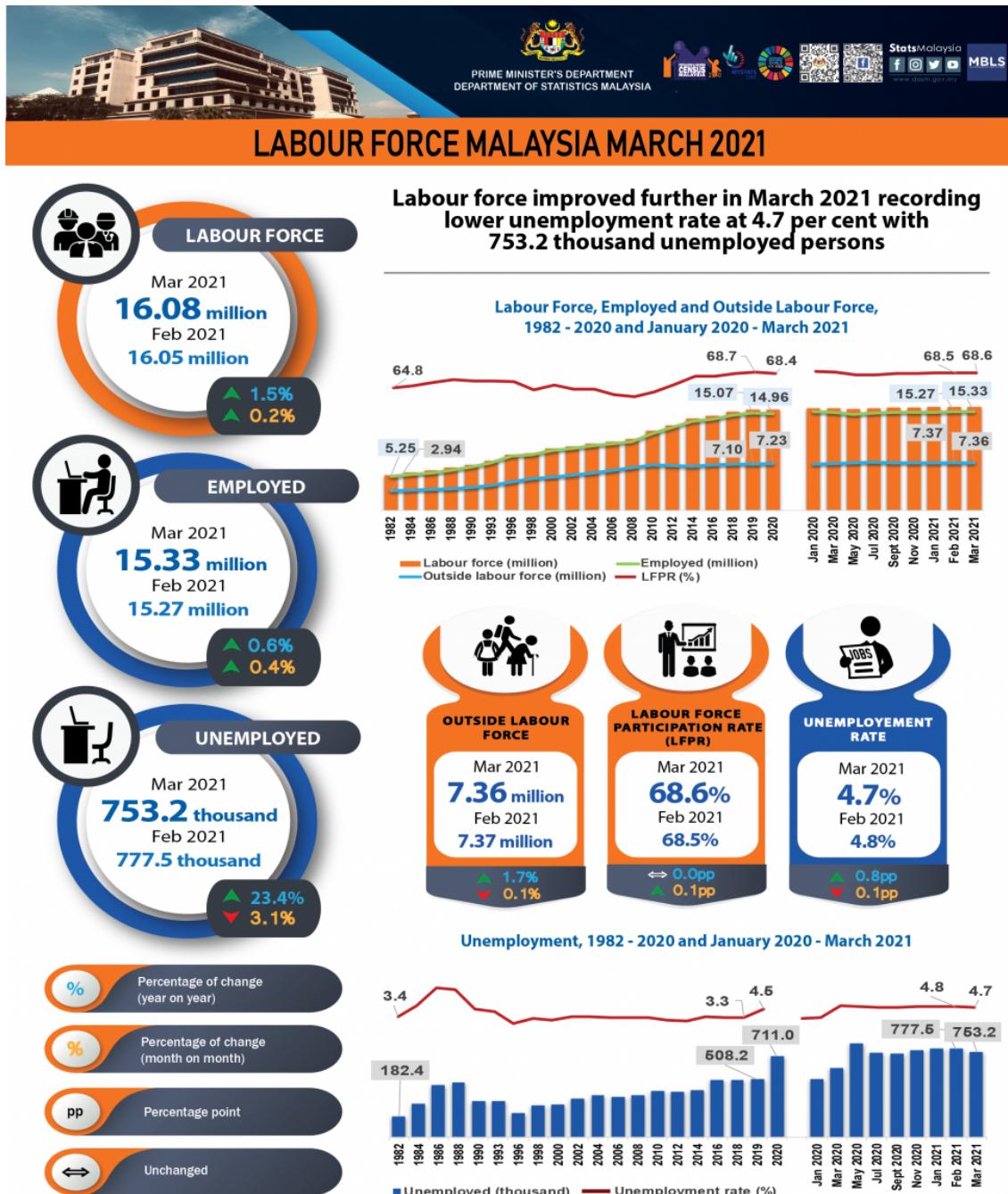




MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

KEY STATISTICS OF LABOUR FORCE IN MALAYSIA, MARCH 2021





CONCEPTS AND DEFINITIONS



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.

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

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 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, retired, 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.

