1 per cent or 13.0 thousand persons to 12.03 million persons (December 2021: 12.02 million persons). Likewise, the own-account workers category continued to increase by registering 2.66 million persons (+0.6% or +16.0 thousand persons) in January 2022 (December 2021: 2.64 million persons). This category consists mostly of daily income earners working as small business operators such as retailers; hawkers; sellers in markets and stalls; as well as smallholders. [Chart 2]

Chart 2: Employed person by status in employment, December 2021 and January 2022



The number of employed persons who were temporarily not working recorded a decrease in January 2022

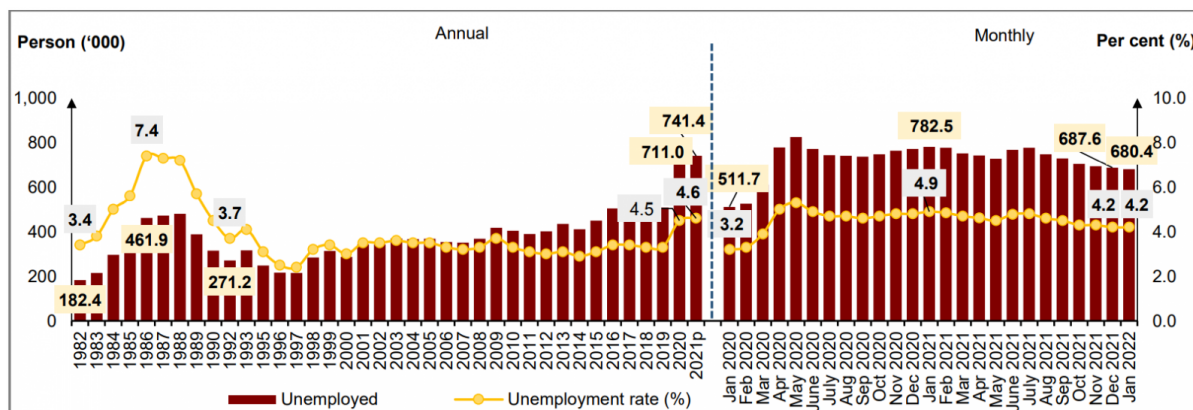
by 33.2 thousand persons (-26.2%) to record 93.5 thousand persons as compared to December 2021 (126.7 thousand persons). This reflecting the continuous operation of all businesses and social activities during the month. Similarly, as compared to January last year, this category continued to decline by 65.4 thousand persons (January 2021: 158.9 thousand persons). This group of persons, who were most likely not able to work was not categorised as unemployed as they had work to return to.

Unemployment rate in January 2022 stood at 4.2 per cent

The number of unemployed persons declined further in January 2022 to record 680.4 thousand persons, lowered by 1.1 per cent (-7.3 thousand persons) as against December 2021 (687.6 thousand persons). The unemployment rate during the month stood at 4.2 per cent.

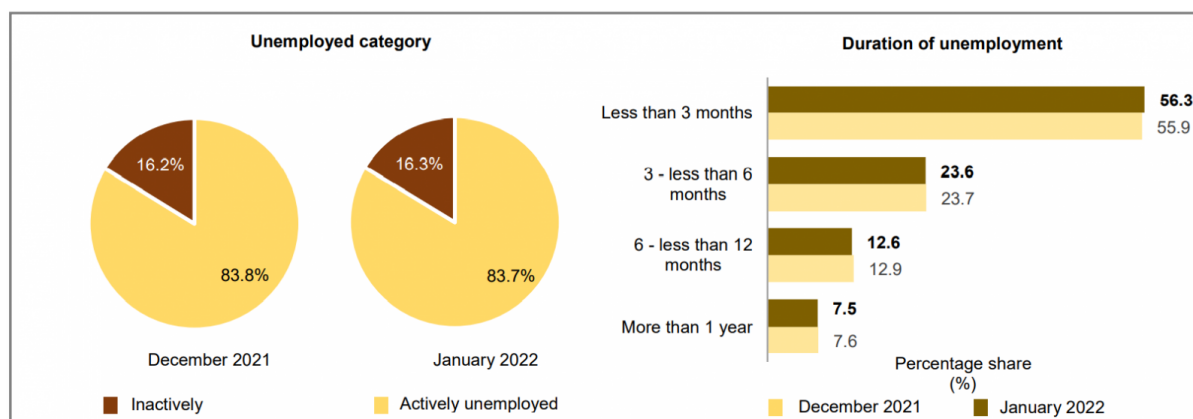
As compared to the same month of the previous year, the number of unemployed persons posted a decrease of 13.1 per cent or equivalent to 102.2 thousand persons (January 2021: 782.5 thousand persons), subsequently the unemployment rate slumped by 0.7 percentage points (January 2021: 4.9%). A significant year-on-year decrease was due the implementation of the MCO in Peninsular Malaysia during January last year. [Chart 3]

