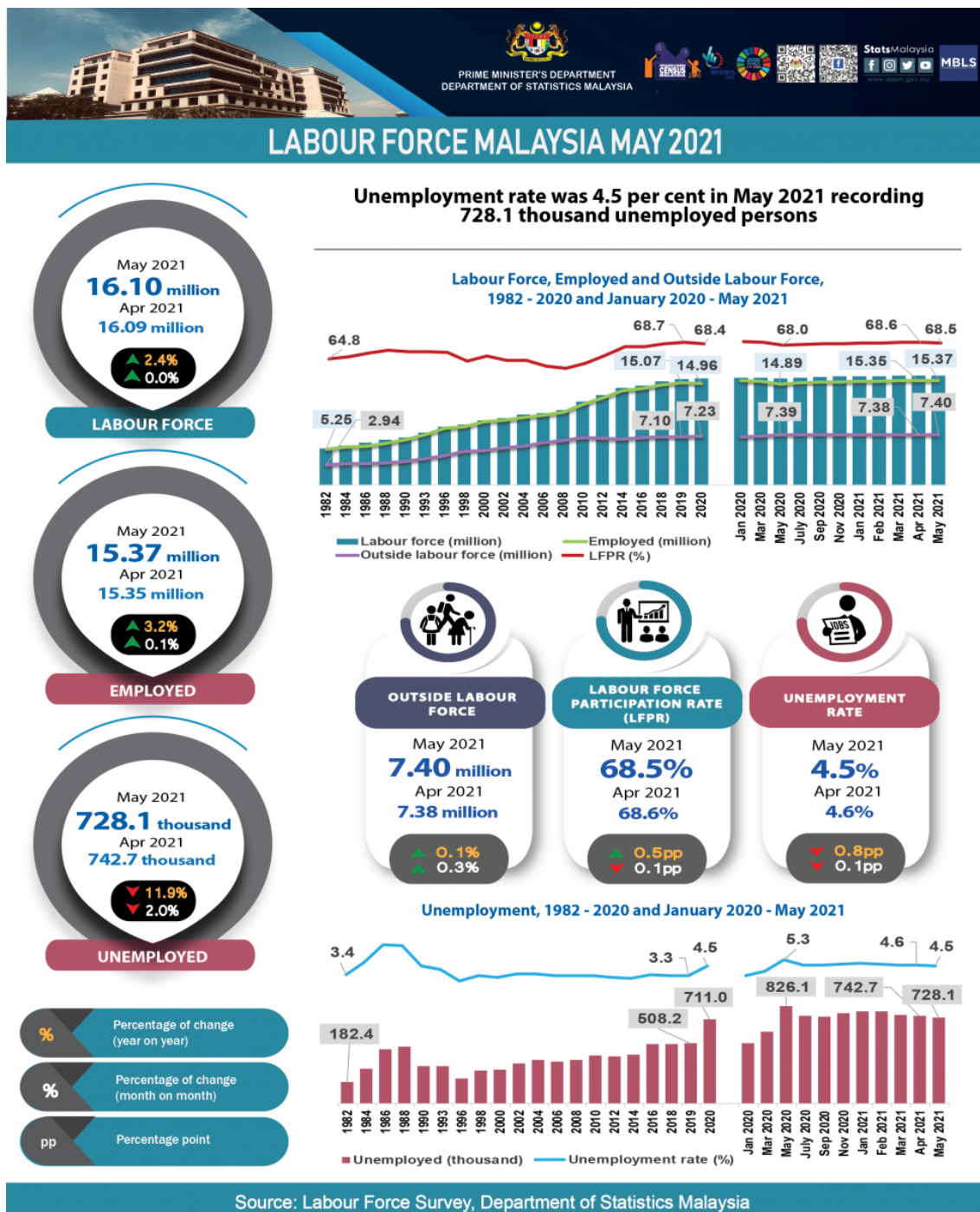




MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

KEY STATISTICS OF LABOUR FORCE IN MALAYSIA, MAY 2021





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.

