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LABOUR PRODUCTIVITY, THIRD QUARTER 2023



Malaysia's Labour Productivity

In the third quarter of 2023, Malaysia's economy continued to expand by recording value added growth of 3.3 per cent year-on-year compared to 2.9 per cent in the previous quarter. In line with the economic upturn, total hours worked increased from 4.0 per cent in the previous quarter to 4.2 per cent in the third quarter of 2023, recording total hours worked at 9.42 billion hours. Malaysia's **labour productivity measured by value added per hour worked shows a recovery but still remained at negative growth, which 0.9 per cent to record RM42.2 per hour** (Q2 2023: -1.1%; RM40.6 per hour). Likewise, **labour productivity per employment has increased by 0.6 per cent to RM24,465 per person** (Q2 2023: 0.02%; RM23,408 per person), as a result of stable labour market growth and economic performance in the third quarter of 2023. The number of employees in this quarter increased by 2.7 per cent to 16.3 million persons (Q2 2023: 2.8%; 16.1 million persons).

Agriculture

In the third quarter of 2023, value added for Agriculture rose by 0.8 per cent compared to the previous quarter at negative 1.0 per cent. **Labour productivity per hour worked declined 1.0 per cent** compared to negative 2.8 per cent in the previous quarter, while total hours worked increased by 1.8 per cent after registering 1,035 million hours (Q2 2023: 1.9%; 1,021 million hours). As for average hours worked, a slower growth was recorded during this quarter at 1.1 per cent to record 42.2 hours per week (Q2 2023: 1.3%; 41.9 hours per week). In the meantime, **labour productivity per employment surged to 0.2 per cent** (Q2 2023: -1.2%), with total employment also grew slightly at 0.6 per cent to register 1.9 million persons as compared to the previous quarter (Q2 2023: 0.2%; 1.9 million persons). **Value added per hour worked was recorded at RM27.0 per hour** (Q2 2023: RM22.8 per hour), while **value added per employment was RM14,782 per person** (Q2 2023: RM12,413 per person).

Mining and Quarrying

For Mining and Quarrying sector, **labour productivity per hour worked conveniently moving closer to positive growth after recording negative 0.4 per cent** (Q2 2023: -6.7%) **in this recent quarter**. The same scenario was displayed for its value added which sustained a slow negative growth at 0.1 per cent from negative 2.3 per cent in the preceding quarter. In the meantime, the total hours worked increased by 0.4 per cent to post 45.9 million hours (Q2 2023: 4.7%; 46.7 million hours), with average hours worked posted at 47.1 hours per week as compared to 47.5 hours per week in second quarter 2023. The **labour productivity per employment grew slightly but concurrently maintained its negative growth at 0.5 per cent** in the comparison with the preceding quarter (Q2 2023: -3.0%), while employment underwent a slower growth at 0.4 per cent, to 76.4 thousand persons (Q2 2023: 0.8%; 76.3 thousand persons). Therefore, **labour productivity per hour worked was RM503.4 per hour** (Q2 2023; RM495.4 per hour), while **labour productivity per employment was RM302,720 per person** (Q2 2023: RM303,180 per person).

Manufacturing

Labour productivity per hour worked for the Manufacturing sector **further declined** from negative 3.9 per cent in the preceding quarter **to record negative 4.5 per cent during third quarter 2023**, while value added demonstrated a drop at 0.1 per cent (Q2 2023: 0.1%). The total hours worked maintained its upward trend of 4.6 per cent after registering 1,669 million hours (Q2 2023: 4.2%; 1,652 million hours), with average hours worked increased for three consecutive quarters to record 1.6 per cent during third quarter 2023 (Q2 2023: 1.4%). Compared to the same quarter last

year, three sub-sectors rose in labour productivity per hour worked which were Beverages and tobacco products (5.6%); Textiles, wearing apparel and leather products (2.8%) and Non-metallic mineral products, basic metal and fabricated metal products (2.6%). Simultaneously, **labour productivity per employment dropped by 3.1 per cent** compared to the same quarter last year (Q2 2023: -2.6%). However, the total employment demonstrated a positive growth at 3.0 per cent to record 2.8 million persons during this quarter (Q2 2023: 2.8%; 2.8 million persons). As for labour productivity per employment, sub-sectors that show an increment in year-on-year growth were Textiles, wearing apparel and leather products (3.9%); Non-metallic mineral products, basic metal and fabricated metal products (2.3%) and Beverages and tobacco products (0.4%). In terms of level, **labour productivity per hour worked was RM55.3 per hour** (Q2 2023: RM54.0 per hour), while **labour productivity value added per employment was RM32,803 per person** (Q2 2023: RM32,074 per person).

Construction

The Construction sector escalated in labour productivity per hour worked, increased by 5.2 per cent (Q2 2023: 3.5%), while value added for this sector rose by 7.2 per cent (Q2 2023: 6.2%). Similarly, the total hours worked slightly grew by 2.0 per cent compared to 2.7 per cent in second quarter 2023, with average hours worked was recorded at 46.3 hours per week (Q2 2023: 46.2 hours per week). Meanwhile, **labour productivity per employment continued its positive momentum, with 5.7 per cent increased this quarter** (Q2 2023: 5.2%) as employment grew by 1.4 per cent to 1.4 million persons (Q2 2023: 1.0%; 1.4 million persons). Hence, **labour productivity per hour worked was RM17.5 per hour** (Q2 2023: RM16.5 per hour), while **labour productivity per employment was RM10,474 per person** (Q2 2023: RM9,852 per person).

Services

Services sector displayed a growth at 0.1 per cent in labour productivity per hour worked (Q2 2023: 0.1%) as aligned with 5.0 per cent expansion in value added and 4.9 per cent rise in total hours worked to post 5,830 million hours (Q2 2023: 4.6%; 5,744 million hours) with average hours worked surged by 1.8 per cent (Q2 2023: 0.9%). Year-on-year, labour productivity per hour worked grew across all Services sub-sectors, except for Food & beverages and Accommodation (-5.2%); Finance and insurance (-5.1%) and Utilities (-2.6%). At the same time, the **labour productivity per employment for this sector increased by 1.8 percent**, up from 1.0 percent in the preceding quarter. This was accompanied by a simultaneous rise in employment by 3.1 percent, totalling 10.1 million persons (Q2 2023: 3.6%, 10.0 million persons). Meanwhile, Services sub-sectors that showed an increase in labour productivity per employment were Transportation and storage (7.6%); Real estate and business services (6.1%); Other services (4.3%); Wholesale and retail trade (3.5%) and Utilities (2.0%). In terms of level, **labour productivity per hour worked was RM40.3 per hour** (Q2 2023: RM39.0 per hour) while **labour productivity per employment was RM23,334 per person** (Q2 2023: RM22,372 per person).

The full publication of the Labour Productivity Second Quarter 2023 can be downloaded through [eStatistik](#) portal.

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