Source: Labour Force Survey, Department of Statistics Malaysia

KEY REVIEWS

- The number of employed persons continued to post a positive growth in March 2021 by 0.4 per cent (+58.7 thousand persons) month-on-month to 15.33 million persons (February 2021: 15.27 million persons). The employment-to-population ratio which indicates the ability of an economy to create employment rose by 0.2 per cent to record 65.4 per cent.
- By economic sector, the number of employed persons in Services continued to increase in March 2021 primarily in Wholesale & retail trade; Food and beverages services, Education and Human health & social work activities. Similarly, employed persons in Manufacturing and Construction sectors continued to trend up, whereas employment in Agriculture and Mining & Quarrying sectors remained on a declining trend.
- The employee's category was added by 76.8 thousand persons or 0.6 per cent to record 11.95 million persons in March (February 2021: 11.87 million persons). This category was the largest composition of employed person with a share of 77.9 per cent. A similar trend was observed in own-account workers encompassed 16.2 per cent, improved by 48.3 thousand persons to register 2.48 million persons in March (February 2021: 2.43 million persons).
- The unemployment rate showed an improvement during the month with a decrease of 0.1 percentage point to record 4.7 per cent as against February 2021. The number of unemployed persons lessened by 24.4 thousand persons or 3.1 per cent to record 753.2 thousand persons (February 2021: 777.5 thousand persons).
- The number of labour force went up by 0.2 per cent (+34.3 thousand persons) to 16.08 million persons (February 2021: 16.05 million persons). The labour force participation rate (LFPR) changed little by 0.1 percentage point to post 68.6 per cent in March 2021 (February 2021: 68.5%)
- March 2021 observed the number of outside labour force reduced by 7.6 thousand persons to 7.36 million persons (February 2021: 7.37 million persons). Schooling/ training was the largest composition of outside labour force with 44.9 per cent or 3.31 million persons and followed by housework/ family responsibilities with 40.2 per cent or 2.96 million persons.
- The rising number of daily COVID-19 cases in Malaysia had prompted the implementation of MCO and Restricted MCO in certain states and targeted areas such as Kelantan, Sabah, Selangor and W.P. Kuala Lumpur in May 2021. These signalled that the labour force may face some challenges in the forthcoming months. However, with the encouraging labour market improvement observed in the first quarter of 2021, it is hope that the labour market will continue its recovery momentum albeit at a moderate pace.

MALAYSIA'S LABOUR FORCE IMPROVED FURTHER IN MARCH 2021

March 2021 marked one year after the first Movement Control Order (MCO) was implemented beginning on 18 March 2020 prompting a new norm since the spread of COVID-19 in Malaysia. Unlike MCO 1.0 where most economic activities as well as national and interstate borders were closed, March this year saw most states were in Recovery MCO while several others were in Conditional MCO namely Selangor, Johor, Kelantan, W.P. Kuala Lumpur and Pulau Pinang starting from 2 March 2021.

In spite of the implementation of various stages of MCO across the nation, economic activities were permitted to continue operated in compliance of strict standard operating procedures (SOP). Since 1 March, preschools and primary schools had reopened; thereby allowing education-related businesses such as school canteens and bus services to also reopen. Moreover, social events such as wedding receptions, reunions and gatherings were allowed with restrictions based on the size of the premises and depending on the stage of the MCO. Hence, it was observed that the labour force situation in March 2021 continued to improve month-on-month with an increase in employment while unemployment posted a larger decreased.

The short-term economic indicators in March 2021 showed that both exports and imports as well as trade surplus further strengthened by recording a positive double-digit growth with 19.8 per cent, 15.9 per cent

and 35.1 per cent respectively.

Further recovery in Malaysia labour force may be more certain with the resumptions of most business activities coupled with the expansion of COVID-19 vaccination programme to a larger community. Nevertheless, this positive momentum will subject to the uncertainties in the country's health condition and subsequently the economic performance.

The Labour Force Report for March 2021 describes the labour supply situation as the country entered the thirteenth month of various phases MCO. The report will elaborate on the month-on-month changes to examine the immediate effects of the MCO to contain the spread of COVID-19. Users are advised to interpret the monthly statistics with caution since they are non-seasonally adjusted. In addition, annual changes from the same month of the previous year are also reported.

