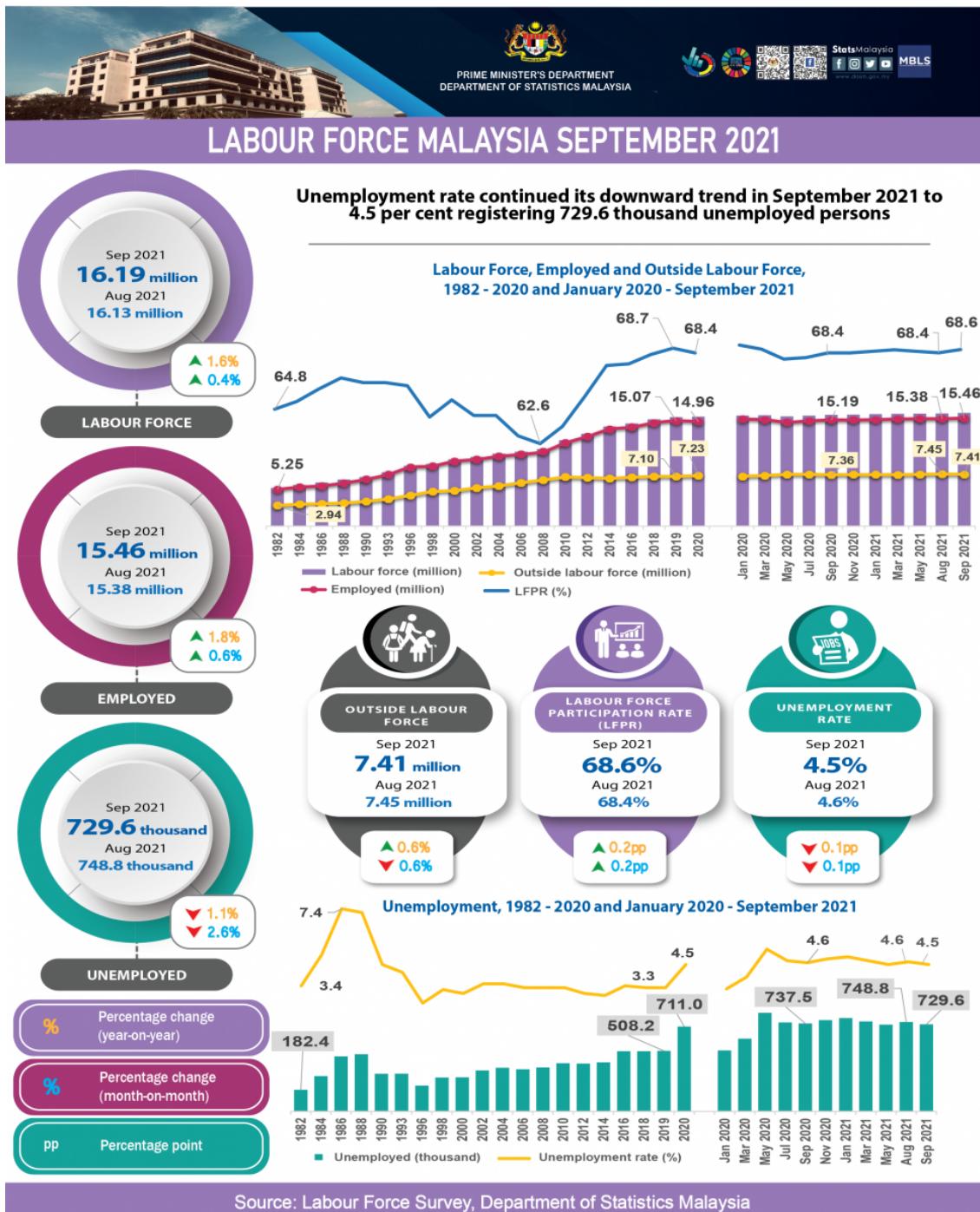




KEY STATISTICS OF LABOUR FORCE IN MALAYSIA, SEPTEMBER 2021





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 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.

