

# 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.

LFS encompasses both urban and rural areas for all administrative districts within all states in Malaysia using multi-modal data collection approach through the personal interview and a Computer-Assisted Telephone Interview (CATI).

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

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.

### 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.

### OUTSIDE LABOUR FORCE

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

### 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.

### SEASONAL ADJUSTMENT

- Time-series data are very useful for economist, policy & decision makers and time-series analysts to identify the important features of economics series such as direction, turning point and consistency between other economic indicators. Sometimes this feature is difficult to observe because of seasonal movements. Thus, if seasonal effect can be removed, the behaviour of the series would be better viewed. The estimation and removal of the seasonal effects is called seasonal adjustment.
- Seasonal adjustment is a process to identify and to remove the regular within-a-year seasonal pattern, which may also include the influences of moving holidays and working/trading days effect in each period. The ultimate objective of the process is to highlight the underlying trends and short-term movements in the series.
- In Malaysia, most of the time series data is affected by seasonal effects. Hence, to eliminate the seasonal effect as well as to seasonally adjust the Malaysian economic time series data, a standard seasonal adjustment package, X-12 ARIMA was used by the Department of Statistics Malaysia.

