1. Introduction

MALAYSIA'S LABOUR MARKET IN 2024 REMAINED STABLE, IN LINE WITH THE ECONOMIC EXPANSION, REFLECTED BY RISING IN EMPLOYMENT AND CONTINUED DECLINE IN THE UNEMPLOYMENT

The year 2024 emerged as a dynamic period for both the global and Malaysian economies, reflected by a combination of resilience, recovery, and continued adaptation to an evolving economic landscape. Although global economic growth remained moderate, which was estimated by the International Monetary Fund (IMF) at 3.2 per cent, it was constrained by persistent challenges including elevated inflation in the Services sector, complex monetary policy transitions, rising geopolitical tensions, and ongoing global trade uncertainties[1]. Despite these external pressures, Malaysia sustained a positive economic momentum, underpinned by strong domestic demand, a recovering external sector, and the implementation of strategic policy measures. The performance of labour market reflected this economic stability, with consistent improvements observed throughout the year. The country benefitted from proactive government initiatives designated to bolster employment and stimulate business activity. Key contributors to this growth included robust tourism activities, expansion in the electrical and electronics (E&E) and semiconductor industries, as well as increasing foreign direct investments. These developments supported heightened labour demand across various sectors, resulting in higher employment levels and a reduction in the unemployment.

In early 2024, Malaysia's labour force demonstrated notable resilience, led by favourable economic condition and the recovery of key sectors. A major contributor to this trend was the increased participation of female in the labour force, surpassing pre-pandemic levels. This growth was facilitated by greater access to flexible working arrangements, enabled by digital transformation and technological advancements which allowed more individuals, particularly women with caregiving responsibilities, to participate in gainful employment.

The early month of the year also benefited from vibrant seasonal and cultural celebrations, particularly the holy month of Ramadan and Eid al-Fitr, which significantly boosted consumer activity and overall economic vibrancy. These festivities stimulated high demand for goods and services, especially within the food and beverage (F&B) industry, retail, hospitality, and informal sectors, leading to the creation of both temporary and permanent employment opportunities. Entrepreneurs, particularly those in Micro, Small, and Medium Enterprises (MSMEs), capitalised on the festive demand by introducing new products, establishing online platforms, and opening temporary stalls at bazaars, thereby contributing to business expansion and labour market growth. In addition, these economic and social factors contributed to encouraging and inclusive labour force performance in the first quarter of 2024.

Moreover, government-led initiatives including career fairs, skills development programs, and job matching platforms were implemented nationwide to address labour market needs and support job seekers. These efforts played a key role in bridging skills gaps, enhancing employability, and fostering inclusive participation in the workforce. The government's focus on strengthening the MSME sector through targeted budget allocations and regional engagement, such as Malaysia Fest 2024 in Singapore, further contributed to job creation and enterprise development[2].

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1 https://www.thestar.com.my/business/business-news/2024/04/09/malaysia039s-labour-market-seen-remaining-stable-with-jobless-rate-at-32-in-2024

2 https://cbre-wtw.com.my/wp-content/uploads/2024/08/1H-2024-Snapshot_Klang-Valley_Final-Clean.pdf

The mid-year period witnessed increased investment in national development projects, with notable gains in sectors like Agriculture, Tourism, and Manufacturing. International exhibitions, including the Malaysia Agriculture, Horticulture, and Agrotourism (MAHA) Exhibition 2024, played an important role in promoting agro-based industries and facilitated the creation of 5,556 of job opportunities through platforms like Agro Job Fair[3]. Positive momentum continued into the second half of the year, supported by substantial foreign investments which most notably the establishment of a United States based semiconductor firm in Pulau Pinang, which generated 3,000 new jobs[4] and the launch of large-scale digital economy projects valued RM254.7 billion aimed to create 159,000 jobs. Similarly, a RM30.1 billion investment in Kedah's semiconductor project further strengthened Malaysia's position within the high-technology manufacturing landscape[5].

Towards the end of 2024, the nation encountered unforeseen natural disruptions, most notably severe flooding in the east coast states, which adversely affected the Agricultural sector and caused significant damage to local infrastructure. In response, the government acted promptly by implementing support mechanisms and urging employers to uphold workers' rights, thereby ensuring labour protections were maintained, particularly in flood-affected regions. At the same time, the festive seasons and year-end school holidays in December spurred a surge in retail and tourism activities, significantly increasing foot traffic in commercial areas and driving demand for labour in related service sectors. These seasonal factors, coupled with continued investment inflows and strong export performance, further contributed to employment growth and reinforced the resilience of Malaysia's labour market in the final quarter of the year. As a result, labour market conditions in 2024 remained stable, in line with the economic expansion, marked by rising in employment levels and a continued decline in the unemployment.
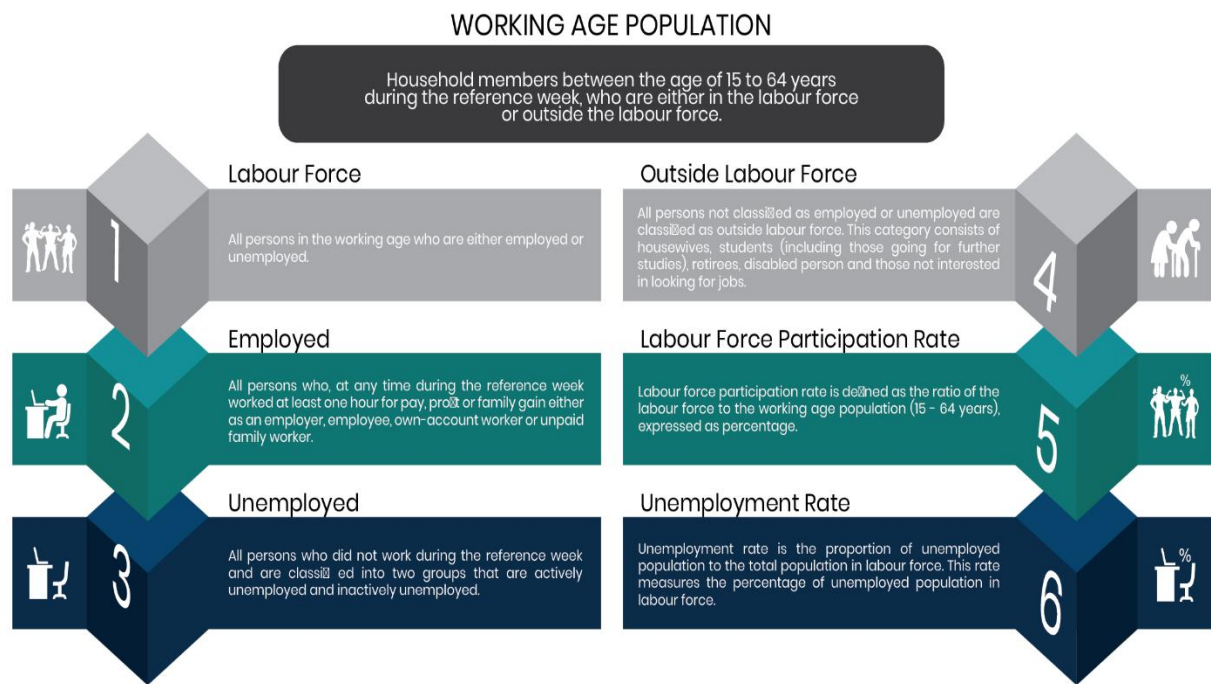
As an economic indicator, Malaysia's Leading Index (LI) showed encouraging signs of recovery in November 2024, increasing by 2.5 per cent year-on-year to 112.6 points and recording a month-on-month rebound of 1.1 per cent after experiencing three consecutive months of decline. Although the index remained slightly below the long-term trend line, this positive turnaround indicates growing economic confidence. The improvement was supported by strong domestic demand, strengthened better business sentiment, and a revival in global demand, particularly for high technology and semiconductor products, which are among Malaysia's key export drivers. These positive trends suggest a more optimistic economic outlook and signal the potential for increased job creation and further strengthening of the labour market moving into the year 2025.

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[3] *https://www.utusan.com.my/pilihan-utusan/2024/09/5556-peluang-kerjaya-menanti-belia-di-maha-2024/*

[4] *https://www.bharian.com.my/amp/bisnes/korporat/2024/11/1322930/firma-dexcom-labur-rm283-bilion-buka-kilang-di-pulau-pinang*

[5] *https://www.astroawani.com/berita-bisnes/pelbagai-perencanaan-strategik-lonjakkan-ekonomi-sepanjang-2024-pm-anwar-501690?utm_source=news_keyword_widget&utm_medium=data-embed&utm_campaign=20241231+News-Keyword-ekonomi+malaysia*

2. Concept and Definition

WORKING AGE POPULATION

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.

1. Labour Force
All persons in the working age who are either employed or unemployed.

2. Employed
All persons who, at any time during the reference week worked at least one hour for pay, profit or family gain either as an employer, employee, own-account worker or unpaid family worker.

3. Unemployed
All persons who did not work during the reference week and are classified into two groups that are actively unemployed and inactively unemployed.

4. Outside Labour Force
All persons not classified as employed or unemployed are classified as outside labour force. This category consists of housewives, students (including those going for further studies), retirees, disabled person and those not interested in looking for jobs.

5. Labour Force Participation Rate
Labour force participation rate is defined as the ratio of the labour force to the working age population (15 - 64 years), expressed as percentage.