KEY REVIEWS

- Employed persons increased marginally in May 2021 by 0.1 per cent or 18.8 thousand persons to 15.37 million persons (April 2021: 15.35 million persons). The employment-to-population ratio which indicates the ability of an economy to create employment stood at 65.4 per cent.
- By economic sector, the number of employed persons in Services sector posted a month-on-month increase particularly in Wholesale & retail trade; Food & beverages services and Human health & social work activities. The number of employed persons in Manufacturing sector also continued its positive growth for seven months. In the meantime, employed persons in Construction, Agriculture and Mining & Quarrying sectors declined.
- Employee's category which made up the largest composition of employed persons at 77.9 per cent, improved by 0.6 per cent month-on-month to 11.98 million persons (April 2021: 11.96 million persons). Likewise, own-account workers continued to increase for four consecutive months, posting an increase of 2.4 thousand persons to 2.49 million persons in May 2021 (April 2021: 2.49 million persons).
- The unemployment rate was slightly lower in May 2021 by 0.1 percentage point to 4.5 per cent as against 4.6 per cent in April 2021. Accordingly, fewer number of unemployed persons were registered at 728.1 thousand persons by negative 2.0 per cent (April 2021: 742.7 thousand persons) and it was on a downward trend since February 2021.
- The number of labour force increased by 4.2 thousand persons to record 16.10 million persons during the month (April 2021: 16.09 million persons). Meanwhile, a slight decrease in labour force participation rate (LFPR) was registered in May 2021 by 0.1 percentage point to 68.5 per cent (April 2021: 68.6%).
- May 2021 witnessed the number of outside labour force went up by 21.2 thousand persons (0.3%) to 7.40 million persons. Housework/ family responsibilities was the major category of outside labour force with a share of 45.2 per cent and followed by schooling/ training category (43.7%).
- As the country entered the second half of year 2021, the Full Movement Control Order (FMCO) or 'total lockdown' was implemented in order to flatten the COVID-19 infection curve resulting in a nationwide shutdown of all social and economic sectors except those deemed as an essential economic and service sector with the limited number of employees at the site. With the latest health-containment measures, the economic sectors are anticipated to face challenges in maintaining their recovery momentum while tourism-related industries continued to be impacted. Consequently, the labour market may be facing uneven situation in the ensuing months depending on the stage of the pandemic.

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LABOUR FORCE SITUATION IN MAY 2021 IMPROVED WITH A MARGINAL INCREASED IN NUMBER OF EMPLOYED PERSONS AND LOWER UNEMPLOYMENT RATE

Early May 2021, economic activities including bazaar and micro businesses continued to operate in adherence to standard operating procedures (SOP). Nevertheless, beginning mid of the month, another wave of COVID-19 was observed in the country as new daily infections reached 6,000 cases. In response to this, the Movement Control Order (MCO) were implemented in a few states since 3 May; namely Kuala Lumpur, Pulau Pinang, Selangor, Johor and Sarawak. Particularly in Kelantan, the restrictions were extended from 29 April to 17 May 2021. During this period, educational institutions were closed, while social and religious gathering activities were prohibited.

MCO which was implemented nationwide since 12 May has become more strict beginning on 25 May. The tightened standard operating procedures (SOP) includes limited visiting hours for shoppers, in addition to shortened operating hours for shopping malls and eateries. During this period, most economic activities were still allowed to operate with restrictions to inter-state and inter-district travelling, as well as dine-in for eateries. Meanwhile, social visits were not allowed during the Eid festival which fell in mid-May following travel and social gathering restrictions.

Looking at the labour force performance in May 2021, the labour force situation improved with a marginal increase in the number of employed persons and lower unemployment rate. Furthermore, the performance of the Malaysia's Leading Index (LI) for April 2021 continued to post a double-digit growth of 15.7 per cent year-on-year which also demonstrated an improved business stance (March 2021: 17.2 per cent). The LI foresees improved economic performance if the pandemic subsides. Meanwhile, the monthly indicators of exports and imports posted negative month-on-month growths of 12.6 per cent and 7.8 per cent respectively.