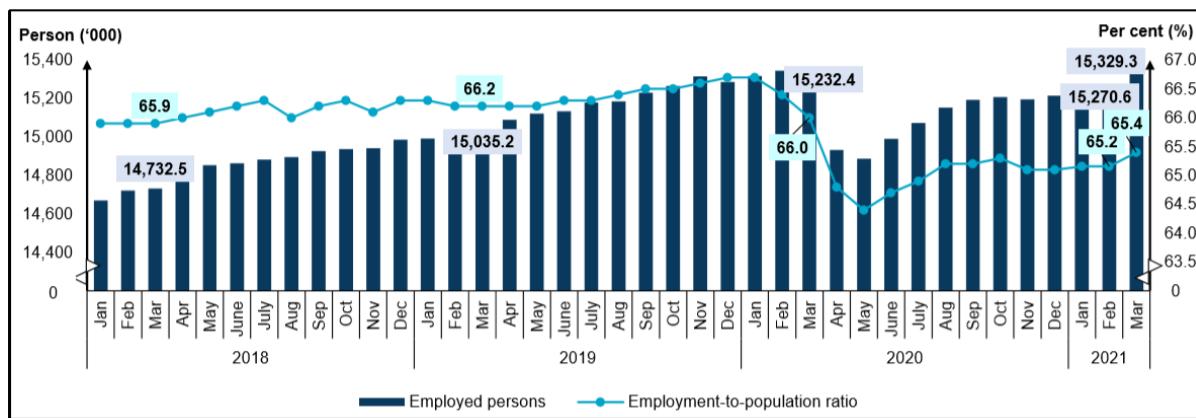
Employed persons continued to post a positive growth in March 2021

The number of employed persons continued to post a positive growth in March 2021 by 0.4 per cent (+58.7 thousand persons) month-on-month to 15.33 million persons (February 2021: 15.27 million persons). Since April 2020, the number of employed persons was on a year-on-year declining trend but for the first time after eleven consecutive months, the number of employed persons registered a positive year-on-year growth of 0.6 per cent (+96.9 thousand persons).

By economic sector, the number of employed persons in Services continued to increase in March 2021 primarily in Wholesale & retail trade; Food and beverages services, Education and Human health & social work activities. Similarly, employed persons in Manufacturing and Construction sectors continued to trend up, whereas employment in Agriculture and Mining & Quarrying sectors were remained on a declining trend.

During the month, the employment-to-population ratio which indicates the ability of an economy to create employment rose by 0.2 per cent to record 65.4 per cent. Nevertheless, year-on-year, the ratio was lowered by 0.6 percentage points as compared to 66.0 per cent in March 2020. [Chart 1]

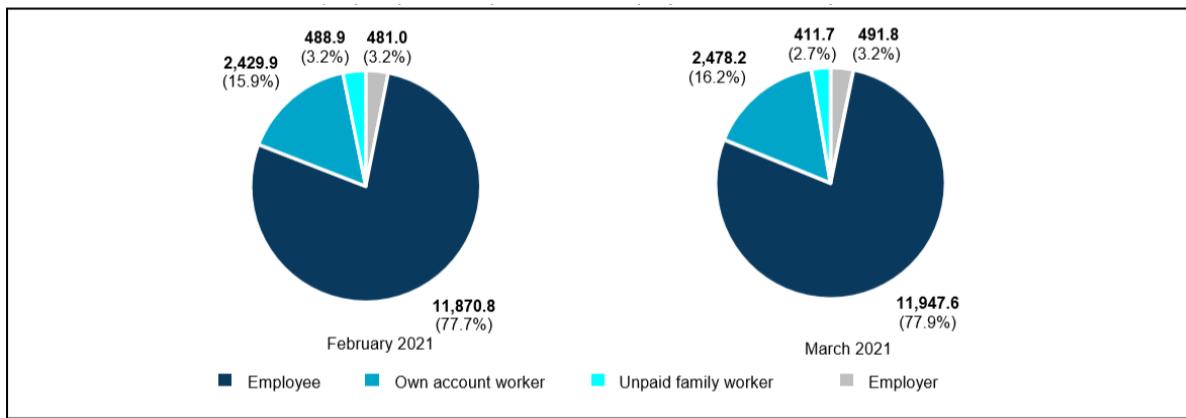
Chart 1: Employed persons and employment-to-population ratio, January 2018 - March 2021