Chart 3: Unemployed persons and unemployment rate, 1982 - 2021p and January 2020 - January 2022



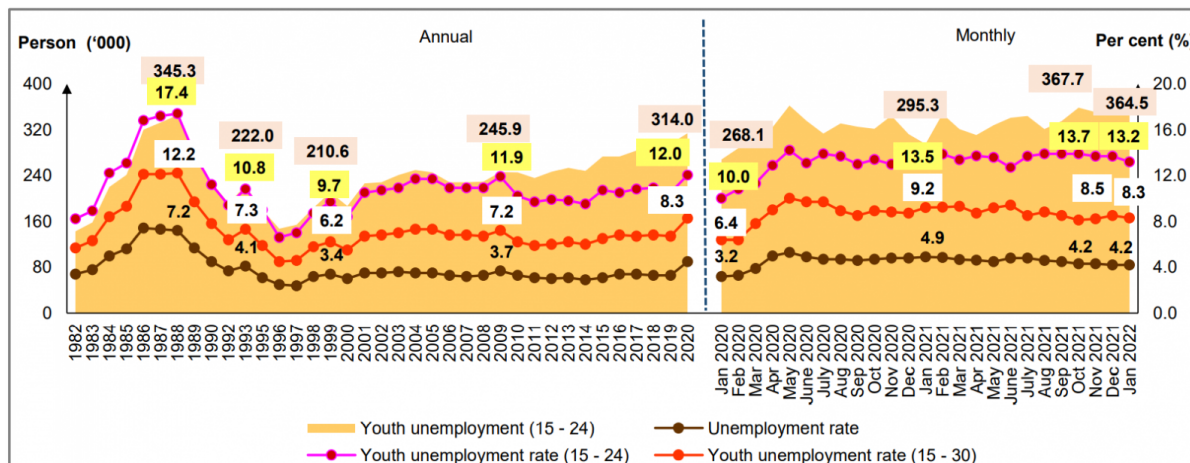
By looking at the category of unemployment, 83.7 per cent of the total unemployed persons were those who were available for work and were actively seeking jobs or the actively unemployed, registering a decline of 1.2 per cent (-7.0 thousand persons) to 569.5 thousand persons (December 2021: 576.5 thousand persons). Subsequently, 56.3 per cent were the unemployed persons for less than three months while 7.5 per cent was those who were in long-term unemployment of more than a year. As for the inactively unemployed or those who believed that there were no jobs available reduced by 0.2 per cent or equivalent to 0.2 thousand persons to record 110.9 thousand persons (December 2021: 111.1 thousand persons). [Chart 4]

Chart 4: Unemployed category and duration of unemployment, December 2021 and January 2022



The youth unemployment rate for aged 15 to 24 years declined by 0.5 percentage points to record 13.2 per cent in January 2022. The number of unemployed youths for this age group decreased by 3.3 thousand persons (-0.9%) to 364.5 thousand persons (December 2021: 367.7 thousand persons). Similar trend was observed in the unemployment rate for aged 15 to 30 years which reduced to 8.3 per cent, registering 521.8 thousand of unemployed persons (December 2021: 8.5%; 533.8 thousand persons). [Chart 5]

Chart 5: Unemployment rate by selected age groups, 1982 - 2020 and January 2020 - January 2022