The Labour Force Report for May 2021 describes the labour supply situation as the country entered the fifteenth month of various MCO phases. 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.

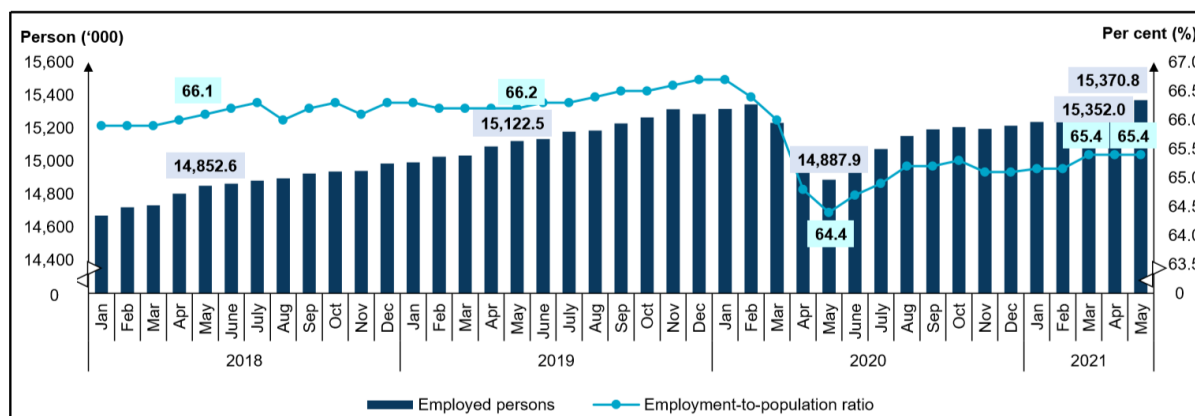
Employed persons increased marginally in May 2021

Employed persons increased marginally in May 2021 by 0.1 per cent or 18.8 thousand persons to 15.37 million persons (April 2021: 15.35 million persons). Likewise, the number of employed persons remained in upward trend year-on-year by recording 3.2 per cent or equivalent to 482.9 thousand persons (May 2020: 14.89 million persons).

By economic sector, the number of employed persons in Services sector posted a month-on-month increase particularly in Wholesale & retail trade; Food & beverages services and Human health & social work activities. The number of employed persons in Manufacturing sector also continued its positive growth for seven months. In the meantime, employed persons in Construction, Agriculture and Mining & Quarrying sectors declined.

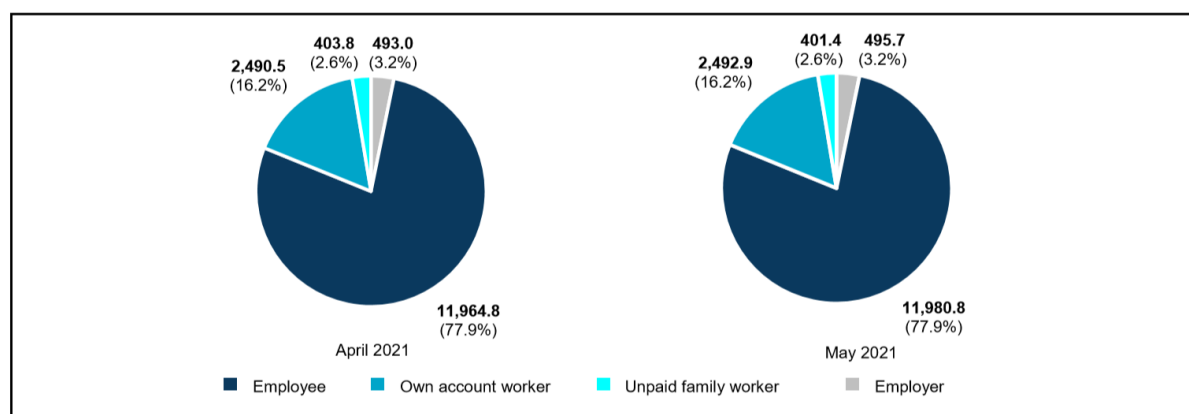
In May 2021, the employment-to-population ratio which indicates the ability of an economy to create employment stood at 65.4 per cent. Nevertheless, year-on-year basis, the ratio up by 1.0 percentage point from 64.4 per cent (May 2020). [Chart 1]