6. Unemployment Rate
Unemployment rate is the proportion of unemployed population to the total population in labour force. This rate measures the percentage of unemployed population in labour force.
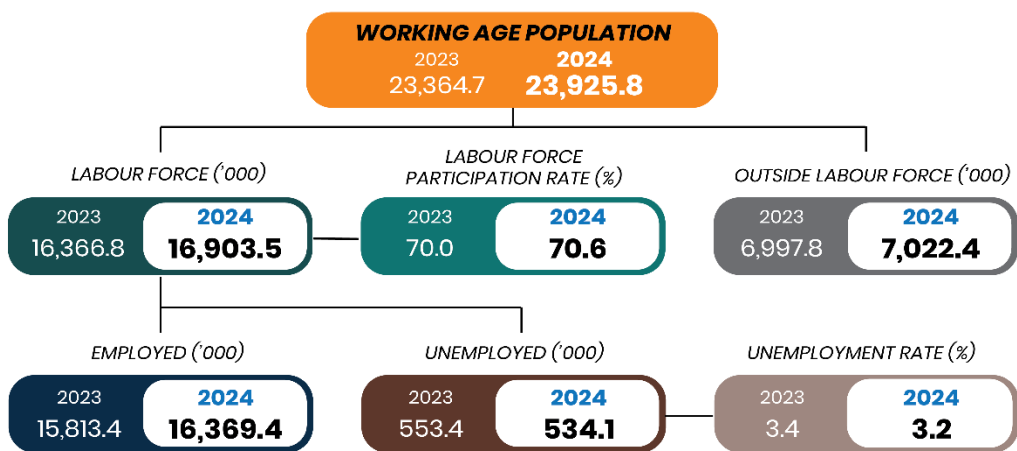
3. Labour Force

LFPR rose by 0.6 percentage points to a new high level of 70.6 per cent

Malaysia's labour force maintained its upward trajectory in 2024, registering a growth of 3.3 per cent, which corresponds to an increase of 536.6 thousand persons. Consequently, the total labour force expanded to 16.90 million persons, up from 16.37 million in 2023. Reflecting this positive trend, the labour force participation rate (LFPR) rose by 0.6 percentage points to a new high level of 70.6 per cent (2023: 70.0%), as illustrated in **Exhibit 1**.
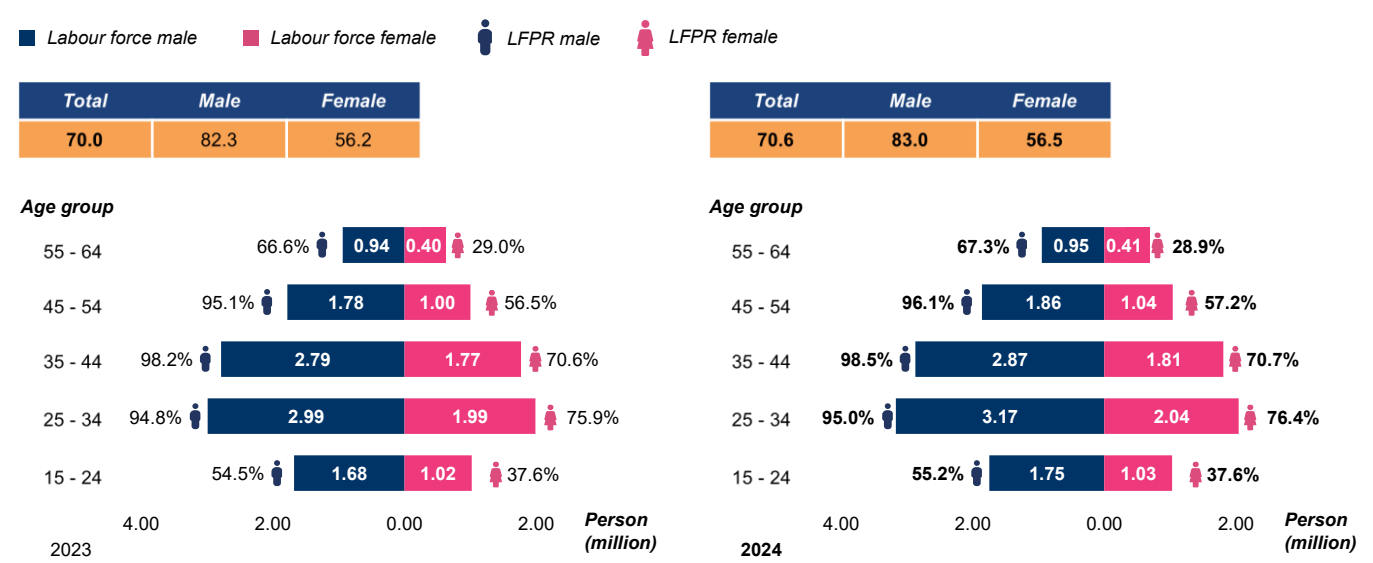
Exhibit 1: Principal statistics of labour force, Malaysia, 2023 and 2024

WORKING AGE POPULATION
2023	2024
23,364.7	23,925.8

LABOUR FORCE ('000)
2023	2024
16,366.8	16,903.5

LABOUR FORCE PARTICIPATION RATE (%)
2023	2024
70.0	70.6

OUTSIDE LABOUR FORCE ('000)
2023	2024
6,997.8	7,022.4

EMPLOYED ('000)
2023	2024
15,813.4	16,369.4

UNEMPLOYED ('000)
2023	2024
553.4	534.1

UNEMPLOYMENT RATE (%)
2023	2024
3.4	3.2

In 2024, the labour continued to show positive growth across both sexes. The male labour force expanded by 3.9 per cent, registering an increase of 395.6 thousand persons to reach 10.58 million persons (2023: 10.19 million persons). Similarly, the female labour force recorded a 2.3 per cent increase (+141.0 thousand persons), totalling 6.32 million persons. In line with this growth, the male LFPR increased by 0.7 percentage points to 83.0 per cent (2023: 82.3%), while the female LFPR edged up by 0.3 percentage points to 56.5 per cent (2023: 56.2%).
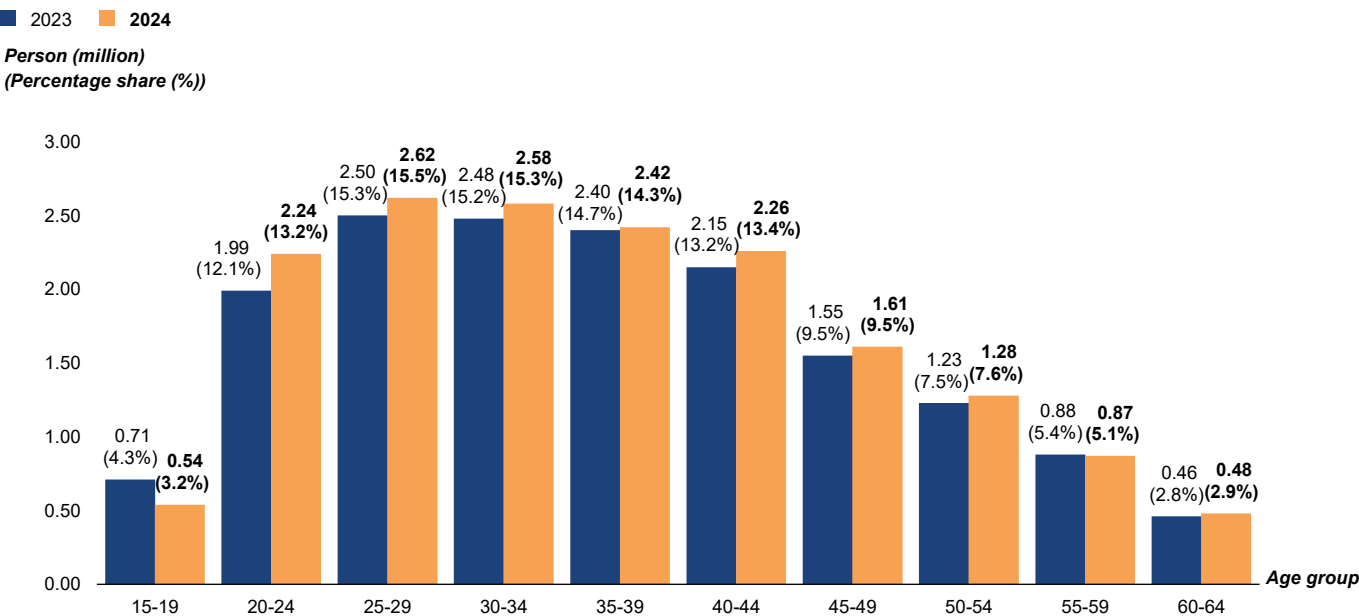
*By age group, the 25 to 34 years group recorded the highest LFPR at 86.7 per cent, while the 15 to 24 years group registered the lowest at 47.1 per cent. The 35 to 44 years group ranked second with an increase of 0.3 percentage points, reaching 85.5 per cent, followed by the 45 to 54 years group at 77.3 per cent. Meanwhile, analysing by sex, the highest male LFPR was observed among those aged 35 to 44 years, reaching 98.5 per cent. For females, the highest participation was among the 25 to 34 years age group, with the rate increased by 0.5 percentage points to 76.4 per cent **[Chart 1]**.*

Chart 1: *Labour force participation rate by sex and age group, Malaysia, 2023 and 2024*

Legend: ■ Labour force male ■ Labour force female 👤 LFPR male 👤 LFPR female

2023

Total	Male	Female
70.0	82.3	56.2

Age group

Age group	LFPR male	Labour force male	Labour force female	LFPR female
55 - 64	66.6%	0.94	0.40	29.0%
45 - 54	95.1%	1.78	1.00	56.5%
35 - 44	98.2%	2.79	1.77	70.6%
25 - 34	94.8%	2.99	1.99	75.9%
15 - 24	54.5%	1.68	1.02	37.6%

4.00   2.00   0.00   2.00   **Person (million)**

2024

Total	Male	Female
70.6	83.0	56.5

Age group

Age group	LFPR male	Labour force male	Labour force female	LFPR female
55 - 64	67.3%	0.95	0.41	28.9%
45 - 54	96.1%	1.86	1.04	57.2%
35 - 44	98.5%	2.87	1.81	70.7%
25 - 34	95.0%	3.17	2.04	76.4%
15 - 24	55.2%	1.75	1.03	37.6%