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 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

- Employed persons continued to increase by 86.9 thousand persons (+0.6%) recording 15.46 million persons in September 2021 (August 2021: 15.38 million persons). The employment-to-population ratio which indicates the ability of an economy to create employment escalated by 0.3 percentage points to 65.5 per cent during the month (August 2021: 65.2%).
- By economic sector, the number of employed persons in Services sector continued to post an increase largely in Wholesale and retail trade; Food & beverages services; and Information & communication activities. In the meantime, employment in Manufacturing and Construction sectors also registered a positive change for the second months while Agriculture and Mining & Quarrying sectors remained decreases.
- Out of total employed persons, 77.1 per cent was in the employee's category which further improved by 28.3 thousand persons (+0.2%) in September 2021 to 11.93 million persons (August 2021: 11.90 million persons). Similarly, the own-account workers increased by 1.4 per cent or 34.8 thousand persons to 2.57 million persons (August 2021: 2.54 million persons).
- The unemployment rate in September 2021 continued to decline by 0.1 percentage point to 4.5 per cent after registering 4.6 per cent in August 2021. Thus, the number of unemployed persons shrank for the second month by 2.6 per cent or 19.2 thousand persons to record 729.6 thousand persons (August 2021: 748.8 thousand persons).
- The number of labour force during the month made up 16.19 million persons, increased by 0.4 per cent or equivalent to 67.7 thousand persons (August 2021: 16.13 million persons). Accordingly, the labour force participation rate (LFPR) rose by 0.2 percentage points to 68.6 per cent (August 2021: 68.4%).
- The number of outside labour force continued to fall in September 2021 with a reduction of 42.6 thousand persons or 0.6 per cent registering 7.41 million persons (August 2021: 7.45 million persons). Schooling/ training was the major composition of outside labour force with 43.3 per cent and followed by housework/ family responsibilities category with 41.8 per cent.
- The current health crisis situation of the in the country appeared to be improving with the total number of daily COVID-19 cases decreased while the number of fully vaccinated is increasing. Since all states were in Phase 3 and Phase 4 of the NRP in October, inter-state travel has been fully permitted. These relaxations have encouraged more travelling activities within the country thus increasing demand for goods and services. The continuous dynamic economy activities will accelerate the recovery process of the businesses, and subsequently attribute to increase in labour demand hence resulting in creation of more job opportunities. The country's economy is most likely to pick up in the upcoming months indicated by better performance of the Leading Index. In line with this, gradual improvement in the labour market is anticipated in the particular period.

LABOUR FORCE SITUATION IMPROVED FURTHER IN SEPTEMBER 2021 AS EMPLOYMENT CONTINUED TO INCREASE WHILE UNEMPLOYMENT WAS ON A DECLINING TREND

The transition of more states into the next phases of the National Recovery Plan (NRP) has allowed more business activities to resume as well as extend hours of business operations. Melaka had moved into Phase 2 starting from 4 September 2021 whereas Klang Valley area which consists of Selangor, W.P. Kuala Lumpur and W.P. Putrajaya had shifted into Phase 2 with travel between the three states was permitted since 10 September 2021. Later, Terengganu had moved into Phase 3 on 13 September 2021 and followed by Johor (Phase 2), Pahang (Phase 3) and Negeri Sembilan (Phase 4) effective from 24 September 2021. Nevertheless, the other five states were remained in the same phases including Kedah (Phase 1), Pulau Pinang, Sabah, Perak and Kelantan (Phase 2), Perlis and Sarawak (Phase 3). During the month, the COVID-19 vaccination rate of adult population had reached 86.3 per cent with 94.2 per cent of the adult population had received at least one dose of the COVID-19 vaccine as of 30 September 2021. The average new daily cases of COVID-19 in September were 16,000 cases.

Throughout the month, more business activities were allowed to operate with longer operation hours up to 12.00 midnight in all phases of the NRP including grocery stores; mini markets; petrol stations; convenience stores as well as restaurant operators comprising hotels; sports and recreational clubhouses; eateries; food stalls; food trucks; hawkers; food courts; roadside food stalls or kiosks. Furthermore, the tourist centres, islands or tourist areas in Terengganu and Pulau Langkawi were opened for those who have completed vaccination. Terengganu's tourism sector officially opened for tourists on 1 September 2021 including popular island destination namely Pulau Kapas, Pulau Redang, Pulau Tenggol and Tasik Kenyir. Later, Pulau Langkawi was opened for domestic tourism effective from 16 September 2021 through the domestic travel bubble. The permission of inter-states travelling in the Klang Valley area coupled with the reopening of the domestic tourism sector in Terengganu and Pulau Langkawi have fostered more economic activities during the month. All these positive circumstances have reinforced the labour market to regain its momentum.