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



Employee's category which made up the largest composition of employed persons at 77.9 per cent, improved by 0.6 per cent month-on-month to 11.98 million persons (April 2021: 11.96 million persons). Likewise, own-account workers continued to increase for four consecutive months by 2.4 thousand persons to 2.49 million persons in May 2021 (April 2021: 2.49 million persons). The addition of employed person in this category was partly due to the permission of economic sector to continue their businesses during the MCO in order to ensure sustainability of small businesses. 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. [Chart 2]

Chart 2: Employed person by status of employment, April and May 2021



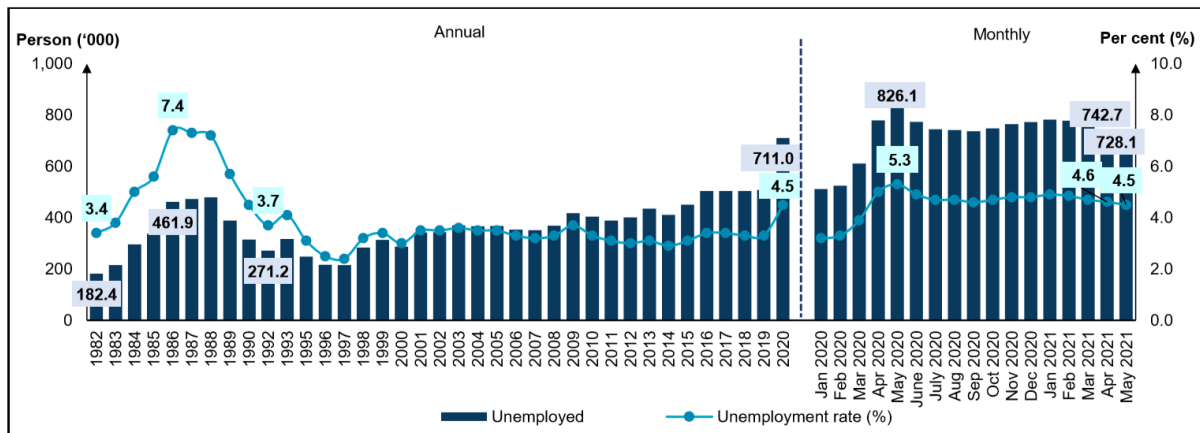
The number of employed persons who were temporarily not working recorded an addition of 23.6 thousand persons registering 139.6 thousand persons as against the previous month (April 2021: 116.0 thousand persons). Similar trend was observed in the number of employed persons who were temporarily not working, which fell by 2.4 million persons (-94.4%) as compared to 2.5 million persons in May 2020. 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 was slightly lower in May 2021 at 4.5 per cent

The unemployment rate was slightly lower in May 2021 by 0.1 percentage point to 4.5 per cent as against 4.6 per cent in April 2021. Accordingly, fewer number of unemployed persons were registered at 728.1 thousand persons or by negative 2.0 per cent (April 2021: 742.7 thousand persons) and it was on a downward trend since February 2021.