4.00   2.00   0.00   2.00   **Person (million)**

*During the year, the age group of 25 to 29 years constituted the largest composition of the total labour force, comprising 15.5 per cent or 2.62 million persons, followed by age group 30 to 34 years at 15.3 per cent (2.58 million persons), and the 35 to 39 years at 14.3 per cent (2.42 million persons), as shown in **Chart 2**.*

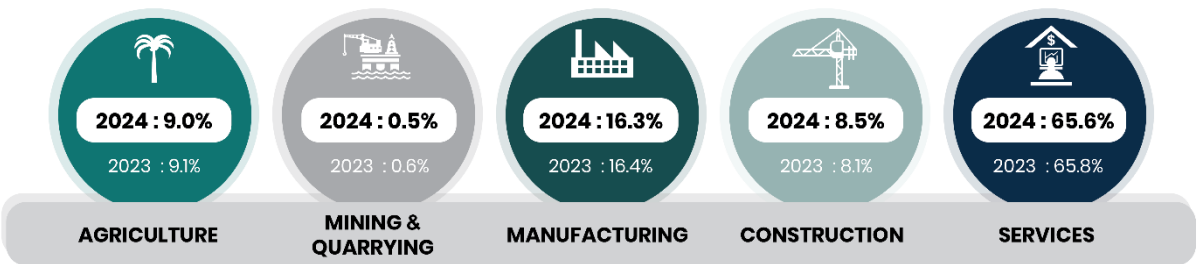**Chart 2:** *Labour force by age group, Malaysia, 2023 and 2024*

■ 2023 ■ **2024**

Person (million)
(Percentage share (%))

Age group	2023	2024
15-19	0.71 (4.3%)	**0.54 (3.2%)**
20-24	1.99 (12.1%)	**2.24 (13.2%)**
25-29	2.50 (15.3%)	**2.62 (15.5%)**
30-34	2.48 (15.2%)	**2.58 (15.3%)**
35-39	2.40 (14.7%)	**2.42 (14.3%)**
40-44	2.15 (13.2%)	**2.26 (13.4%)**
45-49	1.55 (9.5%)	**1.61 (9.5%)**
50-54	1.23 (7.5%)	**1.28 (7.6%)**
55-59	0.88 (5.4%)	**0.87 (5.1%)**
60-64	0.46 (2.8%)	**0.48 (2.9%)**

4. Employed Person

The number of employed persons continued to expand, reaching 16.37 million persons

In 2024, the number of employed persons expanded by 3.5 per cent (+556.0 thousand persons), maintaining its upward trend to reach 16.37 million persons as compared to 15.81 million persons in the previous year. As a result, the employment-to-population ratio, an indicates of the ability of an economy to create employment, increased by 0.7 percentage points year-on-year, from 67.7 per cent to 68.4 per cent.

From a sectoral perspective, employment remained dominant in the Services sector which continued its upward trend and comprised 65.6 per cent of the total employment. This was followed by the Manufacturing sector at 16.3 per cent and the Agriculture sector at 9.0 per cent. Additionally, the Construction sector accounted for 8.5 per cent of total employment, while the Mining & quarrying sector recorded the smallest share at 0.5 per cent, as shown in Exhibit 2.

Exhibit 2: *Employed persons by sector, Malaysia, 2023 and 2024*

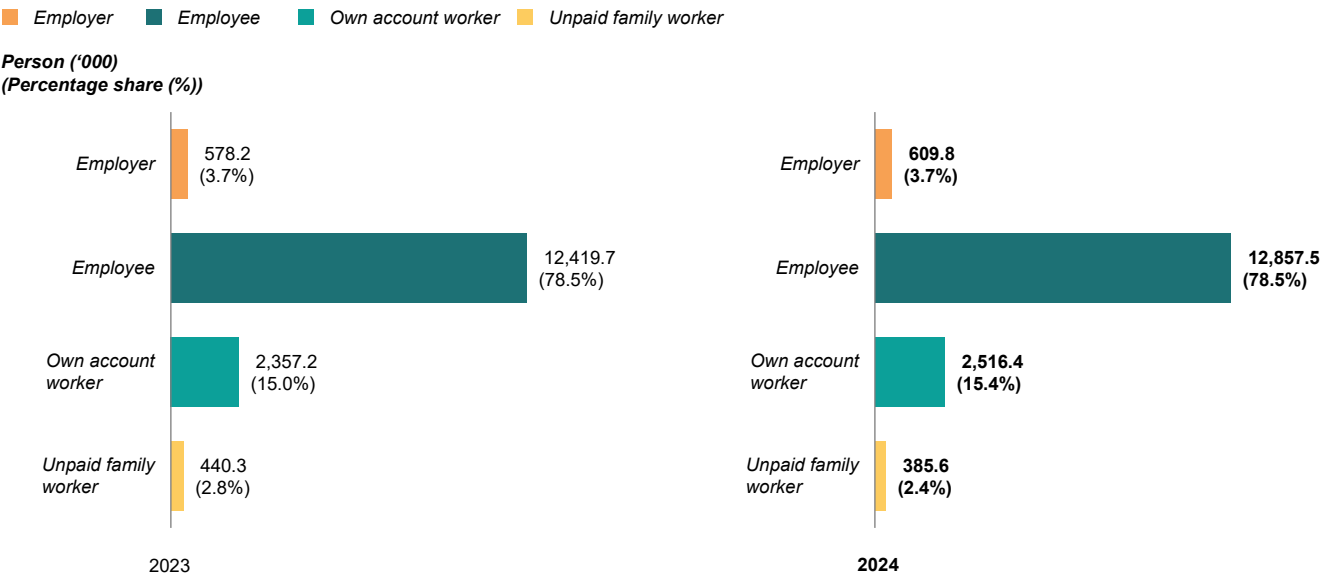| AGRICULTURE	MINING & QUARRYING	MANUFACTURING	CONSTRUCTION	SERVICES
2024 : 9.0% 2023 : 9.1%	**2024 : 0.5%** 2023 : 0.6%	**2024 : 16.3%** 2023 : 16.4%	**2024 : 8.5%** 2023 : 8.1%	**2024 : 65.6%** 2023 : 65.8%

*In terms of educational attainment, persons with secondary education comprised the largest share of the total employment in 2024, accounting for 54.7 per cent. This category increased by 4.6 per cent reaching a total of 8.95 million persons compared to 8.56 million persons in 2023. Meanwhile, those with tertiary education made up 34.9 per cent of the share of the total employed persons, rising by 1.9 per cent to 5.72 million persons from 5.61 million persons in the previous year. Employment among those with primary education represented 8.2 per cent, increased by 6.0 per cent to 1.34 million persons (2023: 1.27 million persons). Conversely, the number of employed persons with no formal education declined by 5.8 per cent registering 356.4 thousand persons, representing the remaining of 2.2 per cent (2023: 378.2 thousand persons) as shown in **Exhibit 3**.*

Exhibit 3: *Employed persons by educational attainment, Malaysia, 2023 and 2024*
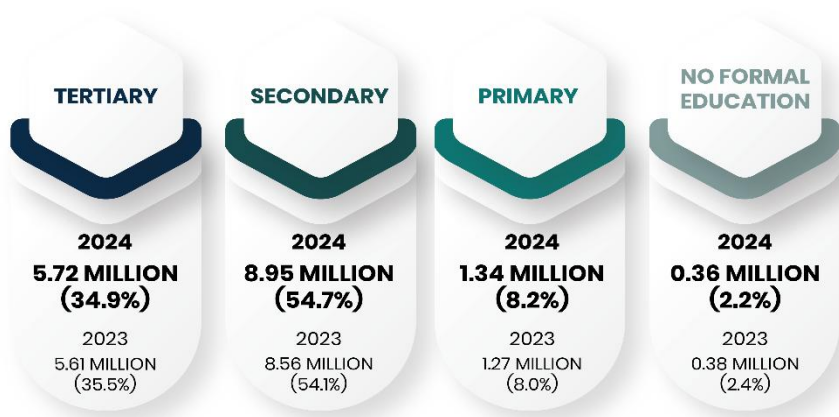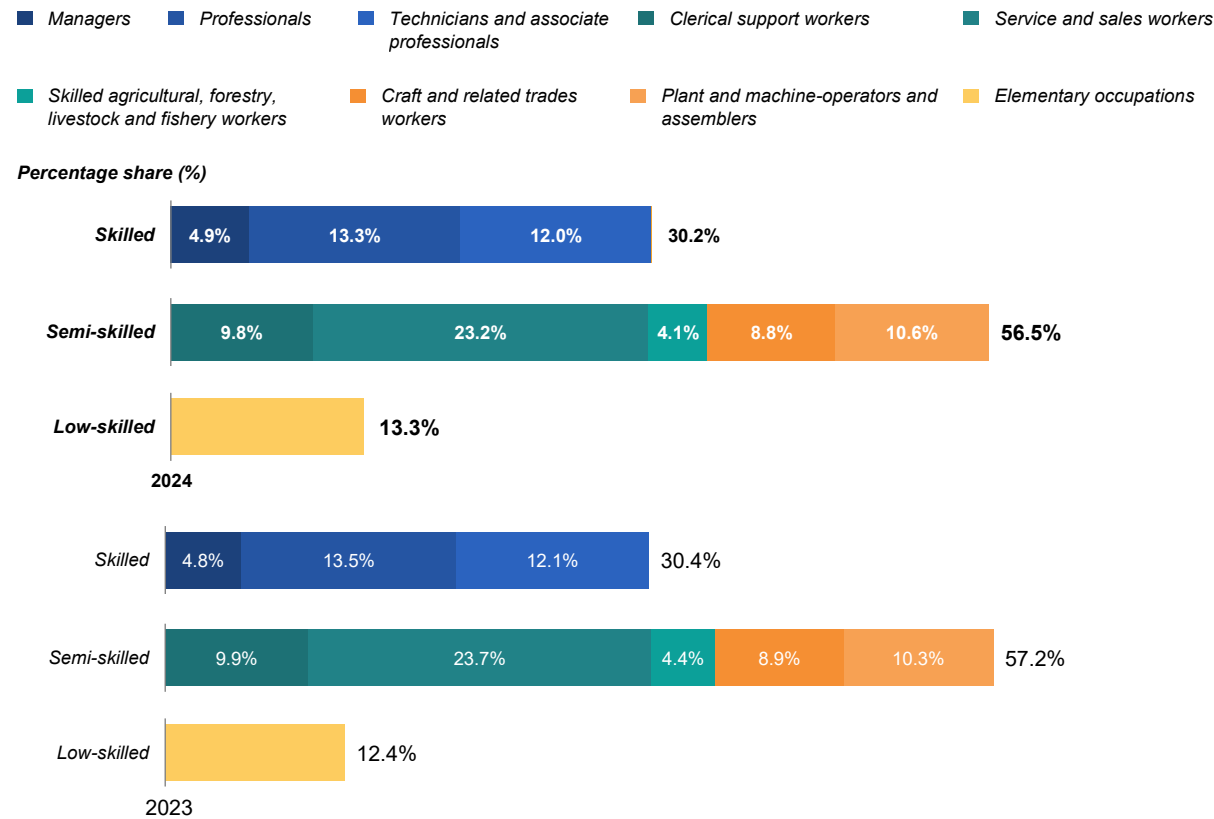