Hence, the labour force situation in September 2021 improved further with employment continued to increase while unemployment was on a declining trend. In addition, the Leading Index (LI) registered a positive growth of 1.1 per cent month-on-month (July 2021: -0.6%). Therefore, by looking at the better performance of LI and the transition of more states to the next phases of the NRP, it is foreseen that the country's economy is most likely to pick up in the upcoming months. Furthermore, in terms of monthly external trade indicators, both exports and imports recorded double-digit growths of 16.0 per cent (August 2021: -1.8%) and 14.2 per cent (August 2021: -11.2%) respectively.

The Labour Force Report for September 2021 describes the labour supply situation as the country entered the various phases of the NRP. The report also elaborate on the month-on-month changes to examine the immediate effects of the NRP to rejuvenate the economy while containing 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.

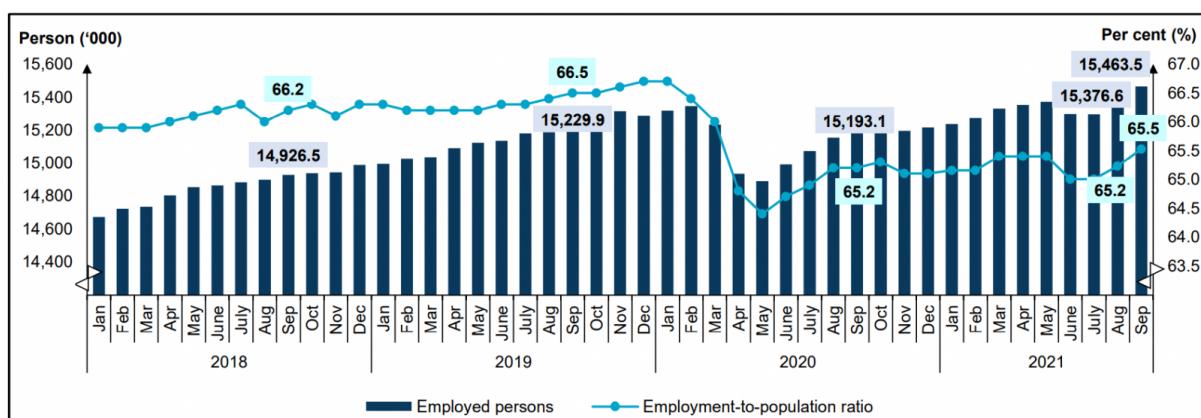
Employed persons continued to increase in September 2021 recording 15.46 million persons

Employed persons continued to increase by 86.9 thousand persons (+0.6%) recording 15.46 million persons in September 2021 (August 2021: 15.38 million persons). As for the year-on-year comparison, the number of employed persons remained on an increasing trend for the seventh month by recording 1.8 per cent or equivalent to 270.3 thousand persons (September 2020: 15.19 million persons).

By economic sector, the number of employed persons in Services sector continued to post an increase largely in Wholesale and retail trade; Food & beverages services; and Information & communication activities. In the meantime, employment in Manufacturing and Construction sectors also registered positive changes for the second month while Agriculture and Mining & Quarrying sectors remained decreases.

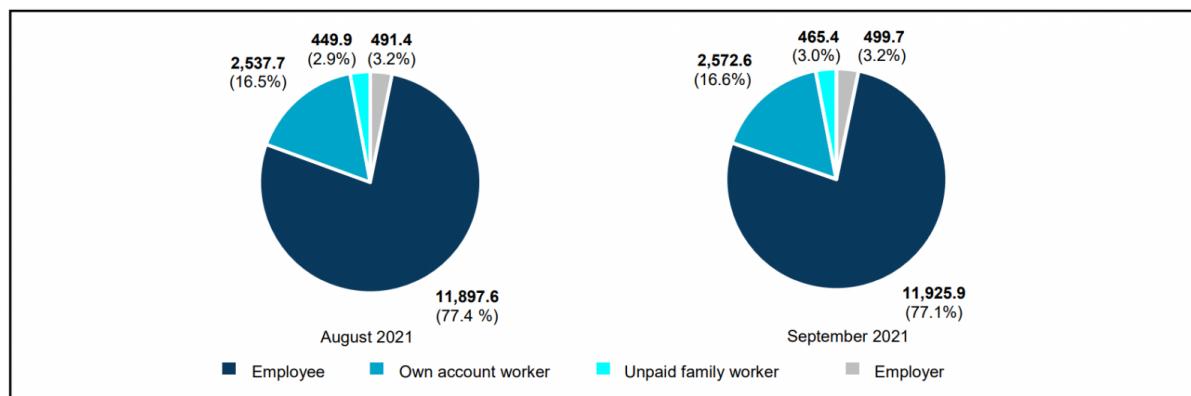
The employment-to-population ratio which indicates the ability of an economy to create employment escalated by 0.3 percentage points to 65.5 per cent during the month (August 2021: 65.2%). Similarly, the ratio increased by 0.3 percentage points year-on-year as compared to September 2020. [Chart 1]