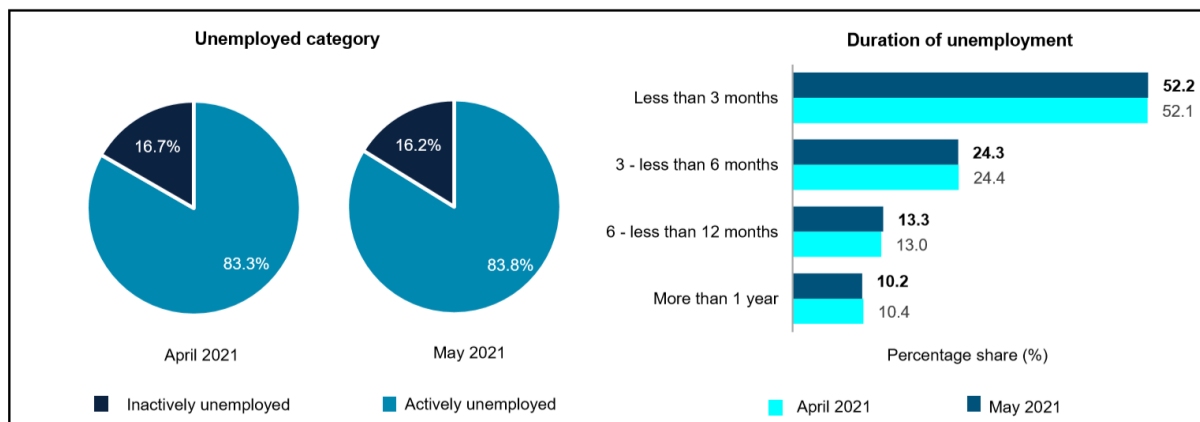
The unemployment rate recorded a negative annual change of 0.8 percentage points (May 2020: 5.3%) while the number of unemployed persons decreased by 11.9 per cent or 98.0 thousand persons (May 2020: 826.1 thousand persons). Thus, in comparison with the same month of the previous year, the number was smaller yet still above 500 thousand persons recorded during the pre-pandemic period. [Chart 3]

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



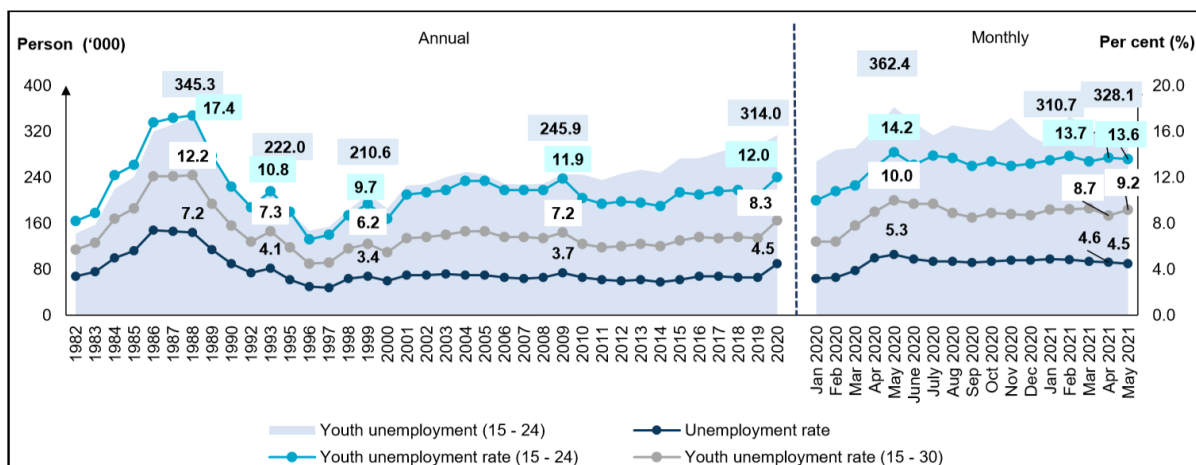
The actively unemployed which comprised of more than 80 per cent of the total unemployed persons recorded a reduction of 8.7 thousand persons to 609.9 thousand persons (April 2021: 618.7 thousand persons). Among the actively unemployed who were available for work and were actively seeking job, 52.2 per cent were unemployed for less than three months while those who were in long-term unemployment of more than a year comprised of 10.2 per cent. Likewise, the inactively unemployed who believed that there were no jobs available continued to decline by 5.8 thousand persons (-4.7%) to 118.2 thousand persons (April 2021: 124.0 thousand persons). [Chart 4]

Chart 4: Unemployed category and duration of unemployment, April and May 2021



In May 2021, the youth unemployment rate for aged 15 to 24 years edged down by 0.1 percentage point to 13.6 per cent month-on-month (April 2021: 13.7%) whereas the number of unemployed youths increased by 17.4 thousand persons to 328.1 thousand persons as compared to the previous month (April 2021: 310.7 thousand persons). On the contrary, the youth unemployment rate for aged 15 to 30 years climbed up by 0.5 percentage points to 9.2 per cent during the month (April 2021: 8.7%). [Chart 5]

