



MEDIA STATEMENT

MALAYSIA'S LABOUR PRODUCTIVITY RECORD POSITIVE GROWTH IN THE THIRD QUARTER 2018

1. In the third quarter of 2018, Malaysia experienced a positive labour productivity performance despite the global trade uncertainties. The labour productivity as measured by value added per hour worked grew at 2.9% and as measured by value added per person employed recorded a growth of 1.7%.

Labour Productivity Per Hour Worked

2. Malaysia's labour productivity as measured by output per hour worked by all persons, including employees, proprietors, and unpaid family workers, grew 2.9% (RM36.00) as a result of growth in output at 4.4% and total hours worked by 1.4%.

3. Across five (5) main economic sectors, services sector recorded the highest growth in productivity per hour worked at 5.1%, followed by construction, 4.3%, manufacturing, 2.4% and agriculture, 1.4%. Meanwhile, mining and quarrying sector experienced contraction of 2.9%.

4. The significant performance of labour productivity in the services sector is due to the higher growth contributed by the retail trade, and information and communication subsectors which grew at 11.2% and 10.3% respectively. The financial and insurance subsector grew at 7.1% (2Q: 1.4%) and the motor vehicles subsector grew at 6.4% (2Q: 2.4%) showing marked improvement from the previous quarter.

5. Among the subsectors that contributed to the manufacturing sector's growth are transport equipment, other manufacturing and repair (6.8%), wood products, furniture, paper products and printing (6.2%) and non-metallic mineral products, basic metal and fabricated metal (4.3%).

6. Agriculture sector showed a slower growth in crops and livestock subsector (1.9%) and improvement in forestry and logging and fishing subsectors despite still experiencing a contraction of 13.1% compared to the previous quarter (-17.9%).



Labour Productivity Per Person Employed

7. In the third quarter, Malaysia's labour productivity per person employed, grew by 1.7% (RM83,922), as output growth at 4.4% while employment grew at 2.6%. Labour productivity per person employed, or output per labour, is calculated by dividing real output by the number of employed person by all persons, including employees, proprietors, and unpaid family workers.

8. Across five (5) main economic sectors, the services sector recorded the highest labour productivity growth of 3.9%, followed by construction, 3.2%, manufacturing, 2.2% and mining and quarrying, 0.8%. Meanwhile the agriculture sector experienced a contraction of 1.9%.

9. Performance of the services sector was mainly contributed by the growth in real estate and business services subsector (8.4%), followed by retail trade subsector (8.2%), and information and communication subsector (6.5%).

10. The main drivers of the manufacturing sector's growth are transport equipment, other manufacturing and repair subsector (7.4%), wood products, furniture, paper products and printing subsector (4.8%), and non-metallic mineral products, basic metal and fabricated metal subsector (3.2%).

11. The contraction in the agriculture sector resulted from the declining trend of forestry and logging subsector (-18.1%), fishing subsector (-3.1%) as well as crops and livestock subsector (-1.7%).

Driving the Productivity

12. In enhancing labour productivity growth, the Ministry of International Trade and Industry (MITI), through its agency the Malaysia Productivity Corporation (MPC) has continued to initiate several initiatives to boost the productivity and improve the country's doing business environment. The initiatives are designed to reduce unnecessary regulations and stimulate healthy competition towards achieving Good Regulatory Practices (GRP) while encouraging trade and investment flows.

13. The local businesses are supported with the intervention innovation programme, which helps steer companies towards greater productivity growth through mindset change for management and employees using productivity tools and assessment intervention programme such as e-Productivity Gain Measurement (e-PGM), LEAN Management, Team Excellence, and Productivity-Linked Wage System.



A total of 23 companies were assisted in the third quarter using ePGM to measure their productivity, which enables the companies to manage their current performance based on productivity indicators.

14. The Government through MITI has launched the Industry4WRD that will ensure the industry especially the manufacturing sector to remain ahead and competitive in facing the challenges brought by the Fourth Industrial Revolution. This national policy aims to pave the way for enhanced productivity, job creation and high-skilled talent pool in the manufacturing sector, and ultimately contribute to the economic prosperity and societal well-being. The agility to adapt to the inevitability of Industry 4.0 will drive industries forward and make Malaysia an attractive prospect for high-technology, innovative and high value-added industries in years to come. The Industry4WRD Readiness Assessment Programme will enable businesses to assess where they are, what are the current gaps existing in their manufacturing line and how to move into Industry 4.0.

15. To achieve higher productivity, we must remove barriers that hinder productivity growth, thus productivity initiatives should start from all of us whether we are in Government, academia or industry. To enhance the processes and systems towards better productivity governance, we must be mindful that working in silos not only serves to jeopardise the benefits of the collaborative efforts in improving our business environment but also waste valuable resources and time. It is opportune for us to work together as a team to accelerate our mission to inculcate positive mindset and culture towards achieving the targeted RM88,450 productivity level by 2020. Higher productivity will benefit the citizen in reducing costs and at the same time will increase output for better quality of life.

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