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



Out of total employed persons, 77.1 per cent was in the employee's category which further improved by 28.3 thousand persons (+0.2%) in September 2021 to 11.93 million persons (August 2021: 11.90 million persons). Similarly, the own-account workers category increased by 1.4 per cent or 34.8 thousand persons to 2.57 million persons (August 2021: 2.54 million persons). The continuous improvement was partly due to the permission of small businesses to continue their operation during the NRP period together with the resumption of more economic activities in line with the transition of most of the states into the next phases of the NRP. The own-account workers category consists mostly of daily income earners working as small business operators such as small retailers; hawkers; sellers in markets and stalls; as well as smallholders. [Chart 2]

Chart 2: Employed person by status in employment, August and September 2021



Following of more inter-state travelling activities and longer business operation hours during the month,

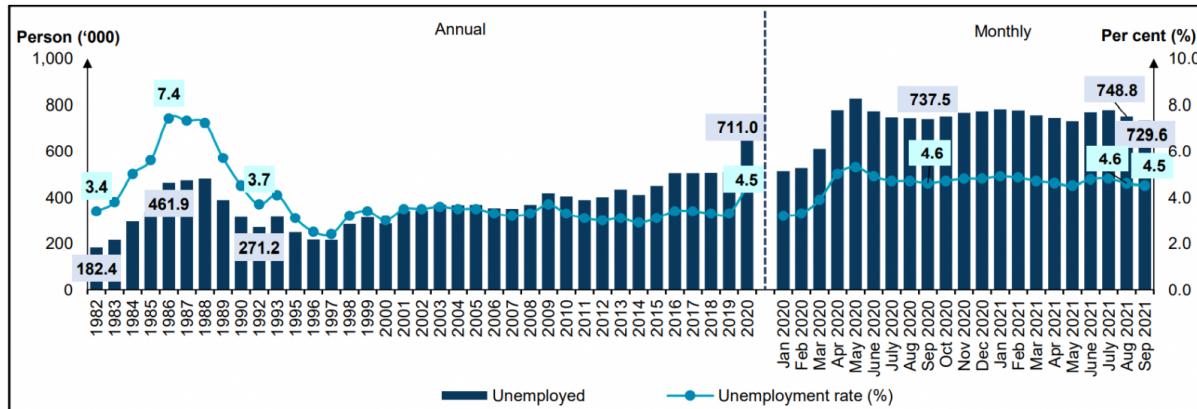
the number of employed persons who were temporarily not working continued to decline for the third month to record 380.7 thousand persons (August 2021: 671.2 thousand persons). On the contrary, the number of employed persons in this category rose by 280.0 thousand persons year-on-year since the country was in the Recovery Movement Control Order (RMCO) phase twelve months earlier (September 2020: 100.7 thousand persons) whereby almost all economic activities were operating at a larger capacity in all states. This group of persons, who were most likely not able to work was not categorised as unemployed as they had work to return to.

The unemployment rate continued to decline in September 2021 by recording 4.5 per cent

The unemployment rate in September 2021 continued to decline by 0.1 percentage point to 4.5 per cent after registering 4.6 per cent in August 2021. Thus, the number of unemployed persons shrank for the second month by 2.6 per cent or 19.2 thousand persons to record 729.6 thousand persons (August 2021: 748.8 thousand persons).