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

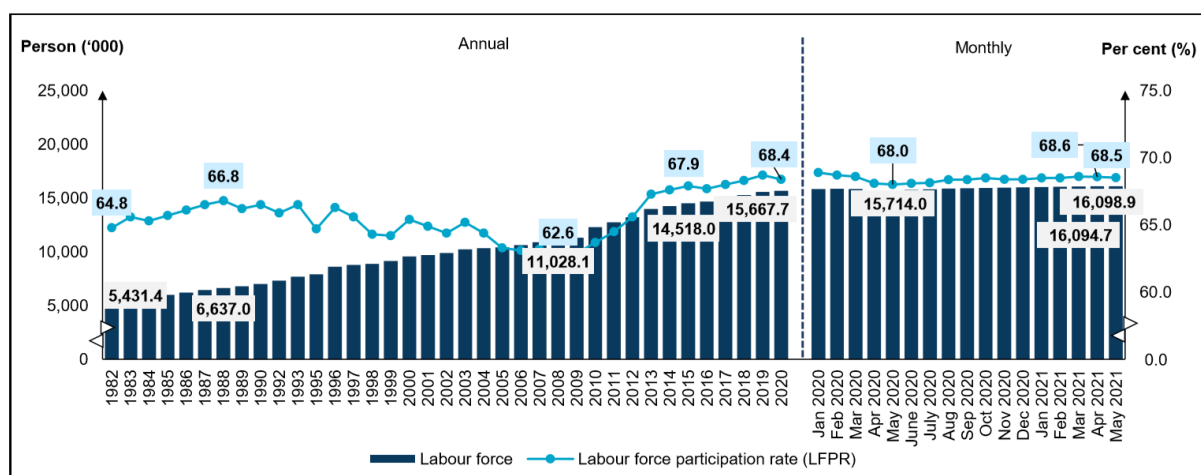


LFPR in May 2021 was 68.5 per cent

The number of labour force increased by 4.2 thousand persons to record 16.10 million persons during the month (April 2021: 16.09 million persons). Meanwhile, a slight decrease in LFPR was recorded in May 2021 by 0.1 percentage point to 68.5 per cent (April 2021: 68.6%).

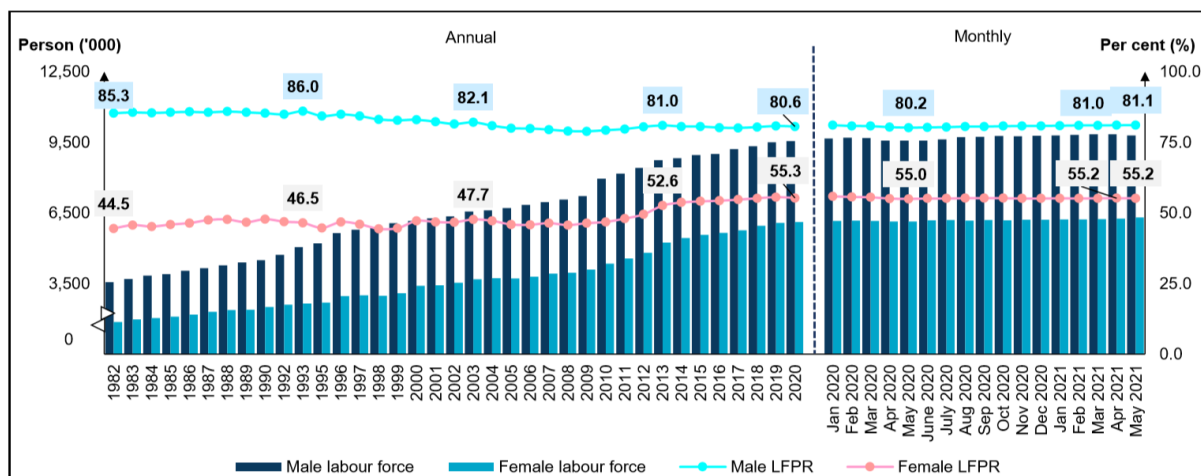
Compared to twelve months earlier, the number of labour force heightened by 384.9 thousand persons (2.5%) from 15.71 million persons. Similarly, the LFPR edged up by 0.5 percentage points from 68.0 per cent in May 2020. [Chart 6]

