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## LABOUR MARKET REVIEW (LMR), THIRD QUARTER 2023

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## ***National labour market continued to expand in the third quarter of 2023, registering the highest labour force participation rate at 70.1 per cent***

### Key Reviews

- In Q3 2023, labour supply remained strong as the number of labour force increased by 2.3 per cent year-on-year to record 16.82 million persons. Thus, labour force participation rate rose 0.7 percentage points to 70.1 per cent. The number of employed persons continued to increase, albeit at a slightly slower rate of 2.7 per cent to 16.25 million persons during the quarter, with employment-to-population ratio trending up to 67.7 per cent. In the meantime, the number of unemployed decreased by 6.3 per cent to 573.1 thousand persons, resulting the national unemployment rate at 3.4 per cent, observing a gradual return to pre-pandemic level.
- The number of employed persons working less than 30 hours per week registered a marginal decline of 0.8 per cent as against the same quarter in 2022 to 284.8 thousand persons in Q3 2023. Accordingly, the rate of time-related underemployment remained at 1.2 per cent. Meanwhile, skill-related underemployment which comprised more than one-third of employed persons with tertiary education increased by 0.5 percentage points to 37.3 per cent during the quarter.
- Looking at labour demand in the economic sector, the number of jobs strengthened by 2.6 per cent year-on-year to record a total of 8.90 million jobs. Filled jobs which comprised 97.9 per cent, grew by 2.7 per cent over the same quarter of the previous year to 8.71 million. However, job openings in the economy which was indicated by the number of vacancies declined slightly by 0.2 per cent to 190.9 thousand vacancies in Q3 2023. Besides, there were 32.0 thousand jobs created in the private sector during the quarter.
- As Malaysia's economy expanded by 3.3 per cent in Q3 2023, supported by expansion in domestic demand, labour productivity as measured by value added

per employment posted an increase of 0.6 per cent recording the level of RM24,465 per person. During the same period, total hours worked surged by 4.2 per cent to 9.42 billion hours. Therefore, labour productivity per hour worked dropped by 0.9 per cent, with a value of RM42.2 per hour, indicating decreased labour market efficiency.

- Malaysia's labour market has exhibited a favourable outlook during the third quarter of 2023, which is noteworthy amid global economic uncertainties. Moving towards the final quarter of 2023, the outlook remains optimistic, as the current Malaysia's Leading Index expects that the Malaysian economy will continue to moderate, attributed to these challenges, despite robust domestic demand. The strategies and initiatives in Budget 2024 align with the Ekonomi MADANI framework, aiming to elevate the country and Rakyat's economic stature is expected to have a positive impact on the labour market ecosystem by enhancing workforce skills, increasing wages and creating job opportunities through strategic investments. Hence, overall labour market performance is expected to expand, with prospects for modest growth in the forthcoming quarters. However, this viewpoint is subject to various global and domestic challenges that may emerge from unforeseen circumstances in the future, as well as the impact of flood disasters that may occur during the expected North East Monsoon or monsoon season in Malaysia, starting in early November 2023 and continuing until March 2024.

The full publication of Labour Market Review (LMR), Third Quarter 2023 can be downloaded through [eStatistik Portal](#).

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