The employee's category was added by 76.8 thousand persons or 0.6 per cent to record 11.95 million persons in March (February 2021: 11.87 million persons). This category was the largest composition of employed person with a share of 77.9 per cent. A similar trend was observed in own-account workers encompassed 16.2 per cent, improved by 48.3 thousand persons to register 2.48 million persons in March (February 2021: 2.43 million persons). [Chart 2]

This group comprised mostly of daily income earners working as small business operators such as small retailers; hawkers; sellers in markets and stalls as well as smallholders. A continuous improvement in own-account workers might partially supported by the financial assistance provided by the government under the Pakej Bantuan Perlindungan Ekonomi dan Rakyat Malaysia (PERMAI) through the Additional Geran Khas Prihatin (GKP) for micro Small Mediaum Enterprise (SME). The total of GKP recipients including GKP 1.0, GKP 2.0 and additional GKP were almost 900,000 SMEs with a total of 3.08 billion .

Chart 2: Employed person by status of employment, February and March 2021



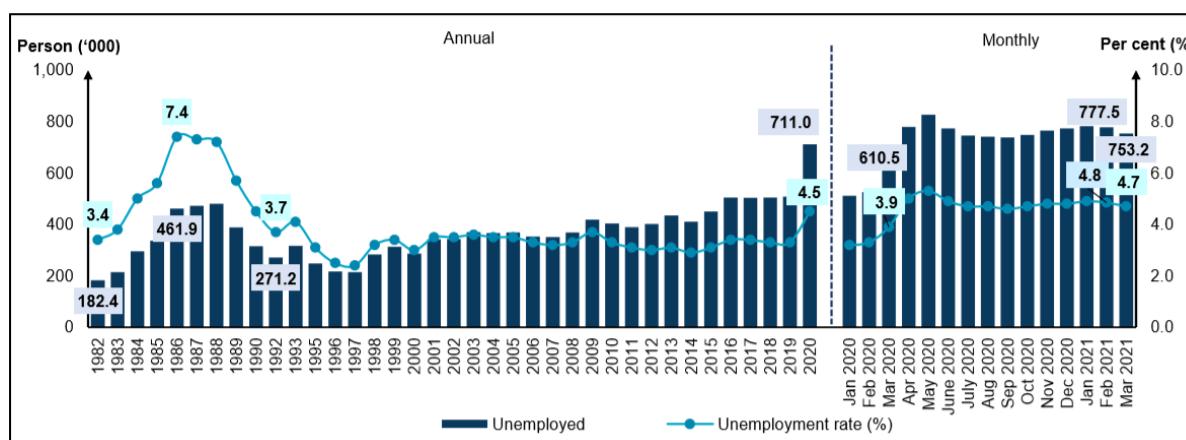
In March 2021, the number of employed persons who were temporarily not working continued to trend down to 121.0 thousand persons (February 2021: 150.8 thousand persons) reflecting the continuous resumption of almost all business activities during the month. Similarly, the number of employed persons who were temporarily not working posted a decreased year-on-year of 1.8 million persons (-93.6%) as compared to 1.9 million persons in March 2020 which was during the first pandemic strike in the country. 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 showed an improvement during the month

The unemployment rate showed an improvement during the month with a decrease of 0.1 percentage point to record 4.7 per cent as against February 2021. The number of unemployed persons lessened by 24.4 thousand persons or 3.1 per cent to record 753.2 thousand persons (February 2021: 777.5 thousand persons).