*Based on employment status, the employees' category constituted the largest proportion of total employed persons in 2024, accounting for 78.5 per cent. This category grew by 3.5 per cent in year-on-year growth to record 12.86 million persons compared to 12.42 million persons in 2023. Own-account workers comprised 15.4 per cent of the total employment, increasing to 2.52 million persons (2023: 2.38 million persons). The employers' category made up 3.7 per cent of total employed persons also registering a growth of 5.5 per cent to 609.8 thousand persons (2023: 578.2 thousand persons). In contrast, the number of unpaid family workers, comprising 2.4 per cent of the total of employed persons, continued its downward trend, dropping by 12.4 per cent to 385.6 thousand persons, from 440.3 thousand persons in 2023, as illustrated in **Chart 3**.*

Chart 3: *Employed persons by status of employment, Malaysia, 2023 and 2024*

Legend: ■ Employer ■ Employee ■ Own account worker ■ Unpaid family worker

Person ('000)
(Percentage share (%))

2023

Employer	578.2 (3.7%)
Employee	12,419.7 (78.5%)
Own account worker	2,357.2 (15.0%)
Unpaid family worker	440.3 (2.8%)

2024

Employer	609.8 (3.7%)
Employee	12,857.5 (78.5%)
Own account worker	2,516.4 (15.4%)
Unpaid family worker	385.6 (2.4%)

In terms of skill level, the majority of the employed persons were concentrated in the semi-skilled occupations category, accounting for 56.5 per cent or 9.26 million persons. Skilled occupations represented 30.2 per cent (4.94 million persons), while low-skilled occupations made up the remaining 13.3 per cent (2.17 million persons). In terms of annual growth, employment in semi-skilled occupations continued to rise, increasing by 2.3 per cent as compared to 3.1 per cent in the prior year. Meanwhile, employment in low-skilled occupations saw a growth of 10.9 per cent (2023: 11.7%) whereas skilled occupations recorded a 2.8 per cent increase (2023: 4.0%), as shown in **Chart 4**.

Chart 4: *Employed persons by skill level, Malaysia, 2023 and 2024*

Legend: ■ Managers ■ Professionals ■ Technicians and associate professionals ■ Clerical support workers ■ Service and sales workers ■ Skilled agricultural, forestry, livestock and fishery workers ■ Craft and related trades workers ■ Plant and machine-operators and assemblers ■ Elementary occupations

Percentage share (%)

2024

Skilled	4.9%	13.3%	12.0%	→ 30.2%
Semi-skilled	9.8%	23.2%	4.1%	8.8%	10.6%	→ 56.5%
Low-skilled	13.3%

2023

Skilled	4.8%	13.5%	12.1%	→ 30.4%
Semi-skilled	9.9%	23.7%	4.4%	8.9%	10.3%	→ 57.2%
Low-skilled	12.4%

Working less than 30 hours per week, time-related underemployment and skill-related underemployment
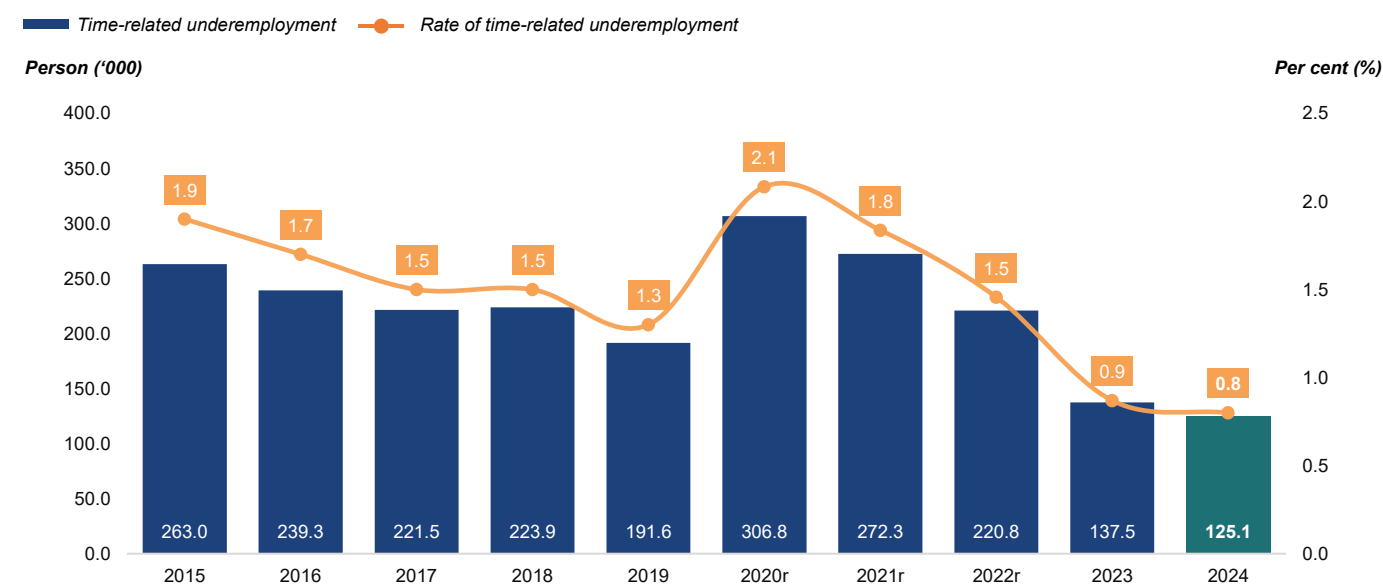
Employed persons working less than 30 hours per week refers to those who worked less than 30 hours during the reference week because of the nature of their work or due to insufficient work. As a review in 2024, Malaysia's economic performance remained strong, which led to a resilient labour market and contributing to an increase in overall employment. Therefore, the number of employed persons working less than 30 hours per week saw a decline notably by 6.1 per cent or equivalent to 13.8 thousand persons to record 212.5 thousand persons (2023: 226.3 thousand persons). This group represented 1.3 per cent of the total employment, representing a decrease of 0.1 percentage points from 1.4 per cent in the previous year as illustrated in **Chart 5**.

