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LABOUR MARKET REVIEW (LMR), FOURTH QUARTER 2025



Malaysia's labor market demonstrated resilience in Q3 2025 despite global economic challenges, with the Labour Force Participation Rate reaching 70.9%, labor demand at 9.16 million positions, and productivity rising to RM45.1 per hour worked.

- In the fourth quarter of 2025, labour supply continued its positive momentum with the number of labour force increased 3.0 per cent to 17.62 million persons. The labour force participation rate also increased by 0.3 percentage points to 70.9 per cent compared with 70.6 per cent in the same quarter of the preceding year. This growth was also supported by increment in employed persons to 17.10 million, up to 3.3 per cent from the previous year. Consequently, the unemployment rate declined 0.3 percentage points to 2.9 per cent, with the number of unemployed fell 3.9 per cent to 517.9 thousand persons.
- Furthermore, the number of employed persons working less than 30 hours per week fell 11.0 per cent to 229.5 thousand in Q4 2025, while the time-related underemployment rate remained at 0.8 per cent. Meanwhile, skill-related underemployment recorded 1.96 million persons, with the rate of skill-related underemployment went down to 35.3 per cent from 35.8 per cent in Q4 2024.
- In terms of labour demand in the economic sectors, the number of jobs increased 1.8 per cent to 9.21 million in Q4 2025, filled jobs also rose 1.8 per cent to 9.02 million. At the same time, vacancies grew 2.4 per cent to 198.1 thousand, while jobs created escalated to 2.2 per cent to 32.1 thousand jobs.
- Malaysia's economy expanded 6.3 per cent in line with positive employment growth, while labour productivity measured by value added per worker rose 4.4 per cent to RM26,765 per worker in Q4 2025. During the same period, total hours worked increased 1.4 per cent to 9.88 billion hours. As a result, hourly labour productivity also increased 4.9 per cent, reaching RM46.3 per hour worked.
- In conclusion, the expanding employment opportunities and the increase in income through financial assistance and social protection reflect stable and sustainable economic growth. The organisation of Visit Malaysia 2026 (VM2026) is expected to stimulate labour demand, especially in the service sectors such as tourism, hospitality, transport and retail. This increase in tourism activities has the potential to create more new job opportunities and increase the income of local workers, especially among Small and Medium Enterprises (SMEs). At the same time, the implementation of the Thirteenth Malaysia Plan (13MP) is expected to strengthen the labour market structure

through the development of high-impact industries, infrastructure expansion and an emphasis on technology-oriented education and skills training.

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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