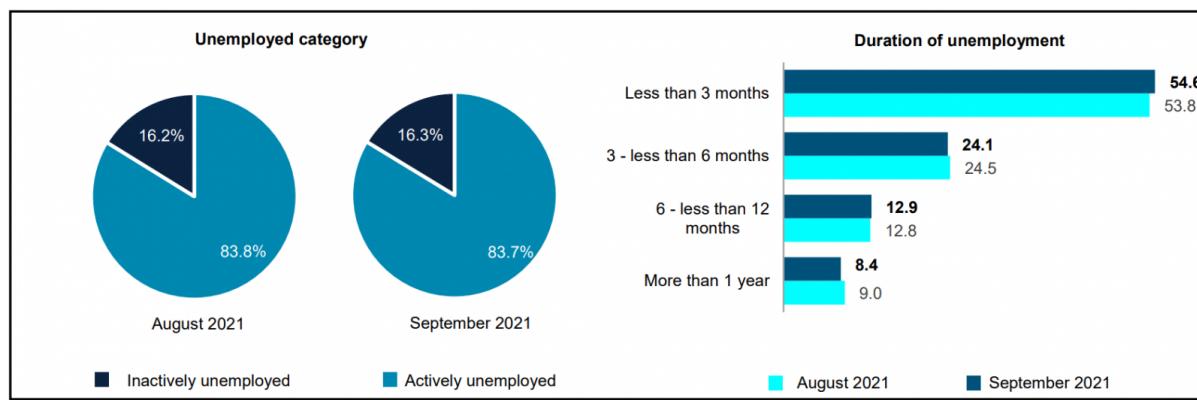
Similarly, as compared to one year earlier, the unemployment rate was lowered by 0.1 percentage point (September 2020: 4.6%) whereas the number of unemployed persons decreased by 1.1 per cent or equivalent to 7.9 thousand persons (September 2020: 737.5 thousand persons). [Chart 3]

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



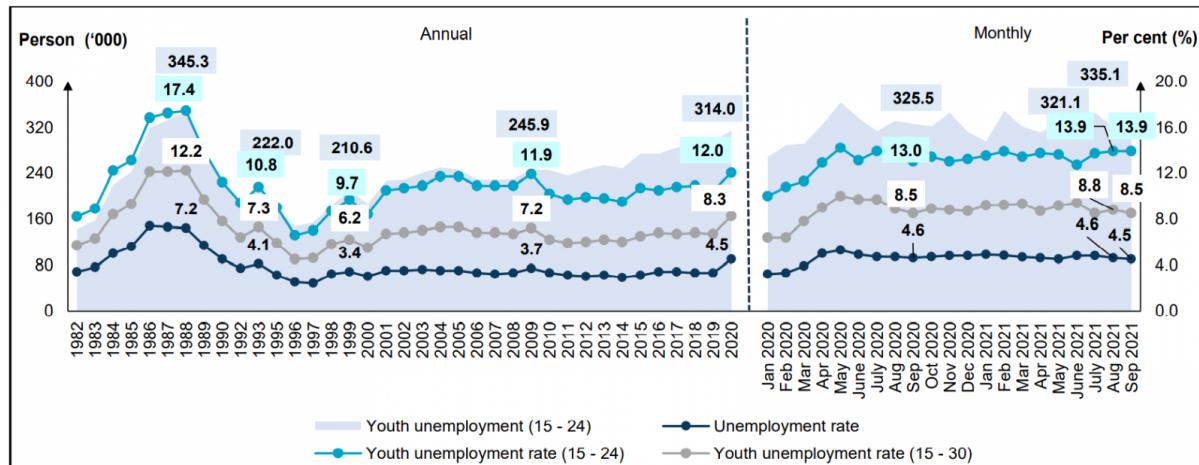
In September 2021, 83.7 per cent of the total unemployed persons were the actively unemployed or those who were available for work and were actively seeking jobs. This group lessened by 2.6 per cent or equivalent to 16.5 thousand persons to record 611.0 thousand persons (August 2021: 627.5 thousand persons). The unemployed persons for less than three months comprised of 54.6 per cent while those who were in long-term unemployment of more than a year accounted for 8.4 per cent. The inactively unemployed who believed that there were no jobs available also recorded a month-on-month decline of 2.2 per cent or 2.6 thousand persons to 118.7 thousand persons (August 2021: 121.3 thousand persons). [Chart 4]

Chart 4: Unemployed category and duration of unemployment, August and September 2021