Chart 5: *Employed persons working less than 30 hours per week, Malaysia, 2015 - 2024*
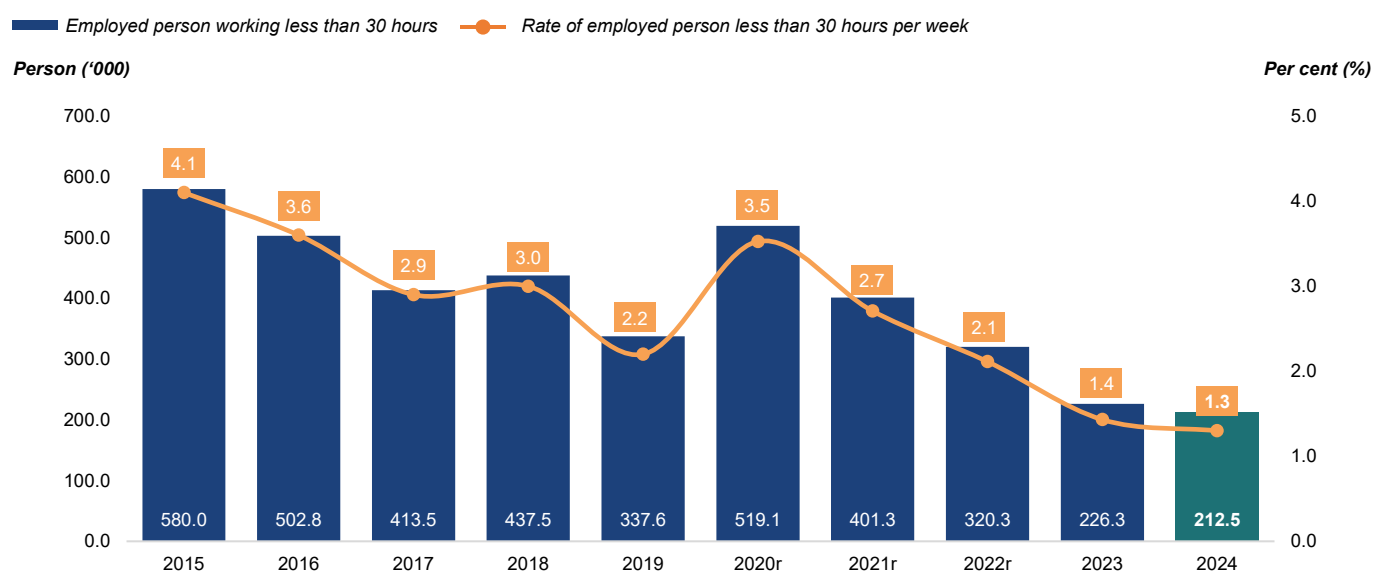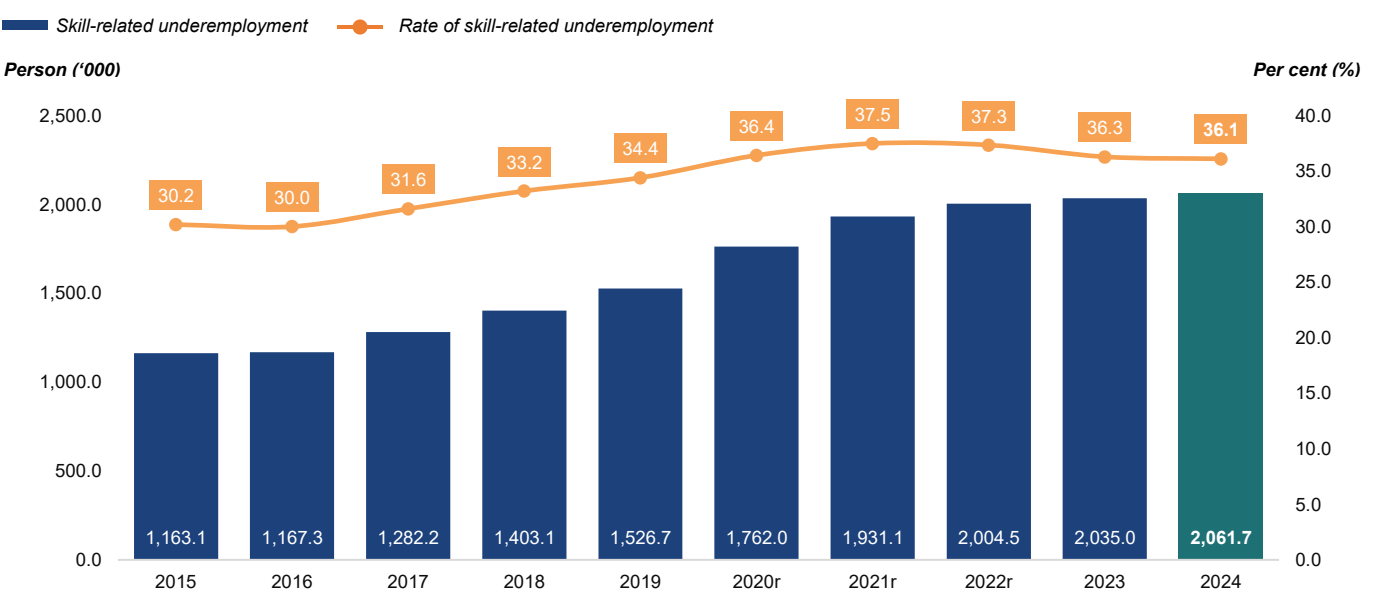

Accordingly, the rate of time-related underemployment in 2024 recorded a slight decline of 0.1 percentage points, reaching 0.8 per cent (2023: 0.9%). This reflects a decrease of 9.1 per cent or 12.5 thousand persons, bringing the total to 125.1 thousand persons (2023: 137.5 thousand persons). Time-related underemployment refers to those who were employed less than 30 hours per week due to the nature of their work or because of insufficient work and were able and willing to accept additional hours of work **[Chart 6]**.

Chart 6: *Time-related underemployment, Malaysia, 2015 - 2024*

■ Time-related underemployment ——●—— Rate of time-related underemployment

Person ('000)

Per cent (%)

	2015	2016	2017	2018	2019	2020r	2021r	2022r	2023	2024
Time-related underemployment	263.0	239.3	221.5	223.9	191.6	306.8	272.3	220.8	137.5	**125.1**
Rate	1.9	1.7	1.5	1.5	1.3	2.1	1.8	1.5	0.9	0.8

*Overeducation job mismatch typically refers to a situation in which persons are employed in positions that require lower skill levels than their educational qualifications. Thus, it is reflected through the indicator of skill-related underemployment, which measures the number of tertiary-educated persons working in the semi-skilled and low-skilled occupations. In 2024, the number of persons in skill-related underemployment increased by 1.3 per cent, with an additional of 26.8 thousand persons to reach the total of 2.06 million persons (2023: 2.03 million persons). Despite the rise in absolute numbers, the rate of skill-related underemployment continued to decline, falling by 0.2 percentage points to 36.1 per cent as compared to the previous year (2023: 36.3%), as shown in **Chart 7**.*

Chart 7: *Skilled-related underemployment, Malaysia, 2015 – 2024*

■ Skill-related underemployment ——●—— Rate of skill-related underemployment

Person ('000)

Per cent (%)

	2015	2016	2017	2018	2019	2020r	2021r	2022r	2023	2024
Skill-related underemployment	1,163.1	1,167.3	1,282.2	1,403.1	1,526.7	1,762.0	1,931.1	2,004.5	2,035.0	**2,061.7**
Rate	30.2	30.0	31.6	33.2	34.4	36.4	37.5	37.3	36.3	36.1

In line with the positive economic developments, the full resumption of economic and social activities encouraged greater participation in the labour market. Consequently, the number of employed persons who were temporarily not working registered a further reduction of 7.1 per cent, which is a decline of 5.2 thousand persons to 68.3 thousand persons in 2024 (2023: 73.5 thousand persons).
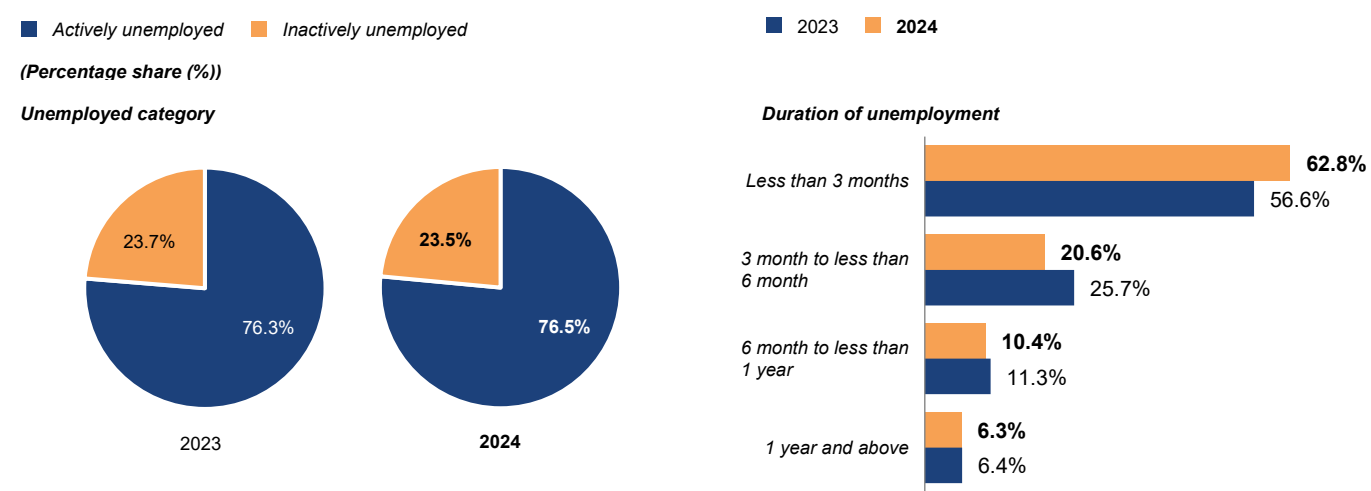
5. Unemployment

Unemployment rate in 2024 decreased further to 3.2 per cent

The unemployment rate in 2024 continued its downward trend, decreasing by 0.2 percentage points to 3.2 per cent, compared to 3.4 per cent in 2023. This improvement also reflects a rate lower than the pre-pandemic level of 3.3 per cent recorded in 2019. As a result, the number of unemployed persons declined by 3.5 per cent to 534.1 thousand persons (2023: 553.4 thousand persons).

In terms of unemployment categories, those who were available for work and were actively seeking jobs or the actively unemployed, represented 76.5 per cent of total unemployed persons. This group saw a decline of 3.2 per cent, totalling 408.8 thousand persons (2023: 422.4 thousand persons). Based on duration of unemployment, 62.8 per cent of the actively unemployed were jobless for less than three months, while 6.3 per cent were in long-term unemployment lasting more than a year. Meanwhile, the inactively unemployed or those who believed that there were no jobs available, recorded a slight decrease of 4.4 per cent, registering 125.3 thousand persons (2023: 131.1 thousand persons) as exhibited in **Chart 8**.

Chart 8: *Unemployed category and duration of unemployment, Malaysia, 2023 and 2024*


Comparing by sex, the unemployment rate declined by 0.2 percentage points for both males and females to 3.1 per cent (2023: 3.3%) and 3.3 per cent (2023: 3.5%), respectively. In line with this, the number of unemployed persons registered a decreasing trend which male downed by 3.5 per cent to 327.1 thousand persons and female dropped by 7.5 per cent to 207.0 thousand persons (2023: 338.9 thousand persons; 214.5 thousand persons) **[Chart 9]**.