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



May 2021 saw male LFPR rose by 0.1 percentage point to 81.1 per cent, while female LFPR remained at 55.2 per cent for the third month. The number of male labour force slumped by 0.4 per cent (-42.8 thousand persons) to record 9.79 million persons (April 2021: 9.84 million persons). Meanwhile, female labour force was higher by 0.8 per cent (+42.8 thousand persons) to 6.31 million persons (May 2020: 6.14 million persons). Year-on-year comparison, both male and female LFPR improved by 0.9 percentage points and 0.2 percentage points respectively. [Chart 7]

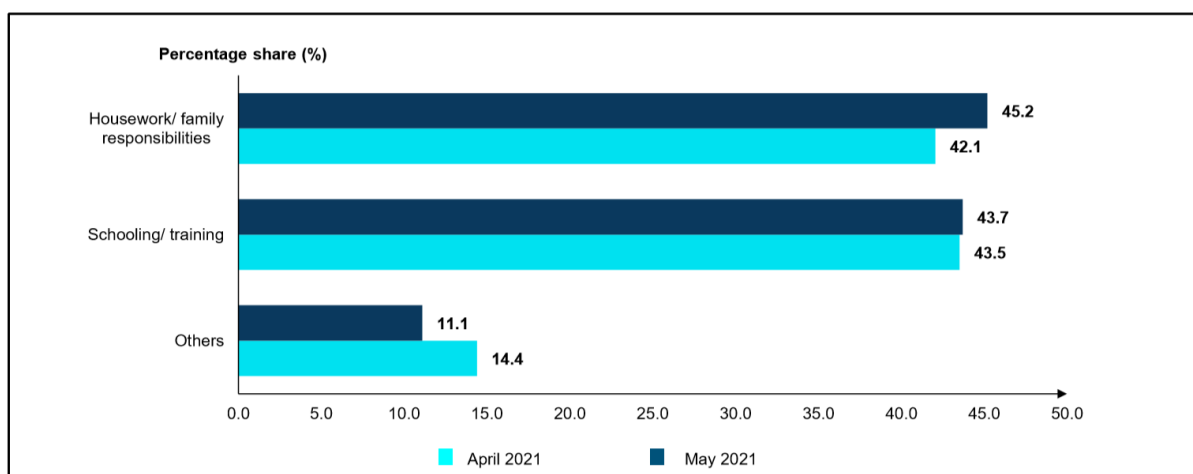
Chart 7: Labour force and LFPR by sex, 1982 - 2020 and January 2020 - May 2021



Housework/ family responsibilities was the major category of outside labour force

May 2021 witnessed the number of outside labour force went up by 21.2 thousand persons (0.3%) to 7.40 million persons (April 2021: 7.38 million persons). Year-on-year basis, outside labour force also posted an addition of 5.9 thousand persons (0.1%). Housework/ family responsibilities was the major category of outside labour force with a share of 45.2 per cent and followed by schooling/ training category (43.7%). [Chart 8]

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



GOVERNMENT'S INITIATIVES

As of 18 June 2021, the approved wage subsidy applications under PRIHATIN and PENJANA have reached a value of RM12.90 billion through Wage Subsidy Programme (PSU) 1.0 from 322,177 employers and 2.64 million registered employees. Subsequently, for the Wage Subsidy Programme (PSU) 2.0, a total of RM1.28 billion has been disbursed to 75,262 employers to continue to operate and retain employment for 659,066 employees. Additionally, a total of 137,659 employees had secured employment through the Hiring Incentive Programme and Training Assistance whereby the most common industries were the Manufacturing and Wholesale and retail trade. Moreover, a total of 143,309 persons had been approved to take part in Reskilling and Upskilling Programme.

