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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

LABOUR MARKET REVIEW, THIRD QUARTER 2020

Introduction

The Labour Market Review (LMR) is a quarterly release by Department of Statistics, Malaysia (DOSM) that brings official statistics to life through reviews and features which highlighted the most recent trends in labour market. The LMR consolidates short term labour market statistics during the quarter in a narrative which will enable users to gauge a comprehensive view on Malaysia's labour market.

The report is divided into three segments to provide readers the different aspects of labour market information encompassing Labour Supply, Labour Demand and Labour Productivity. The special feature of the report is for every quarter, there is an article highlighting the most recent labour market issues through statistics; or delving on the methodologies to strengthen labour market statistics. LMR Q3 2020 presents an article entitled 'The Review of Hours Worked in Malaysia'.

The report will elaborate on the year-on-year changes in addition to the short-term changes from the previous quarter to examine the immediate effect of recent event. Users are advised to interpret the quarterly changes with cautions since they are non-seasonally adjusted. The LMR can be used by policy makers, academicians, economists, researchers and other users for studies related to the labour market. It is hoped that this report can facilitate the growing demand for labour market statistics.

Key Reviews

- Better labour market performance was observed in the third quarter of 2020 as Malaysia entered recovery phase of Movement Control Order where most of the restrictions have been eased, allowing interstate travels and more businesses to reopen. However, businesses were still adjusting and have yet to resume operations at optimum level.

- Employment increased 211.9 thousand persons to 15.10 million persons while unemployment rate declined to 4.7 per cent after recording a high quarterly rate of 5.1 per cent in Q2 2020.

- Additionally, time-related underemployment in Q3 2020 was 300.8 thousand persons, declined by 112.7 thousand persons as compared to the previous quarter. Meanwhile, skill-related underemployment increased to 36.8 per cent in Q3 2020 after registering 36.5 per cent in Q2 2020.

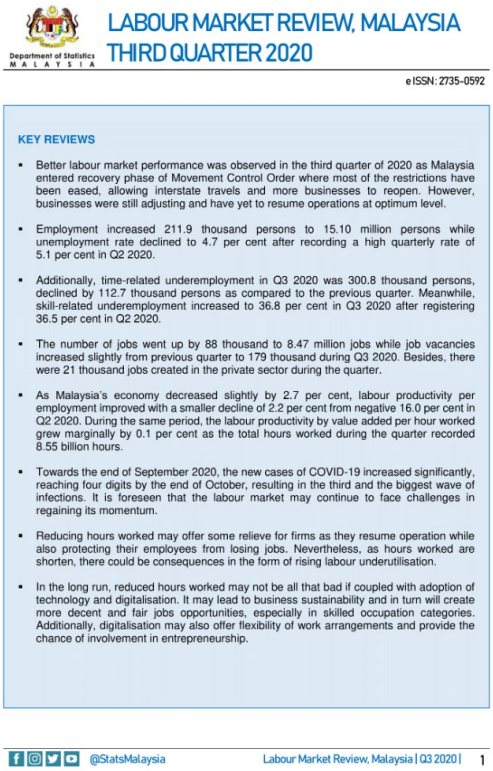
- The number of jobs went up by 88 thousand to 8.47 million jobs while job vacancies increased slightly from previous quarter to 179 thousand during Q3 2020. Besides, there were 21 thousand jobs created in the private sector during the quarter.

- As Malaysia's economy decreased slightly by 2.7 per cent, labour productivity per employment improved with a smaller decline of 2.2 per cent from negative 16.0 per cent in Q2 2020. During the same period, the labour productivity by value added per hour worked grew marginally by 0.1 per cent as the total hours worked during the quarter recorded 8.55 billion hours.

- Towards the end of September 2020, the new cases of COVID-19 increased significantly, reaching four digits by the end of October, resulting in the third and the biggest wave of infections. It is foreseen that the labour market may continue to face challenges in regaining its momentum.

- Reducing hours worked may offer some relieve for firms as they resume operation while also protecting their employees from losing jobs. Nevertheless, as hours worked are shorten, there could be consequences in the form of rising labour underutilisation.

- In the long run, reduced hours worked may not be all that bad if coupled with adoption of technology and digitalisation. It may lead to business sustainability and in turn will create more decent and fair jobs opportunities, especially in skilled occupation categories. Additionally, digitalisation may also offer flexibility of work arrangements and provide the chance of involvement in entrepreneurship.



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Full report of Labour Market Review, Third Quarter 2020 is accessible and downloadable in **PDF**.

Released By:

DATO' SRI DR. MOHD UZIR MAHIDIN
CHIEF STATISTICIAN MALAYSIA
DEPARTMENT OF STATISTICS, MALAYSIA
DrUzir_Mahidin **Dr_Uzir**

#myHariBulan# #myBulan# #myTahun#

Contact person:

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

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

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