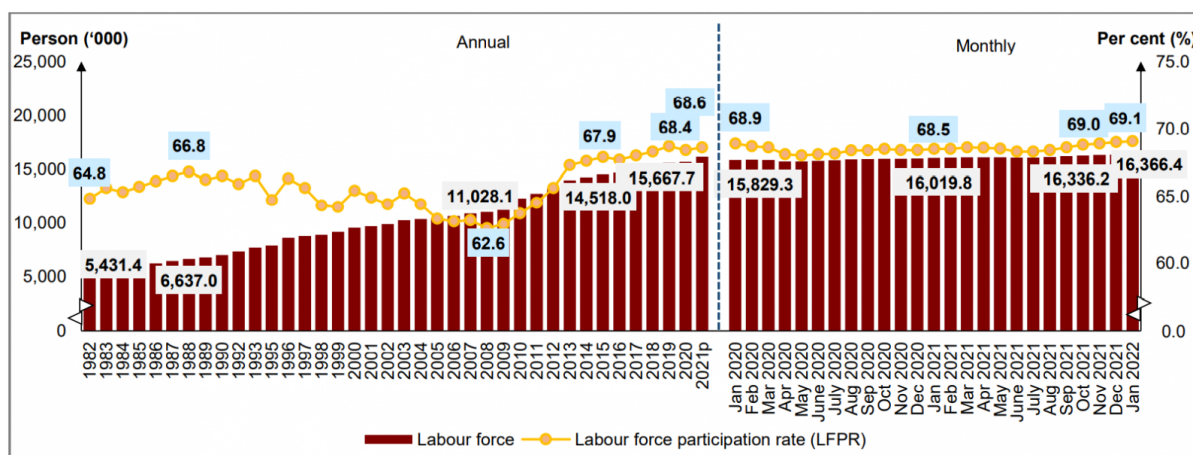


January's LFPR increased to 69.1 per cent

The number of labour force in January 2022 remained positive with an addition of 30.2 thousand persons or 0.2 per cent month-on-month to register 16.37 million persons (December 2021: 16.34 million persons). Therefore, the January's labour force participation rate (LFPR) increased to 69.1 per cent (December 2021: 69.0%).

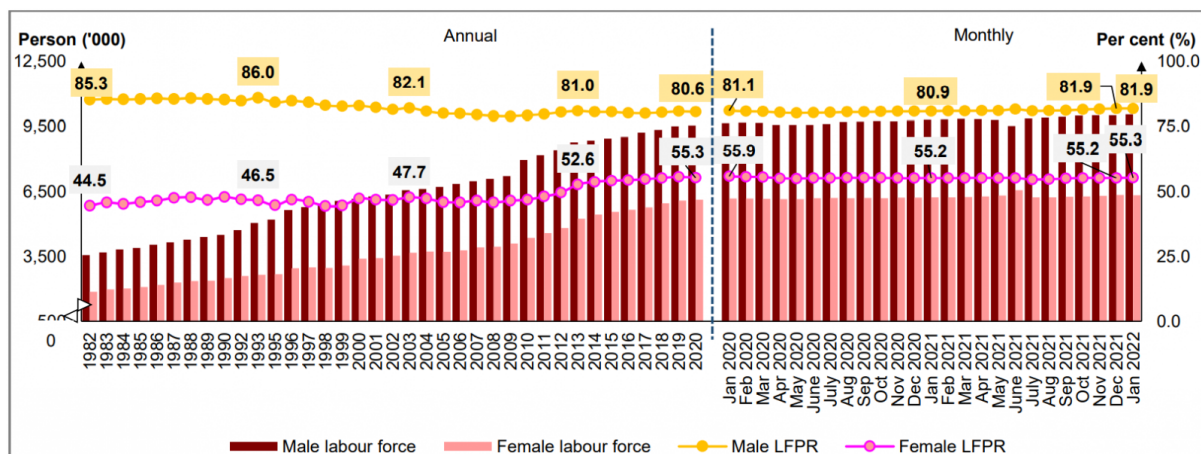
Correspondingly, the number of labour force rose by 346.6 thousand persons (2.2%) as compared to 16.02 million persons during the same month of the preceding year. Accordingly, the LFPR increased by 0.6 percentage points (January 2021: 68.5 %). [Chart 6]

Chart 6: Labour force and LFPR, 1982 - 2021p and January 2020 - January 2022



During the month, the number of male labour force increased to 10.05 million persons (December 2021: 10.01 million persons) whereas the female labour force decreased to 6.31 million persons (December 2021: 6.33 million persons). In terms of the LFPR, male LFPR was unchanged at 81.9 per cent while female LFPR rose to 55.3 per cent. As for the year-on-year comparison, both male and female LFPR grew by 1.0 percentage points (January 2021: 80.9%) and 0.1 percentage point (January 2021: 55.2%) respectively. [Chart 7]