In the meantime, the unemployment rate for March 2021 edged up by 0.8 percentage points from 3.9 per cent in March 2020. The number of unemployed persons were added by 142.7 thousand persons (March 2020: 610.5 thousand persons). [Chart 3]

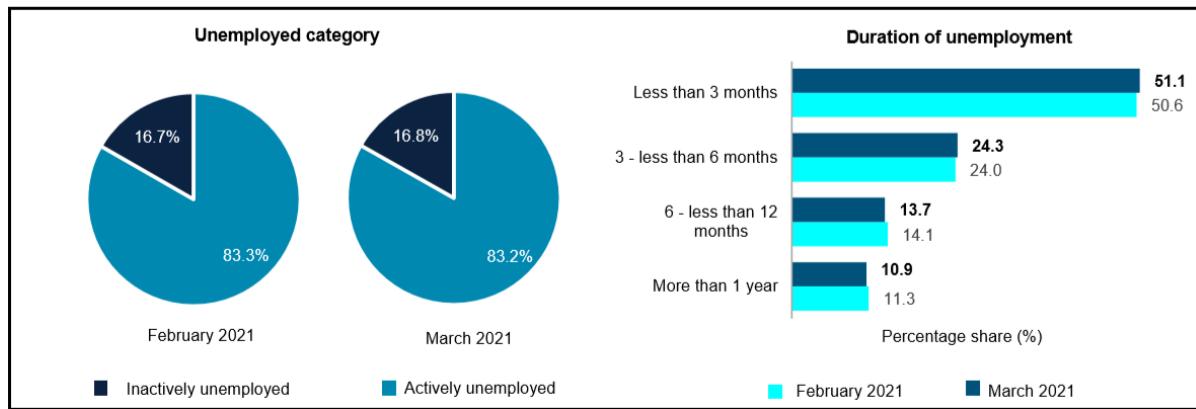
Chart 3: Unemployed persons and unemployment rate, 1982 - 2020 and January 2020 - March 2021



By category, actively unemployed which is defined as those who were available for work and were actively seeking job was downed by 20.5 thousand persons (-3.2%) to record 626.9 thousand persons (February 2021: 647.4 thousand persons). More than half of the actively unemployed persons were categorised as those who were unemployed for less than three months (51.1%), while 10.9 per cent of actively unemployed were in long-term unemployment2 of more than a year. [Chart 4]

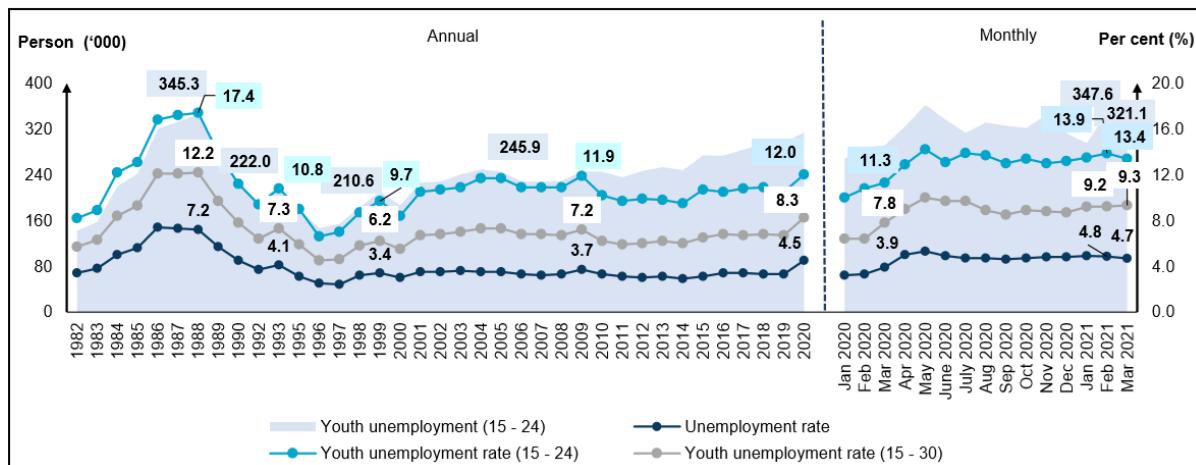
Similarly, the number of inactively unemployed who believed that there were no jobs available declined by 3.0 per cent or equivalent to 3.9 thousand persons to 126.3 thousand persons (February 2021: 130.1 thousand persons).