During the month, the youth unemployment rate for aged 15 to 24 years remained unchanged at 13.9 per cent while the number of unemployed youths rose by 14.0 thousand persons (+4.4%) to 335.1 thousand persons after registering a decline in the previous month (August 2021: 321.1 thousand persons). Nevertheless, the unemployment rate for youth aged 15 to 30 years fell by 0.3 percentage points to 8.5 per cent as against the preceding month (8.8%). [Chart 5]

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

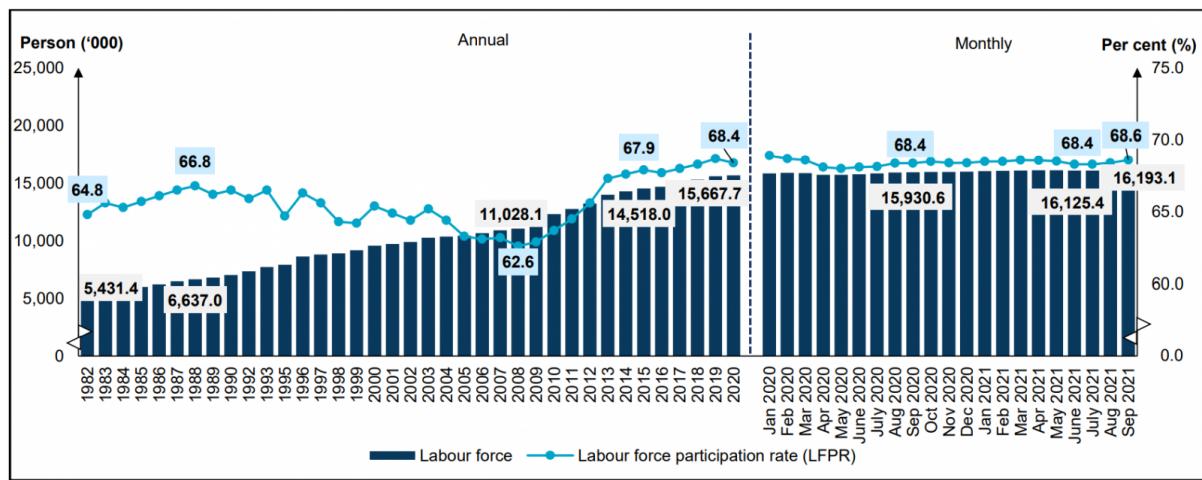


Higher LFPR recorded in September 2021 at 68.6 per cent

The number of labour force during the month made up 16.19 million persons, increased by 0.4 per cent or equivalent to 67.7 thousand persons (August 2021: 16.13 million persons). Accordingly, the labour force participation rate (LFPR) rose by 0.2 percentage points to 68.6 per cent (August 2021: 68.4%).

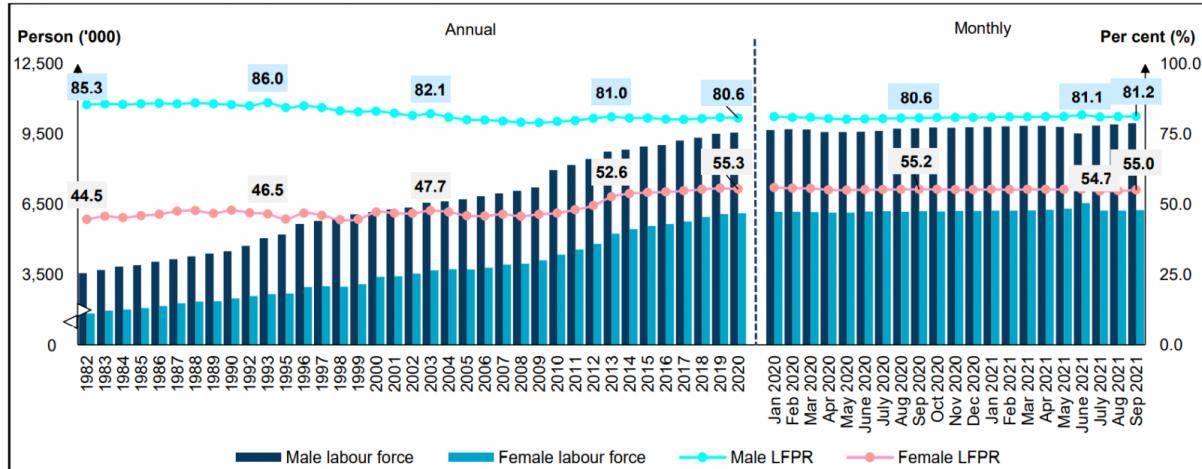
Likewise, by comparing with the same month of the previous year, the number of labour force augmented by 1.6 per cent or 262.5 thousand persons (September 2020: 15.93 million persons). In the meantime, the LFPR rose by 0.2 percentage points as against September 2020 (68.4%). [Chart 6]