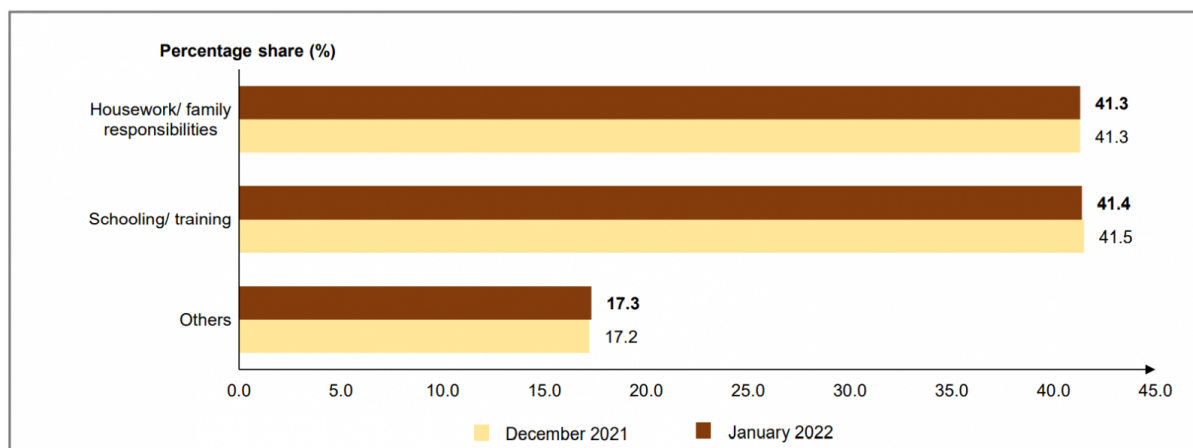
Chart 7: Labour force and LFPR by sex, 1982 - 2020 and January 2020 - January 2022



Schooling/ training was the main reason of outside labour force

The number of outside labour force in January 2022 reduced further to 7.33 million persons with a lessening of 5.6 thousand persons or 0.1 per cent (December 2021: 7.34 million persons). Likewise, year-on-year, the number of outside labour force declined by 34.1 thousand persons (0.5%) as compared to the January 2021 (7.37 million persons). Schooling/ training was the main reason of outside labour force with a share of 41.4 per cent, followed by housework/ family responsibilities category (41.3%). [Chart 8]

Chart 8: Share of outside labour force by reasons for not seeking work, December 2021 and January 2022



GOVERNMENT'S INITIATIVES

Under the PRIHATIN Packages, the Wage Subsidy Programme (PSU) is a financial aid paid to employers of each enterprise to ensure employees are able to retain their jobs. As of 11 February 2022, a total of 322,177 employers and 2.64 million registered employees were benefiting through PSU 1.0 with an approved wage subsidy has achieved RM12.96 billion. In line with this, under the Kita PRIHATIN Packages through PSU 2.0, a total of RM1.41 billion has been channelled to 81,119 employers to continue operating and maintaining a total of 717,854 employees. Furthermore, under the 2021 Budget via PSU 3.0, RM3.7 billion was channelled to 162,071 employers to retain 1.52 million employees. Next, through PSU 4.0 under the PEMULIH Packages, RM2.28 billion has been channelled to 147,788 employers and 1.76 million employees. Meanwhile, a total of RM17.44 million was channelled to 1,744 employers to maintain a total of 29,065 employees through PSU 5.0.

Moreover, under Budget 2022, Malaysia Short-Term Employment Programme (MySTEP) offered 80,000 contract jobs comprising 50,000 jobs in the public sector and 30,000 jobs in the Government-linked company (GLCs) and strategic partners starting from January 2022. As of 23 February 2022, a total of 1,044 participants have been successfully placed in the public sector and GLCs. Besides, the Government through JaminKerja's Employment initiative under SOCSO has allocated RM2.0 billion for recruitment among Malaysian citizens for year 2022. In addition, the Government will continue the Reskilling and Upskilling Programme through various ministries and government agencies with an allocation of RM1.1 billion by targeting a total of 220 thousand job opportunities for 2022. On top of that, under the Career Advancement Programme (KPT-CAP) as one of the efforts to address the issue of unemployed graduates, it has assisted a total of 19,266 unemployed graduates to obtained jobs through this programme.

In line with this, the Government will continue the KPT-CAP initiative with the aim of offering 20,000 job opportunities to graduates by 2022. Furthermore, through MyDigitalWorkforce in Tech (MYWiT), out of 2,381 applicants, a total of 313 participants under this programme were successfully positioned in the technology and digital services jobs as of 11 February 2022. This initiative was introduced by the government in collaboration with Malaysia Digital Economy Corporation (MDEC) to improve the skills and capabilities of Malaysian workers by encouraging companies to hire local workers for technology and digital services jobs through salary incentives and training course subsidies.

