



MEDIA STATEMENT

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MALAYSIA'S LABOUR PRODUCTIVITY CONTINUES TO RECORD POSITIVE GROWTH IN THE FIRST QUARTER 2019

1. Malaysia's labour productivity continues to grow positively in the first quarter of 2019 supported by growth in value added and employment. Value added per hour worked grew at 2.4%, while value added per person employed recorded a growth of 2.2%. For this quarter labour productivity is based on constant price 2015.

Labour Productivity Per Hour Worked

2. Malaysia's labour productivity as measured by value added (at constant price 2015) per hour worked by all persons, including employees, proprietors, and unpaid family workers, grew by 2.4% resulting from the growth of value added by 4.5% and total hours worked by 2.0%.

3. Across the five (5) main economic sectors, construction sector continues to register highest growth in productivity per hour worked at 4.5%, followed by manufacturing 3.4%, agriculture 3.0% and services 2.9%. Meanwhile, mining and quarrying sector experienced a contraction of 0.8%.

4. The highest labour productivity performance in the construction sector was mainly contributed by the growth in value added 0.3%, while total hours worked contracted at a larger scale of 4.1%.

5. The services sector's labour productivity performance grew by 2.9% due to the higher growth in the wholesale and retail trade subsector, at 5.7%. This is followed by real estate and business services subsectors, which grew at 5.3% and transport and storage at 4.9%.

6. In this quarter, the labour productivity growth of the manufacturing sector was mainly driven by wood products, furniture, paper products and printing subsector at 9.9%, transport equipment, other manufacturing and repair subsector, 6.7% and petroleum, chemical, rubber and plastics products subsector, 5.6%.

Labour Productivity Per Person Employed

7. In the first quarter, Malaysia's labour productivity per person employed (at constant price 2015), grew by 2.2%, due to growth in value added at 4.5%, while employment grew at 2.2%. Labour productivity per person employed is calculated by dividing real output by the number of employed person by all persons, including employees, proprietors, and unpaid family workers.

8. Across the five (5) main economic sectors, the construction sector registered the highest labour productivity growth of 4.5%. Meanwhile, the agriculture sector has rebounded to 3.4% compared to last quarter which contracted by 0.3%. The Services sector recorded 2.9% growth, mining and quarrying 2.6% and manufacturing 2.0%.

9. The construction sector's highest performance was mainly due to the growth in value added, 0.3% while at the same time experiencing a contraction in employment by 4.0%.

10. The services sector's labour productivity performance was mainly contributed by the utilities subsector, which grew by 4.6%, followed by the real estate and business services subsector at 4.2% and transport and storage subsector, 4.0%.

11. The main driver of the manufacturing sector's labour productivity growth was the transport equipment, other manufacturing and repair subsector, which grew by 5.1%, non-metallic mineral products, basic metal and fabricated metal 4.1% and wood products, furniture, paper products and printing subsector, 3.7%.

Towards Productivity Driven Growth

12. Productivity growth is key to sustainable living standards rather than the sheer accumulation of capital and labour inputs. Prime Minister in his recent remark, reiterated that to achieve a sustainable economic growth path, Malaysia needs to move from an input-driven growth, which is the booster of capital and labour to productivity-driven growth, focusing on the efficiency of resources utilisation that yield more added value. To shift to productivity-driven growth, the industry needs to enhance innovation, identify new high value-added products and services and up-skill the labour force while equipping them with the latest knowledge and technology. This would necessitate the industry to break away from the conventional 'business as usual' practices.

13. The Government continues to implement various initiatives and activities to support the industry in enhancing their productivity performance as well as encourage the industry to be innovative and productive. One of the initiatives, is 'Industry Excellence Awards' programme organised by the Ministry of International Trade and Industry (MITI). This programme aims at recognising the outstanding companies in Malaysia which have achieved a certain level of excellence in products and services. In addition, these companies will share their best practices for others to benchmark and be more competitive in domestic and global market.

14. Further, the Government is also focused on increasing the export capacity to enhance internationalization, improving market efficiency to promote fair competition, and facilitating ease of doing business to improve the business climate. The all-inclusive approach at the national, sectoral and enterprise levels to enhance productivity is expected to boost and restore confidence of investors on Malaysia's economy. To put on record, in the Doing Business Report 2019 published by World Bank, Malaysia had successfully improved its ranking by nine (9) places to the 15th spot among 190 economies to re-join the top 20 economies. Main objective of the report is to analyse regulations that enhances business activities and those that constraint it in the participating economies. The achievement resulted from various reforms implemented in the identified critical areas for improvement with the collaboration between public and private institutions through the PEMUDAH platform. PEMUDAH is established to resolves regulatory, service delivery and doing business issues by facilitating business as well as being pro-active to launch and pursue new initiatives to increase competitiveness and productivity in the country.

15. Productivity as a driver of growth is imperative to ensure Malaysia's economy will able to face all challenges collaboratively with all stakeholders joining hands and minds for quality well-being of the Rakyat.

Minister of International Trade and Industry

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