Chart 4: Unemployed category and duration of unemployment, February and March 2021



In March 2021, the youth unemployment rate for aged 15 to 24 years also witnessed a decrease of 0.5 percentage points to register 13.4 per cent as compared to the previous month. The number of unemployed youths decreased to 321.1 thousand persons (-26.5 thousand persons) from 347.6 thousand persons recorded in February 2021. On the contrary, the youth unemployment rate for aged 15 to 30 years changed little over the month but higher by 0.1 percentage point than in February 2021 to record 9.3 per cent. [Chart 5]

Chart 5: Unemployment rate by selected age groups, 1982 - 2020 and January 2020 - March 2021

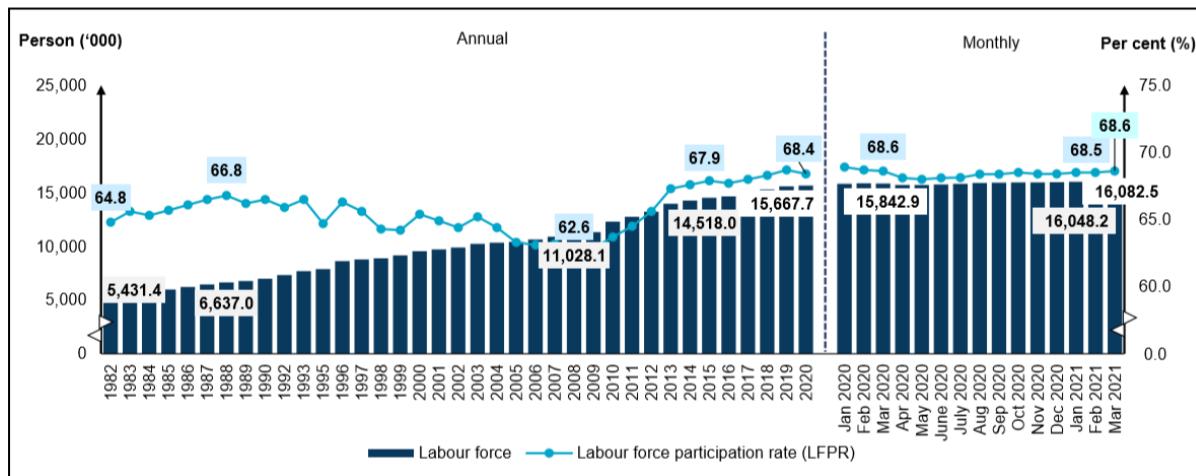


LFPR changed little by 0.1 percentage point to post 68.6 per cent in March 2021

The number of labour force went up by 0.2 per cent (+34.3 thousand persons) to 16.08 million persons (February 2021: 16.05 million persons). The labour force participation rate (LFPR) changed little by 0.1 percentage point to post 68.6 per cent in March 2021 (February 2021: 68.5%).

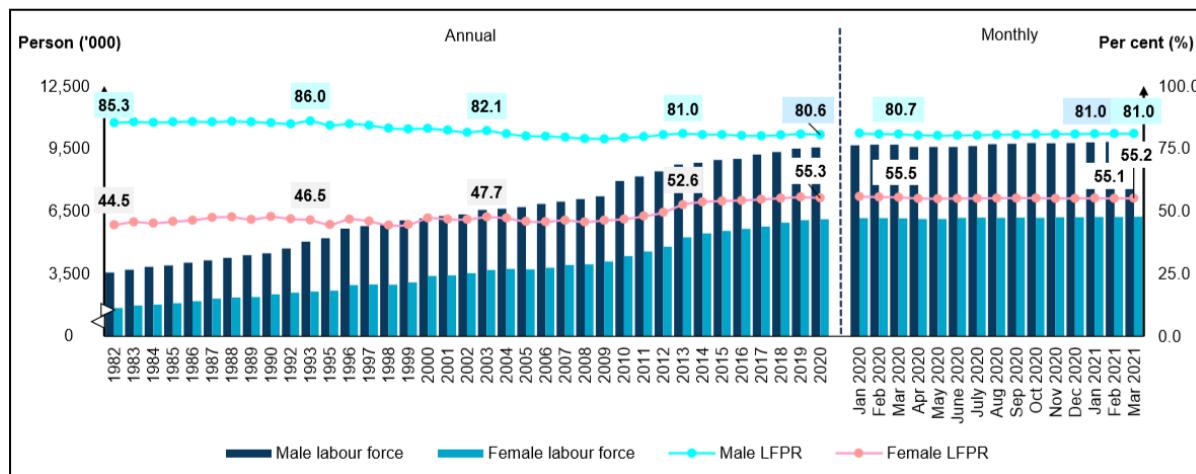
On year-on-year basis, the number of labour force improved by 239.6 thousand persons as against the same month of the preceding year (March 2020: 15.84 million persons) whereas the LFPR was unchanged at 68.6 per cent. [Chart 6]