To empower the businesses, the Relief and Residual Facility (TRRF) was a loan facility to assist Small and Medium Enterprises (SMEs) which was affected in the services sector with an allocation of RM8.0 billion. Additionally, the allocation of Agrofood Facilities (AF) provided by Bank Negara Malaysia (BNM) which aimed to drive the modernization of the Agricultural sector in an effort to increase food security and security as well as generate higher income and attract more younger agropreneurs was increased by RM500 million totalling RM2 billion of the allocation. Subsequently, the Majlis Amanah Rakyat (MARA) has introduced a Professional Entrepreneur Development programme (ProSPEC) to provide professionals with opportunities to venture into entrepreneurship and understand the intricacies of businesses based on the expertise. The financing scheme provides up to RM500 thousand financing limits for revolving capital, machine purchase, equipment, or modification of business premises. In addition, the Government through the Informal and Micro Financing Scheme (SPIM) offers financing up to RM10,000 at a percentage of zero profit as well as a 12-month moratorium to increase financing access to the business sector, especially Micro SMEs operators and informal sectors. In the meantime, the Government has also allocated a funding fund of RM230 million through the Women's Special Business Financing Scheme (DanaNITA) programme in MARA and TEKUNITA via Tekun Nasional to assist women entrepreneurs who were affected by the COVID-19 as well as to increase their business capacity.

Meanwhile, as of 11 February 2022, a total of 26,379 SMEs was benefitted with a value of RM12.59 billion through the SMEs Soft Loan Funds by BNM which comprised of Special Relief Facility (SRF); Automation & Digitalisation Facility (ADF); All-Economic Sector Facility (AES); and AF funds. In addition, a total of RM91.8

million was channelled to 13,891 businesses to support and encourage SMEs and Technical and Digital Mid-tier Companies (MTCs) to digitalise their operations and trade channels in the form of grants and loans for digitalisation services subscriptions. Moreover, as of 18 February 2022, a value of RM2.06 billion of total guarantees had been approved to 58 companies over the 89 companies applying for the guarantees, under the Danajamin Prihatin Guarantee Scheme (DPGS), which focused on the viable businesses in all sectors facing difficulties due to the COVID-19. In the meantime, a total of RM21.72 million was channelled to aid 902 Micro SMEs through the Indian Community Entrepreneur Development Scheme (SPUMI), which is a strategic initiative under TEKUN designed to assist the Indian community in improving their economy through engagement in business and entrepreneurship. Also, under the Agrobank Microcredit Financing Scheme to support in the Agriculture and Food Industries, a total of 19,381 Agricultural Micro SMEs has been assisted which involving a total of RM241.17 million funds. As for the PENJANA Tourism Financing, there were 378 application was approved with a financing value of RM75.5 million. Later, a total of RM6.88 million was funded to 589 recipients including artists and organisations who were actively involved in the Malaysian Arts and Culture industry as of 18 February 2022 through the CENDANA initiative which was designed to support the Arts, Culture and Entertainment Sector.

LOOKING AHEAD

A healthier economic outlook is anticipated in the months ahead, reflecting by the LI which continuously above 100.0 points and rising in December 2021. This positive outlook will lead to the increase in the business' activities, thus creating more labour demand in the economy. With more job opportunities created, will encourage more labour participation, hence fostering the labour market to be more vibrant in the forthcoming months.

Following the current health situation which witnessed the new daily cases is on an increasing trend, it may give some challenges to the labour market. However, as larger population were protected by the vaccination programmes, it will help in containing the rapid spread of the viruses. As of 7 March 2022, a total of 78.9 per cent of the Malaysian population are fully vaccinated while the adolescent vaccination rate is 97.5 per cent. In the meantime, the COVID-19 vaccination for children aged five to eleven which was executed from 3 February 2022 is increasing registering 29.3 per cent. Furthermore, Malaysia is in the path of reopening its international borders soon, which in turn will bring more positive impacts for the tourism related activities and to overcome the issues pertaining to labour market, among others the labour shortages in certain industries such as Plantation and Construction.

TECHNICAL NOTES

This information is 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 on 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 cover persons who live in private living quarters and excludes persons residing in institutions such as hotels, hostels, hospitals, prisons, boarding houses and workers residing in 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.

- **Outside Labour Force**

All persons not classified as employed or unemployed as stated above are classified as outside labour force. Includes housewives, students (including those going for further studies), retired, disabled persons and those not interested in looking for a job.

- **Labour Force Participation Rate**

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

Population by characteristics of age group, ethnicity and state were used as benchmarks to produce labour statistics.

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

The full publication of the Labour Force Report, January 2022. This report is accessible and downloadable through the application [eStatistik Portal](#), [Free Download](#)

For more details, please refer to the Department's portal: www.dosm.gov.my

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