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



During the month, male and female LFPR both registered a month-on-month increase of 0.1 percentage point and 0.3 percentage points to record 81.2 per cent and 55.0 per cent respectively. Therefore, the number of male and female labour force rose to 9.95 million persons (August 2021: 9.91 million persons) and 6.25 million persons (August 2021: 6.22 million persons) respectively. On a yearly basis, male LFPR edged up by 0.6 percentage points (September 2020: 80.6%) while female LFPR fell by 0.2 percentage points (September 2020: 55.2%). [Chart 7]

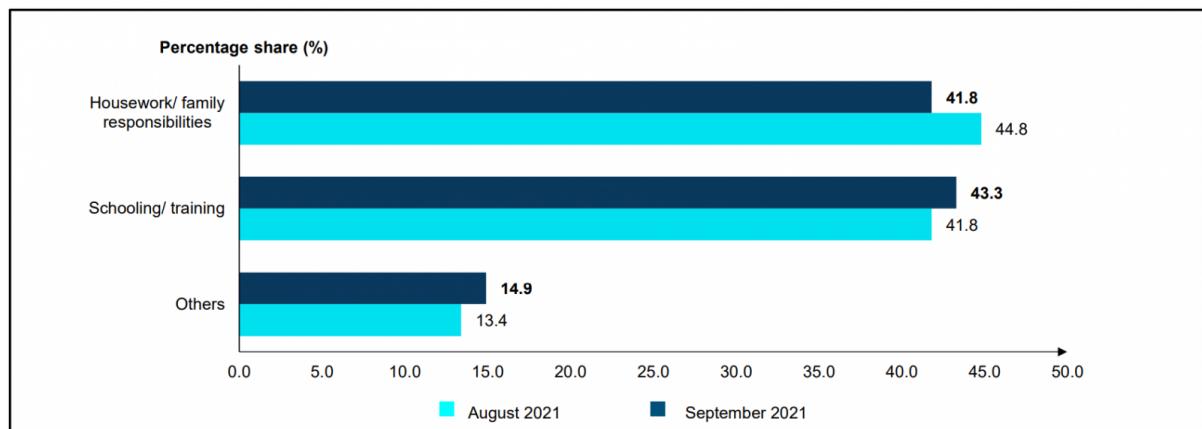
Chart 7: Labour force and LFPR by sex, 1982 - 2020 and January 2020 - September 2021



Schooling/ training was the major composition of outside labour force

The number of outside labour force continued to fall in September 2021 with a reduction of 42.6 thousand persons or 0.6 per cent registering 7.41 million persons (August 2021: 7.45 million persons). In comparison to the same month of the preceding year, the number of outside labour force rose by 46.1 thousand persons or 0.6 per cent (September 2020: 7.36 million persons). Schooling/ training was the major composition of outside labour force with 43.3 per cent and followed by housework/ family responsibilities category with 41.8 per cent. [Chart 8]

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



GOVERNMENT'S INITIATIVES²

As of 8 October 2021, a total of 322,177 employers and 2.64 million registered employees were benefitted through the Wage Subsidy Programme (PSU) 1.0 under the PRIHATIN Packages which aimed to ensure employees are able to retain their jobs with an approved value of RM12.95 billion. Adding to this, through the PSU 2.0 under the KITA PRIHATIN Packages which meant to further support the employers and employees, a total of RM1.40 billion has been distributed to 80,872 employers and 713,076 employees. As for the PSU 3.0, there were RM3.14 billion had been channelled to retain 1.5 million employees. PSU 3.0 was also improved with the PERMAI Assistance Package, PEMERKASA and PEMERKASA+ Assistance Packages. Under the PEMULIH Package, PSU 4.0 had been implemented with an allocation of RM3.8 billion which will be benefitting 2.5 million workers. As of 8 October 2021, a total of RM1.10 billion was channelled to 94,817 employers to continue operating and retained employment which covered 1.13 million employees. In the meantime, as of 1 October 2021, a total of 137,659 employees were managed to be employed through the Hiring Incentive Programme and Training Assistance, mostly in the Manufacturing and Wholesale and retail trade industries. In addition, a total of 150,908 individuals had been approved to be participate in the provided programmes under the Reskilling and Upskilling Programme which aimed to assist jobseekers especially among youths.