Meanwhile, through soft loans funds by Bank Negara Malaysia (BNM), a total of RM12.14 billion of soft loan fund has been approved by local banks which benefited 25,711 SMEs comprising of Special Relief Facility (SRF), Automation & Digitalisation Facility (ADF), All-Economic Sector Facility (AES) and Agrofood Facility (AF) funds. In addition, under PENJANA Tourism Financing, RM600 million has been allocated for the affected SMEs and micro-SMEs by the COVID-19 pandemic involving 671 applications with 332 applications were approved totalling RM66.1 million. Next, to assist Bumiputera SMEs affected by COVID-19, a total of RM226.8 million had been disbursed to 749 SMEs under the Bumiputera Relief Financing (BRF). In the meantime, through the PENJANA Micro Credit Financing, there were 12,667 Micro SMEs including in the Retail and Services sectors had been benefitted involving RM421.2 million.

A total of RM71.3 million was distributed to 13,872 businesses in the form of grants and loans for digitalisation services subscriptions to support the Technical and Digital Mid-tier Companies (MTCs) and Digital Adaption. Additionally, through the CENDANA initiative which aims to support the Arts, Culture and Entertainment activities, 519 recipients including artists, collectives and organisations which were actively involved in the Malaysian arts and culture industry had been benefitted with a total value of RM4.09 million.

Therefore, with the continuous implementations of various government's initiatives focusing on each layer of the targeted group, it is hoped that labour market momentum will recover in the upcoming months despite the massive shift caused by the COVID-19 pandemic to the labour market in the previous year.

LOOKING AHEAD

As the country entered the second half of year 2021, the Full Movement Control Order (FMCO) or 'total lockdown' were implemented in order to flatten the COVID-19 infection curve resulting in a nationwide shutdown of all social and economic sectors except those deemed as an essential economic and services sector with limited number of employees at sites. With the latest health-containment measures, the economic sectors are anticipated to face challenges in maintaining their recovery momentum while tourism-related industries may continue to be impacted.

With new daily infections were persistently above 6,000 cases towards the end of June 2021, the Enhanced MCO (EMCO) has been implemented in certain localities in Kuala Lumpur and Selangor starting from 3 to 16 July onwards in mitigating the spike of new cases in those areas. Consequently, the labour market may be facing uneven situation in the ensuing months depending on the stage of the pandemic.

However, efforts are underway to ensure more people are vaccinated under the National COVID-19 Vaccination Programme to guarantee that the country reach the objective of herd immunity by the end of the year. Moreover, the Malaysia's National Recovery Plan (NRP) has been announced on 15 June 2021, which comprised of four (4) phases of the exit strategy from the COVID-19 crisis, whereby the country will be moved into the second phases when the daily COVID-19 cases were below than 4,000

cases. A few states namely Kelantan, Terengganu, Pahang, Perak dan Perlis have entered the Phase 2 of NRP starting on 5 July onwards due to improving conditions with more economic activities allowed and less restrictions will be implemented. Furthermore, various initiatives were introduced under the Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (PEMULIH) to support businesses and sustain employees in the labour market such as Prihatin Special Grants (GKP) 4.0 to the eligible micro SME entrepreneurs especially to those who were still not allowed to operate, Wage Subsidy Programme (PSU) 4.0 to aid the employers to pay their employees' salaries, the exemption of HRD Corp levies for a period of two months will be automatically assigned to employers who were unable to operate during MCO, Program Pemerkasaan Pendigitalan Usahawan Kecil (PUPUK), PenjanaKerjaya 3.0 and others. Therefore, it is hoped that these measures will help the economic activities to gain its recovery momentum, thereby sustaining the labour market situation in the forthcoming months.

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.

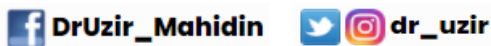
Starting with the monthly release of the Principal Statistics of Labour Force, Malaysia, January 2016, the principal statistics of labour is estimated based on the current population estimates as compared to the previous series which used population projections based on the Population and Housing Census 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, May 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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