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



In terms of LFPR by sex, male LFPR stood at 81.0 per cent while female LFPR increased by 0.1 percentage point to 55.2 per cent. Male labour force heightened by 0.2 per cent (+22.6 thousand persons) to record 9.84 million persons (February 2021: 9.82 million persons). Likewise, female labour force was added by 11.8 thousand persons than February 2021 to 6.24 million persons. Year-on-year, male LFPR posted an addition of 0.3 percentage points whereas female LFPR dropped by 0.3 percentage points. [Chart 7]

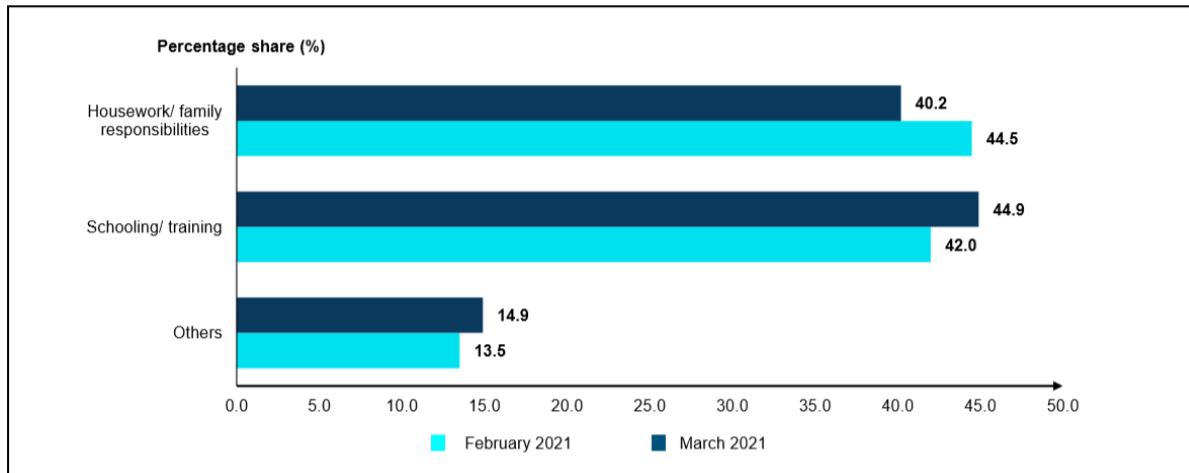
Chart 7: Labour force and LFPR by sex, 1982 - 2020 and January 2020 - March 2021



Schooling/ training was the largest composition of outside labour force

March 2021 observed the number of outside labour force reduced by 7.6 thousand persons to 7.36 million persons (February 2021: 7.37 million persons). However, year-on-year, this number was rose by 1.7 per cent (+124.0 thousand persons). Schooling/ training was the largest composition of outside labour force with 44.9 per cent or 3.31 million persons and followed by housework/ family responsibilities with 40.2 per cent or 2.96 million persons. [Chart 8]

Chart 8: Share of outside labour force by reasons for not seeking work, February and March 2021



GOVERNMENT'S INITIATIVES

As of the closing date of the Wage Subsidy Programme (PSU) 1.0 on 26 February 2021, a total of 322,177 employers and 2.64 million registered employees had been facilitated through this programme under PRIHATIN and PENJANA. As of 12 March 2021, a total of RM12.84 billion value of the approved wage subsidy applications had been reached through PSU 1.0. Meanwhile, a total of RM1.09 billion of PSU 2.0 had been disseminated to 72,531 employers, allowing them to continue operating and maintaining 619,821 employees. Moreover, through the Reskilling and Upskilling Programme, there were 137,075 participants had been approved to participate in the course offered by various ministries and government agencies listed.