Chart 9: *Unemployed and unemployment rate by sex, Malaysia, 2015 - 2024*
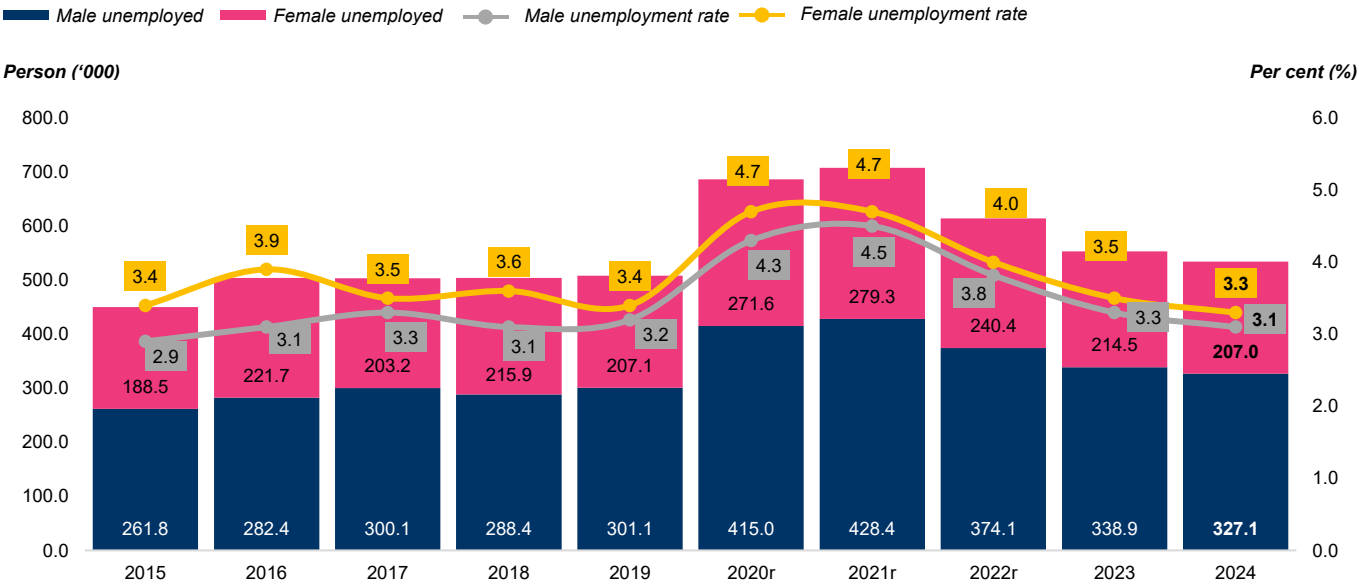
As illustrated in **Chart 10**, the unemployment rate for youth aged 15 to 24 years declined by 0.7 percentage points to 10.3 per cent, registering 284.7 thousand unemployed youths (2023: 11.0%; 297.0 thousand persons). Similarly, youth aged 15 to 30 years edged down by 6.5 per cent, accounting for 389.2 thousand unemployment youths (2023: 6.7%; 392.6 thousand persons). Along the same line, the unemployment rate for adults aged 25 to 64 years also fell by 0.1 percentage points to 1.8 per cent, with 249.4 thousand unemployed persons (2023: 1.9%; 256.5 thousand persons).

Chart 10: *Unemployment rate by selected age groups, Malaysia, 2015 - 2024*
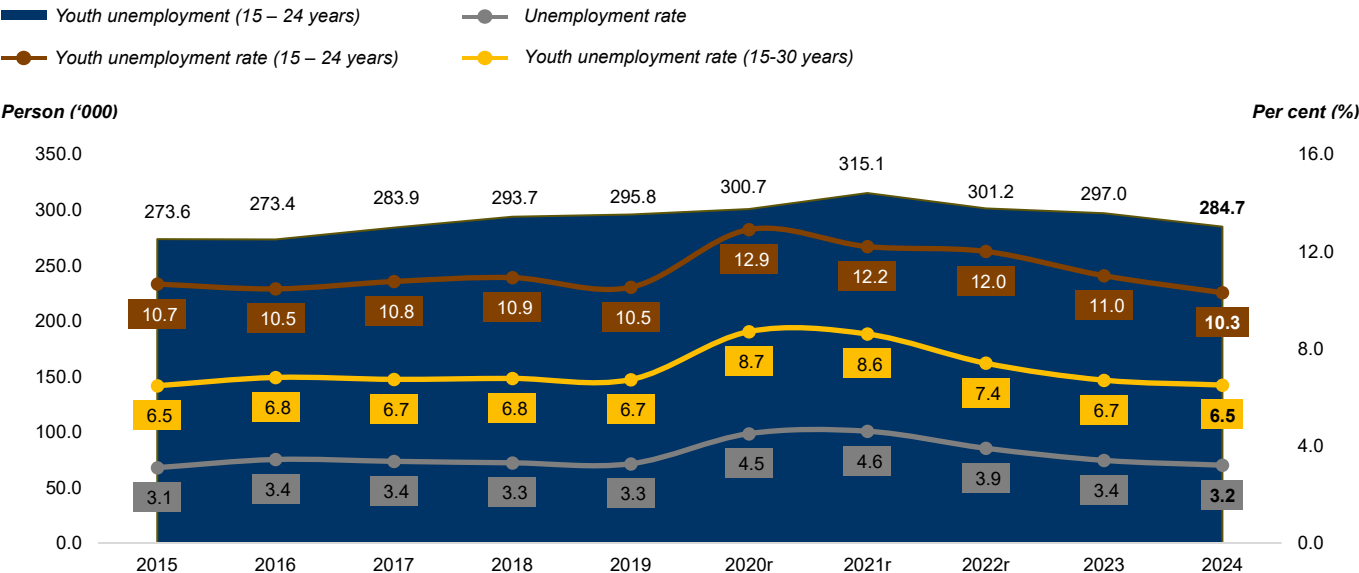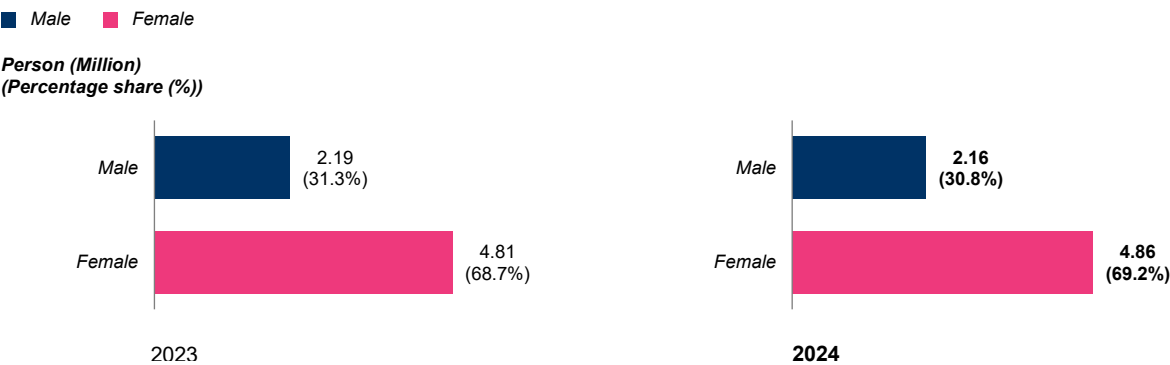
6. Outside Labour Force

**Females continued to dominate the outside labour force composition**

In contrast to the decline recorded in the previous year, the number of persons outside the labour force in 2024 slightly increased by 0.4 per cent, rising by 24.5 thousand persons to a total of 7.02 million (2023: 7.0 million). Females continued to dominate the outside labour force composition, representing 69.2 per cent of the total, while males accounted for the remaining 30.8 per cent. The number of females in this category increased by 1.0 per cent to 4.86 million, up from 4.81 million in 2023. On the contrary, the number of males in this category declined by 1.1 per cent, falling to 2.16 million from 2.19 million in the previous year, as shown in Chart 11.