To empower the businesses, through the Danajamin Prihatin Guarantee Scheme (DPGS) under the PRIHATIN Economic Stimulus Package which focused on the viable businesses in all sectors which facing difficulties due to COVID-19, a total of RM2.03 billion of total guarantees had been approved to 56 companies out of a total of 87 companies applying for the guarantees. Besides, there were 26,197 SMEs were benefitted with a total value of RM12.46 billion under the Small, Medium Enterprise (SMEs) Soft Loan Funds by Bank Negara Malaysia (BNM) which comprised of Special Relief Facility (SRF); Automation & Digitalisation Facility (ADF); All-Economic Sector Facility (AES); and Agrofood Facility (AF) funds. Furthermore, through the PENJANA Tourism Financing which was specifically allocated for Bumiputera SMEs, a total of RM67.5 million was approved for 340 applications. This financing was provided to support SMEs and micro-SMEs which were still affected by the COVID-19 pandemic. In the meantime, a total of RM19.75 million was funded to assist 844 Micro SMEs through the Indian Community Entrepreneur Development Scheme (SPUMI), a strategic initiative under TEKUN aimed to assist the Indian community in enhancing their economy by involvement in business and entrepreneurship. Additionally, RM221.32 million was disbursed via the Agrobank Microcredit Financing Scheme to support 17,734 Agricultural Micro SMEs in the Agriculture and Food Industries.

Also, under PENJANA, a total of RM86.40 million was channelled to 13,886 businesses in the form of grants and loans for digitalisation services subscriptions to support and encourage SMEs and Technical and Digital Mid-tier Companies (MTCs) to digitalise their operations and trade channels. Next, to help SMEs in adopting digitalisation services in daily business operations, a total of RM105.94 million was funded to 38,870 SMEs in the form of matching grants as of 1 October 2021 through the SMEs Digitalisation Grant. Besides, to support the Arts, Culture and Entertainment Sector, a total of RM5.70 million was channelled to 553 recipients including artists and organisations who were actively involved in the Malaysian arts and culture industry through the CENDANA initiative. Furthermore, to support the Bumiputera IPTS which was affected by the COVID-19 pandemic to cover their working capital such as operating costs, employee's salaries, utilities and operating expenses and etc., a total of 22 Bumiputera IPTS had been aided involving RM152.3 million under the Mudah Jaya Financing Scheme for Private Institute of Higher Learning (SPiM Penjana IPTS) by Majlis Amanah Rakyat (MARA).

LOOKING AHEAD

The current health crisis situation in the country appeared to be improving with the total number of daily COVID-19 cases decreasing to four-digit as compared to five-digit recorded previously while the number of fully vaccinated is increasing. As of 7 November 2021, the vaccination rate of adults and youths had

reached 94.8 per cent and 74.9 per cent respectively. Meanwhile, adults and youths who had completed at least one dose of vaccine was 97.4 per cent and 86.3 per cent respectively. In addition, thirteen states namely W.P. Labuan, Negeri Sembilan, Pahang, W.P. Kuala Lumpur, W.P. Putrajaya, Selangor, Melaka, Johor, Terengganu, Perlis, Perak, Pulau Pinang, Sabah and Kedah had shifted to the Phase 4 of the NRP while the other three states were in Phase 3 of the NRP. Adding to this progress, full inter-state travel had been allowed since 11 October 2021.

These relaxations have encouraged more travelling activities within the country thus increasing demand for goods and services. The continuous dynamic economy activities will accelerate the recovery process of the businesses, and subsequently attribute to increase in labour demand hence resulting in creation of more job opportunities. The country's economy is most likely to pick up in the upcoming months indicated by better performance of the LI. In line with this, gradual improvement in the labour market is anticipated in the particular period.

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, September 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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