To assist workers who have lost their jobs, through the Employment Insurance System under Social Security Organisation (SOCSO) provided RM85.96 million in financial assistance which includes the increased of Job Seeker Allowance as announced in the Budget 2021 to over 18,000 workers who had lost their jobs as of 14 March 2021. Besides, as of 15 March 2021, a total of 2,586 health employees had been hired to strengthen the public health system in order to contain the COVID-19 pandemic, including Science Officers, Diagnostic Radiologists, Medical Laboratory Technologists, Assistant Environmental Health Officers, Assistant Medical Officers, and Nurses as well as 3,591 contract health workers were appointed to meet immediate staff needs following a rise in COVID-19 cases.

To empower the SME businesses, a total of 7,205 loan applications had been approved totalling RM1.36 billion under the PENJANA SME Financing as of 13 March 2021. Through the SMEs Soft Loans funds, a total of RM11.75 billion applications were approved by local banks, benefitting 24,819 SMEs as of 12 March 2021 which comprise of Special Relief Facility (SRF), Automation & Digitalisation Facility (ADF), All-Economic Sector Facility (AES) and Agrofood Facility (AF) funds. Furthermore, under the Bumiputera Relief Financing (BRF) which particularly allocated for Bumiputera SMEs which were impacted by the COVID-19, a total fund of RM193.1 million had been distributed to 670 SMEs. Additionally, under the Agrobank Micro Credit Financing, a total of 9,400 Agricultural Micro SMEs were aided involving RM107.23 million to support the Agriculture and Food Industry.

Thus, with a continuous resumption of economic activity coupled with various assistances of the government's initiatives to ease the burden of people, business and economy, these might lead the recovery of the labour market to be back on track and thus strengthening the labour market momentum.

LOOKING AHEAD

From April 2021 onwards saw daily COVID-19 new cases in Malaysia's intensified, exceeding 3,000 cases towards the end of the month. However, the execution of the vaccination programme which had entered the second phase together with the resumption of more economic activities might increase confidence of businesses and public to move forward while practising the new norm and following the SOPs. The continuous reopening of most business operations has stimulated the demand in the economy as well as open up job opportunities. These could partly contribute to the expansion in the labour market.

To further ease the burden of businesses, the government through the Strategic Programme to Empower the People and Economy (PEMERKASA) provides discount of electricity bill to six tourism-related industries throughout the country namely hotel operators, theme park, shopping centre, local airlines office and travel & tourism agency which took effect starting on 1 April until 30 June 2021. On top of that, almost 1.2 million SMEs is expected to benefit when the government announced that SMEs who never received the additional GKP 3.0 may submit a new application. To further strengthen the public health system, the government will be hiring another 1,005 contract health workers which will create and increase job opportunities in the health sectors.

The rising number of daily COVID-19 cases in Malaysia had prompted the implementation of MCO and Restricted MCO in certain states and targeted areas such as Kelantan, Sabah, Selangor and W.P. Kuala Lumpur in May 2021. These signalled that the labour force may face some challenges in the forthcoming months. However, with the encouraging labour market improvement observed in the first quarter of 2021, it is hope that the labour market will continue its recovery momentum albeit at a moderate pace

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, March 2021. 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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DATO' SRI DR. MOHD UZIR MAHIDIN
CHIEF STATISTICIAN MALAYSIA
DEPARTMENT OF STATISTICS, MALAYSIA

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Contact person:

Mohd Yusrizal bin Ab. Razak
Public Relation Officer
Strategic Communication and International Division
Department of Statistics, Malaysia
Tel : +603-8885 7942
Fax : +603-8888 9248
Email : yusrizal.razak@dosm.gov.my

Contact person:

Baharudin Mohamad
Public Relation Officer
Strategic Communication and International Division
Department of Statistics Malaysia
Tel : +603-8090 4681
Fax : +603-8888 9248
Email : baharudin[at]dosm.gov.my

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