Chart 11: *Population of outside labour force by sex, Malaysia, 2023 and 2024*

By age group, the 15 to 24 years group remained to represent the largest share of outside labour force accounting for 44.4 per cent. Within this group, females comprised 24.2 per cent and males constituted 20.2 per cent of the total, as shown in Chart 12.
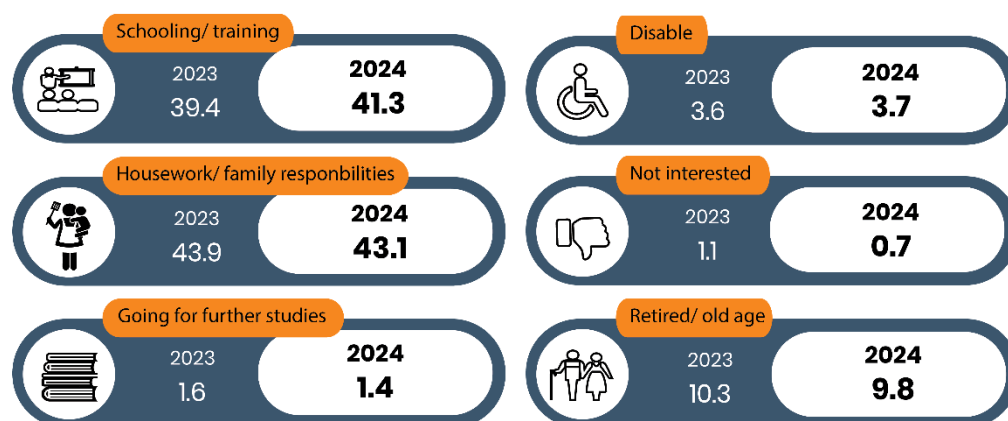
Chart 12: *Population of outside labour force by age group and sex, Malaysia, 2023 and 2024*
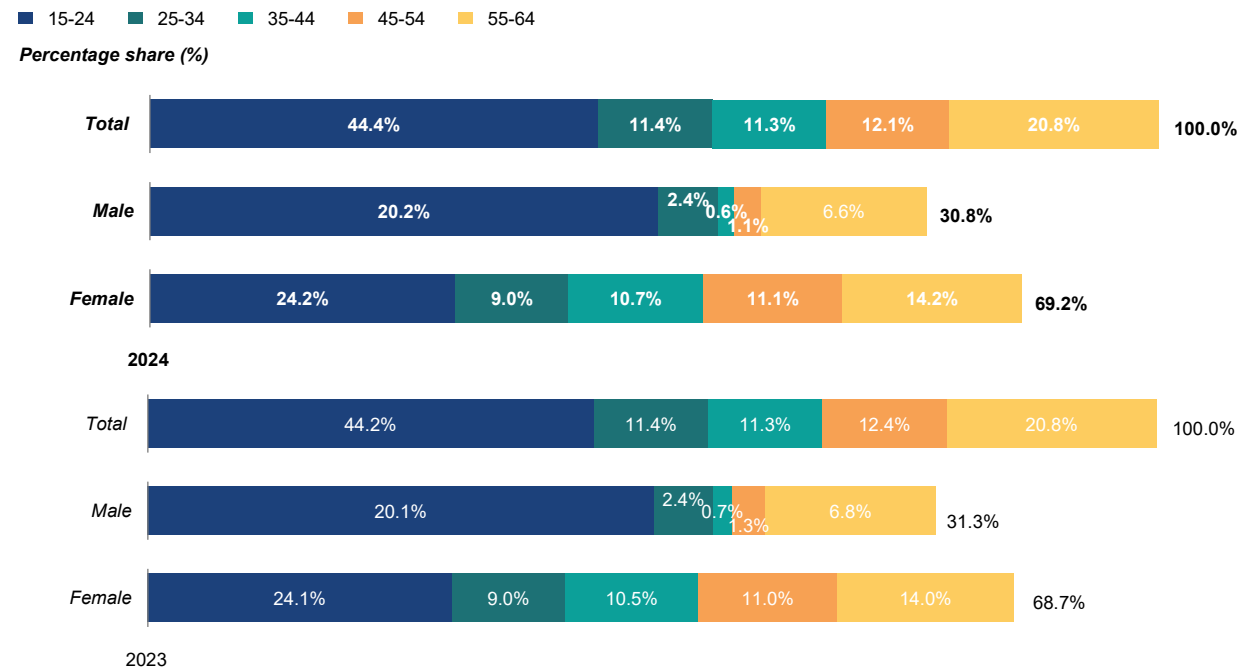
The largest share of outside labour force was attributed to housework or family responsibilities

The largest share of outside labour force was attributed to housework or family responsibilities, accounting for 43.1 per cent, followed by those in the schooling or training category which comprised 41.3 per cent, as shown in **Exhibit 4**.

Exhibit 4: *Share of outside labour force by reasons for not seeking work, Malaysia, 2023 and 2024*

Schooling/ training	Disable
2023 39.4 — 2024 **41.3**	2023 3.6 — 2024 **3.7**

Housework/ family responbilities	Not interested
2023 43.9 — 2024 **43.1**	2023 1.1 — 2024 **0.7**

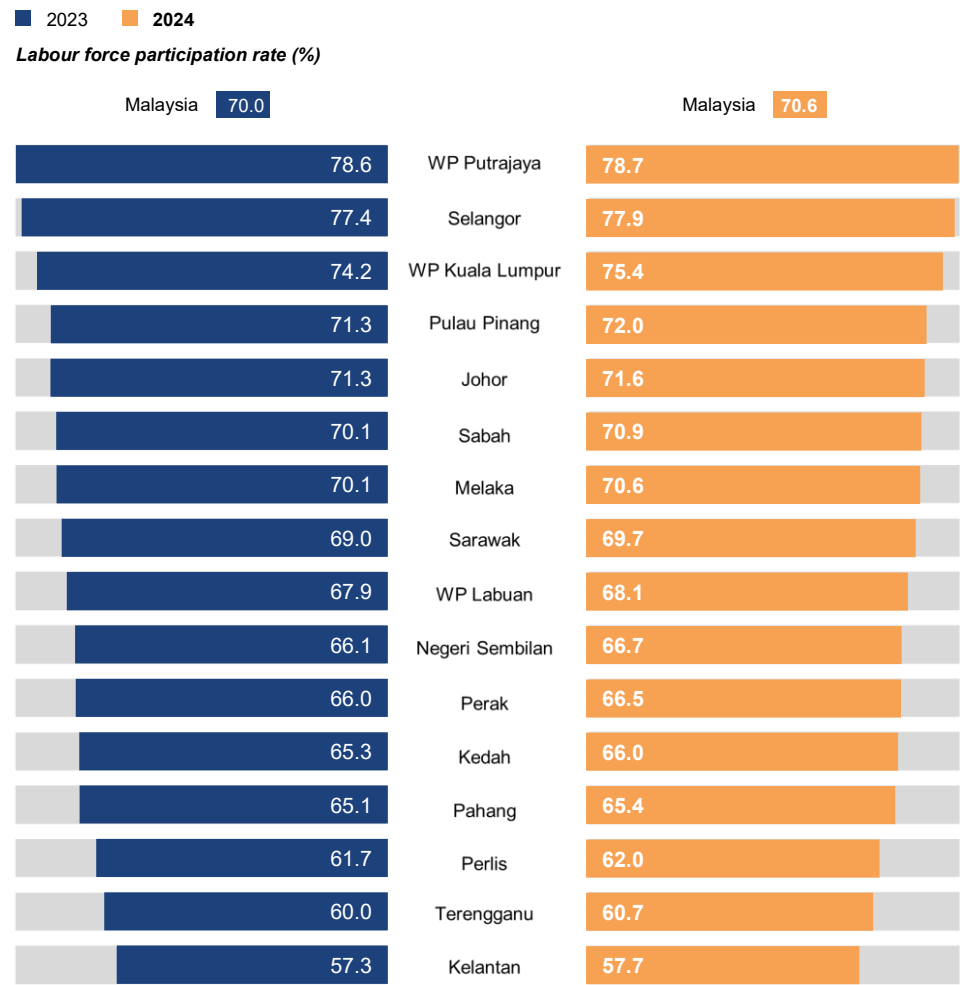| Going for further studies	Retired/ old age
2023 1.6 — 2024 **1.4**	2023 10.3 — 2024 **9.8**

7. Selected Indicators by State

LFPR, unemployment rate and skill-related underemployment rate by state
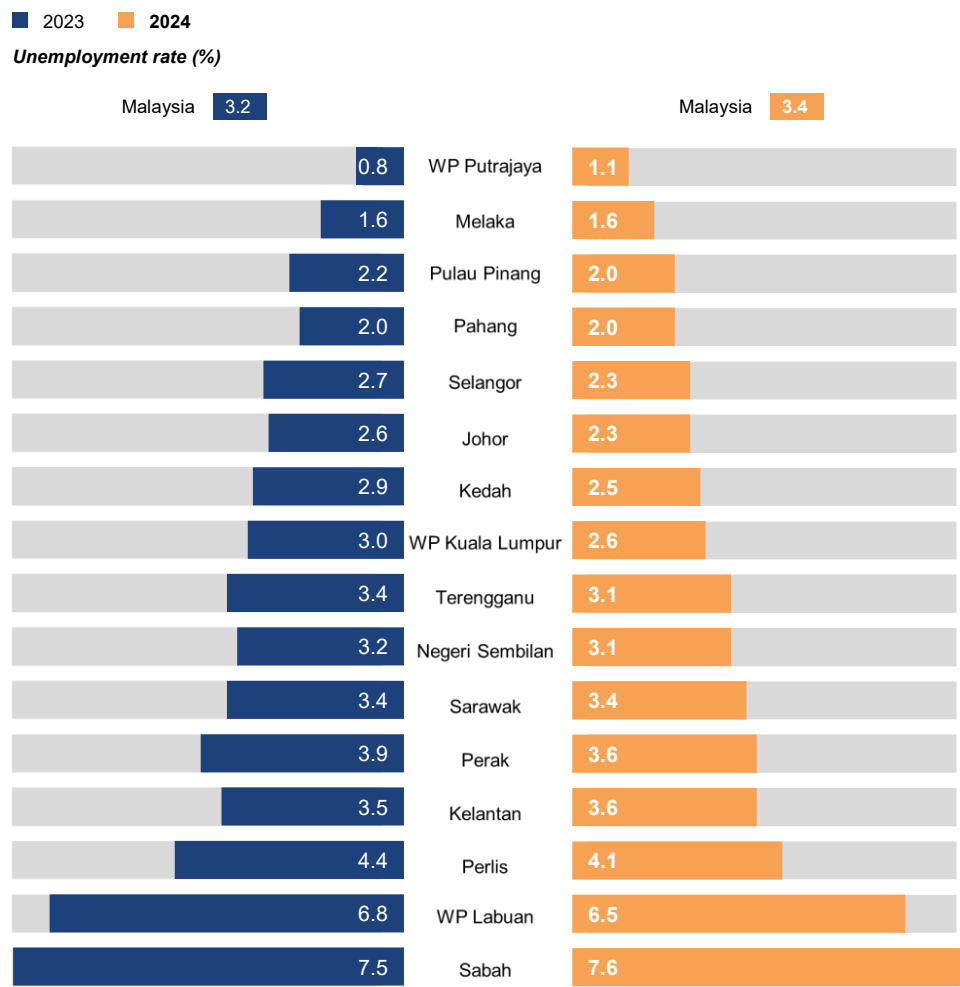
All states showed an upward trend in LFPR over the year, indicating increased participation in the labour market. The highest LFPR was recorded in W.P. Putrajaya at 78.7 per cent, followed by Selangor (77.9%), W.P. Kuala Lumpur (75.4%), Pulau Pinang (72.0%), and Johor (71.6%) as presented in **Chart 13**.

