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Malaysia's labour force sees gradual recovery in 2021



by S BIRRUNTHA / pic by MUHD AMIN NAHARUL

MALAYSIA'S labour force has shown gradual recovery in 2021 with a better situation anticipated this year, according to the Department of Statistics Malaysia.

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said a more targeted approach was undertaken to manage the public health situation especially in the second half of 2021 as compared to a blanket restriction exercised in the preceding year.

He added that on top of various initiatives by the government, the continuous resumption of economic activities with longer business hours coupled with permission for social activities and inter-state travel had significantly contributed in stimulating Malaysia's economic performance.

Thus, he said Malaysia's labour force regained momentum towards recovery in 2021 reflected by a higher labour force participation rate (LFPR) during the year.

"This could be attributed to ease of socioeconomic restrictions following the shift of the whole country to the fourth phase of the National Recovery Plan.

"The transition to the endemic phase effective from April 1, 2022, has opened up more opportunities since businesses are allowed to operate at pre-pandemic hours while international borders are reopened once again," he said in a statement yesterday.

According to Mohd Uzir, the news which coincides with the fasting month of Ramadhan and the subsequent Aidilfitri festival is anticipated to influence more demand for goods and services.

He highlighted that these positive developments may contribute towards hiring of more employees, creation of new jobs and consequently provide the impetus for economic growth.

Therefore, he said Malaysia's labour market is foreseen to speed up the recovery momentum in the near future as the economy continues to improve.

Elaborating further on the labour force situation in 2021, Mohd Uzir said Malaysia's labour force, which consists of employed and unemployed persons, edged up by 0.8% (129,400 persons) to register 15.8 million persons.

He noted that the positive growth was due to the increase in the number of employed persons and unemployed persons during the year.

"The reopening of more economic and social activities has encouraged the inactivity groups to shift into the labour force either to be employed or in search for jobs.

"This was indicated by a marginal decrease in the number of outside labour force by 0.1% (4,100 persons) to 7.2 million persons. Therefore, the LFPR went up by 0.2 percentage points to 68.6%," he said.

Mohd Uzir added that employed persons recorded a total of 15.1 million persons in 2021, which rose by 0.7% (107,400 persons) compared to the previous year.

Subsequently, he said the ability of an economy to create employment which was indicated by the employment-to-population ratio improved by 0.1 percentage point year-on-year (YoY) registering 65.4% against 65.3% in 2020.

In terms of status in employment, he said employee's category made up the largest share of employed persons at 78.5% in 2021.

He also noted that the number of employed persons in this category recorded a YoY increase of 2.3% to 11.8 million persons compared to 11.6 million persons in 2020.

Meanwhile, he said own-account workers category which comprised a share of 14.8% declined to 2.2 million persons (-6.4%).

“As the pandemic prolonged for the second year in 2021, many businesses, especially small and micro enterprises were impacted due to multiple restrictions implemented in selected high-risk areas.

“This could be partly associated with the decline of own-account workers who were mostly involved in small-scale businesses as well as unregistered entrepreneurs in the informal sector,” he added.

Commenting on the unemployment situation during the year, Mohd Uzir elaborated that the unemployment rate in 2021 recorded a slight increase of 0.1 percentage point to 4.6% compared to 4.5% in 2020.

Accordingly, he said the number of unemployed persons increased by 3.1% (22,000 persons) to 733,000 persons compared to 711,000 persons in 2020.

He added that the actively unemployed, which dominated 75.7% of the total unemployed persons, augmented by 7.9% (40,500 persons) to record 554,700 persons, while more than half in this category (56.4%) were unemployed for less than three months.

Looking at the unemployment by selected age group in 2021, Mohd Uzir said the unemployment rate for youth aged 15 to 24 years decreased by 0.7 percentage points to 11.3%, recording 329,100 youth unemployed against 314,000 persons in 2020.

Observing the unemployment rate by state in 2021, Mohd Uzir said three states registered higher unemployment rate than national level, namely Sabah (8.2%), Labuan (7.4%) and Perak (5.3%).

In the meantime, Putrajaya (1.6%), Melaka (2%) and Pahang (3.3%), posted among the lowest unemployment rate in 2021.