Chart 13: *Labour force participation rate by state, 2023 and 2024*

■ 2023 ■ **2024**

Labour force participation rate (%)

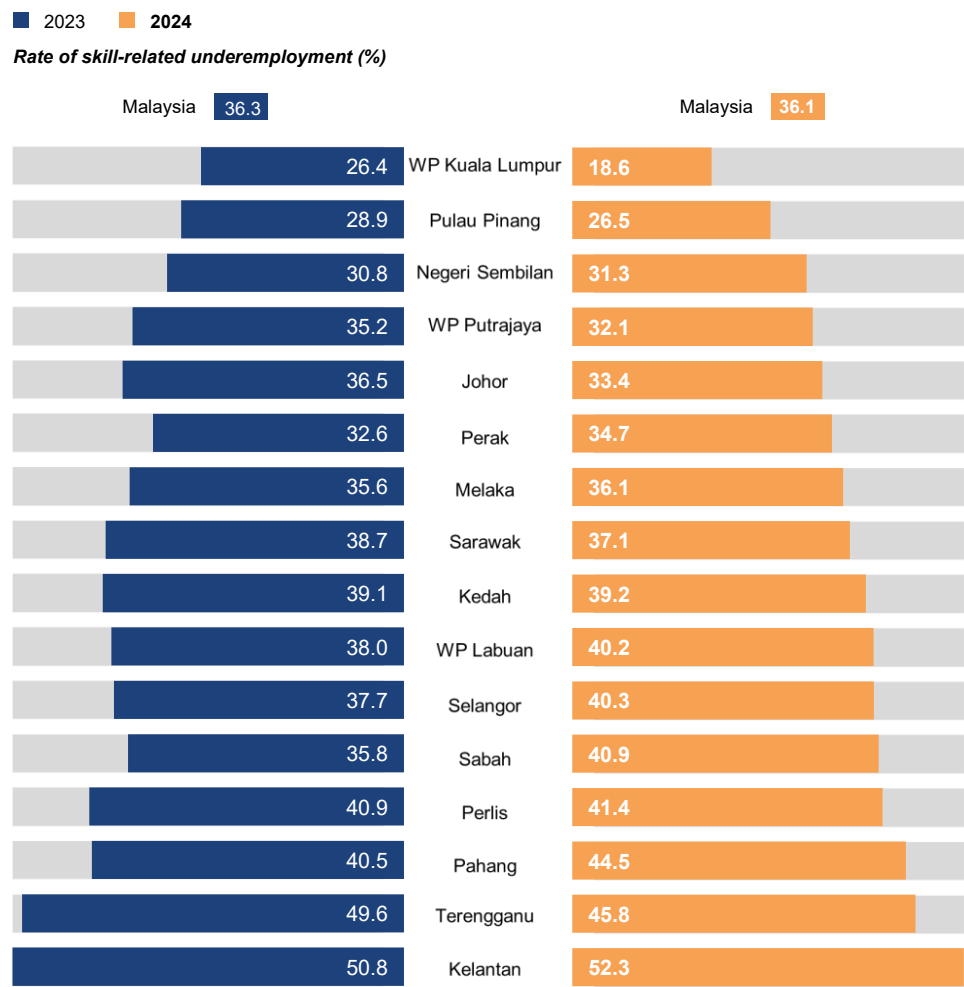| Malaysia	70.0	State	Malaysia	70.6
	78.6	WP Putrajaya	78.7	
	77.4	Selangor	77.9	
	74.2	WP Kuala Lumpur	75.4	
	71.3	Pulau Pinang	72.0	
	71.3	Johor	71.6	
	70.1	Sabah	70.9	
	70.1	Melaka	70.6	
	69.0	Sarawak	69.7	
	67.9	WP Labuan	68.1	
	66.1	Negeri Sembilan	66.7	
	66.0	Perak	66.5	
	65.3	Kedah	66.0	
	65.1	Pahang	65.4	
	61.7	Perlis	62.0	
	60.0	Terengganu	60.7	
	57.3	Kelantan	57.7	

In terms of unemployment rate, ten states registered a decline. W.P. Putrajaya posted the lowest unemployment rate at 1.1 per cent, followed by Melaka at 1.6 per cent, and both Pahang and Pulau Pinang at 2.0 per cent. In contrast, six states recorded unemployment rates exceeding the national level of 3.2 per cent, which are Sabah (7.6%), WP Labuan (6.5%), Perlis (4.1%), Kelantan (3.6%), Perak (3.6%) and Sarawak (3.4%), as illustrated in **Chart 14**.

Chart 14: *Unemployment rate by state, 2023 and 2024*

■ 2023　■ **2024**

Unemployment rate (%)

State	2023	2024
Malaysia	3.2	3.4
WP Putrajaya	0.8	1.1
Melaka	1.6	1.6
Pulau Pinang	2.2	2.0
Pahang	2.0	2.0
Selangor	2.7	2.3
Johor	2.6	2.3
Kedah	2.9	2.5
WP Kuala Lumpur	3.0	2.6
Terengganu	3.4	3.1
Negeri Sembilan	3.2	3.1
Sarawak	3.4	3.4
Perak	3.9	3.6
Kelantan	3.5	3.6
Perlis	4.4	4.1
WP Labuan	6.8	6.5
Sabah	7.5	7.6

In addition, as for the rate of skilled related underemployment by state, six states registered lower rates compared to the national level of 36.1 per cent. These states were W.P. Kuala Lumpur with the lowest rate at 18.6 per cent, followed by Pulau Pinang (26.5%), Negeri Sembilan (31.3%), W.P. Putrajaya (32.1%), Johor (33.4%), and Perak (34.7%). In contrast, Kelantan registered the highest rate at 52.3 per cent, with similarly high rates observed in Terengganu (45.8%) and Pahang (44.5%), as shown in **Chart 15**.

Chart 15: *Skill-related underemployment rate by state, 2023 and 2024*

■ 2023　■ **2024**

Rate of skill-related underemployment (%)

State	2023	2024
Malaysia	36.3	36.1
WP Kuala Lumpur	26.4	18.6
Pulau Pinang	28.9	26.5
Negeri Sembilan	30.8	31.3
WP Putrajaya	35.2	32.1
Johor	36.5	33.4
Perak	32.6	34.7
Melaka	35.6	36.1
Sarawak	38.7	37.1
Kedah	39.1	39.2
WP Labuan	38.0	40.2
Selangor	37.7	40.3
Sabah	35.8	40.9
Perlis	40.9	41.4
Pahang	40.5	44.5
Terengganu	49.6	45.8
Kelantan	50.8	52.3

8. Looking Ahead

Malaysia's economy in 2024 has expanded more rapidly, driven by strong domestic demand and a rebound in exports as it was fuelled by ongoing investment activities and resilient household spending[6]. Based on the Annual Gross Domestic Product (GDP), Malaysia's economy grew by 5.1 per cent in 2024, rising from 3.5 per cent a year before[7]. This improvement was primarily contributed by the Services and Manufacturing sector. Albeit an ongoing external headwind, the Malaysian economic outlook will continue to be underpinned by domestic demand, continuous implementation of infrastructure projects, further realisation of committed foreign investments and the governments's job initiatives. Furthermore, robust domestic demand has continued to drive growth in line with healthier employment conditions.

Aligned with these developments, Malaysia's labour force performed steadily throughout 2024. The unemployment rate remained low, with a decline in the number of unemployed, while employment continued to increase firmly. This positive performance was partly influenced by sustained labour demand across various sectors, particularly within the private sector, which experienced a rise in job opportunities.

Additionally, increased investment in infrastructure and other key industries also contributed to job creation. Meanwhile, strong domestic consumption supported business growth and further bolstered employment

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[6] https://www.reuters.com/markets/asia/malaysias-economy-ends-2024-high-note-amid-strong-investment-domestic-spending-2025-02-14/?utm_source=chatgpt.com
[7] Annual Gross Domestic Product 2015 - 2024

levels. Furthermore, the rise in foreign direct investment (FDI) has encouraged a greater number of multinational companies to establish operations in Malaysia, thereby further enhancing employment prospects for the local workforce.

Looking ahead to 2025, Malaysia's economy is expected to portray moderate growth, with the GDP increased by 4.6 per cent in the first quarter of the year, supported by solid consumer spending and continued growth in investment[8]. In addition, the role of Malaysia as ASEAN Chairman 2025 is also anticipated to positively influence the country's labour market by fostering increased investment, advancing rural development, labour skills, and the halal industry. Malaysia will also focus on rural development through initiatives such as the ASEAN Villages Network (AVN), which promotes rural products across ASEAN, thereby generating employment and economic opportunities in rural areas.

Moreover, the government has taken several strategic initiatives to ensure the stability of the labour market by 2025, including an allocation of RM25.3 billion to the education and vocational training sectors to enhance the marketability of graduates and measures such as more strategic sustainable retirement schemes and minimum wage management introduced to enhance the well-being of workers[9]. The following phase involves diversifying employment opportunities through improved trade relations with other countries, which may help the Malaysian labour market by creating new job opportunities for those impacted and offering incentives to employers to retain current employees and hire new ones. Thus, this outlook reflects a contribution to an optimistic country's labour market condition, despite the global economic uncertainties.

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[8] https://www.nst.com.my/business/economy/2025/05/1216957/malaysias-q1-2025-gdp-grows-44pct-led-consumer-spending-and
[9] *https://www.astroawani.com/berita-malaysia/ekonomi-malaysia-2025-dijangka-kukuh-ini-7-faktor-pemacu-pertumbuhan-508592*