CHAPTER 6 : THE LABOUR SECTOR

Summary

- *In 2009, the labour market was characterised by continued weakness in the first half, followed by a progressive turnaround in the second half. The unemployment rate, having surged to a high of 5.4% in mid-2009, came down successively in the rest of the year in tandem with the economic recovery.*

- *Total employment shrank for the first time since 2003, reflecting the severe shock of the global crisis on the Hong Kong economy. But the scale of job loss was markedly less in the current recession than that experienced in the 1997/98 Asian financial crisis, reflecting greater resilience and adaptability of the labour market.*

- *Apart from the cutback in jobs in the aftermath of the global recession, the distinct worsening in manpower resource balance, as manifested in the rise in unemployment rate from 3.6% in 2008 to 5.2% in 2009, was exacerbated further by an accelerated growth in the labour supply, particularly in the first half of the year when the dire economic situation prompted some homemakers to come out to seek work.*

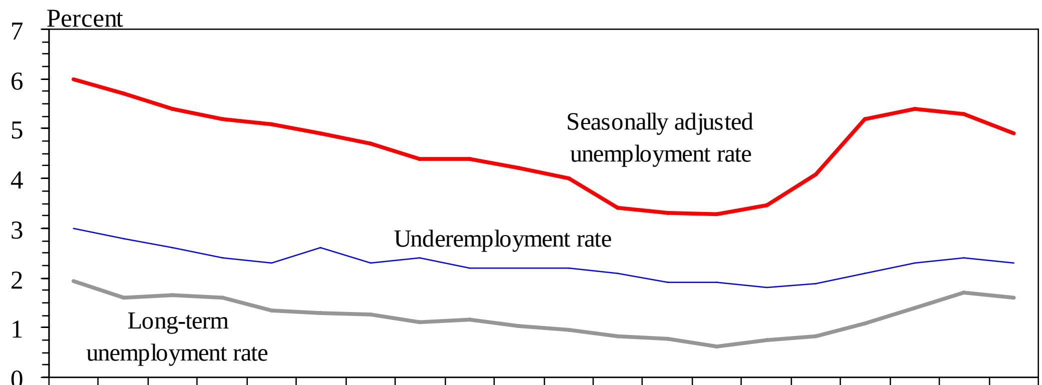
- *In the midst of such a difficult economic climate, wages came under downward pressure, with a decline of 1.5% in money terms or 1.4% in real terms in the first three quarters of 2009 over a year earlier. By comparison, payroll fared distinctly better, registering increases of 0.4% and 0.1% respectively, though boosted in part by the payment of discretionary bonuses and allowances in some economic sectors alongside the upturn in business activity in the third quarter.*

Overall labour market situation

6.1 The labour market slackened markedly during the first half of 2009, as the economy was severely battered by the global financial crisis and the ensuing global recession. With the corporate sector cutting back on jobs in the midst of the most severe recession since 1998 but with more people entering the labour force to search for jobs, the seasonally adjusted unemployment rate(1) posted a sharp jump, reaching a high of 5.4% in mid-2009. This was 1.3 percentage points above the level of 4.1% at end-2008. Then as the economy hit bottom and progressively regained strength, the unemployment situation exhibited a steady improvement, falling back to 4.9% at year-end, below the 5%

mark for the first time since early 2009. Meanwhile, the underemployment rate[(2)] held broadly steady, ending at 2.3% in 2009 as against 1.9% in 2008.

Diagram 6.1 : The unemployment rate has reverted to a declining trend since mid-2009



	2005 Q1	Q2	Q3	Q4	2006 Q1	Q2	Q3	Q4	2007 Q1	Q2	Q3	Q4	2008 Q1	Q2	Q3	Q4	2009 Q1	Q2	Q3	Q4
Seasonally adjusted unemployment rate	6.0	5.7	5.4	5.2	5.1	4.9	4.7	4.4	4.4	4.2	4.0	3.4	3.3	3.3	3.4	4.1	5.2	5.4	5.3	4.9
Underemployment rate	3.0	2.8	2.6	2.4	2.3	2.6	2.3	2.4	2.2	2.2	2.2	2.1	1.9	1.9	1.8	1.9	2.1	2.3	2.4	2.3
Long-term unemployment rate	1.9	1.6	1.6	1.6	1.4	1.3	1.3	1.1	1.2	1.0	0.9	0.8	0.8	0.6	0.8	0.8	1.1	1.4	1.7	1.6

The labour supply and total employment

6.2 The *labour force*[(3)] expanded at a faster pace in 2009 than in 2008, at 1.3% as against 0.5%. The expansion in the first half of 2009 clearly exceeded the trend growth rate. Analysed by gender, the female labour force grew by 2.2% in 2009, which continued to outpace the 0.5% increase in the male labour force (see Box 6.1 for more details). The unusual surge in total labour force was in line with the rise in the labour force participation rate (LFPR). While the LFPR for females started to pick up faster towards the end of 2008, the LFPR for males also reverted to an increase in early 2009, which contrasted sharply with the general downward trend observed over the past few years. This was conceivably due to an increased entry of middle-aged persons especially homemakers into the labour market triggered by the downturn in economic activity. Thus as the economy staged a revival in the latter part of the year, the labour force resumed a slower, normal growth path. As a result, for the year as a whole, the overall LFPR edged back to a more normal level, at 61.0% in 2009, broadly similar to 60.9% in 2008.

6.3 On the labour demand side, total employment[(4)] was largely on the decline in 2009, which went in tandem with the economic downturn and hence the more cautious attitude adopted by employers towards staffing, especially in the trade-related sectors such as the import/export trades, manufacturing and transportation. For 2009 as a whole, total employment fell by 0.5%, the first decline since 2003 and in stark contrast to the 1.0% increase in 2008.

6.4 Whereas employment growth stayed in the negative territory throughout 2009, the decrease saw some moderation towards the end of the year. Moreover, the reduction in employment did not occur uniformly across the board. As a matter of fact, some economic sectors did record modest employment gains including in particular construction, tourism and financing in the fourth quarter of 2009 over a year earlier. It was the trade-related sectors that bore the brunt of the job losses, consistent with the distinct setback in external trade during most of the year (paragraphs 1.1 and 2.1).

6.5 Analysed by occupation category, the lower-skilled workers generally benefited from the turnaround in employment conditions towards the end of 2009, as borne out by the respective employment gain of 0.5% in the fourth quarter of 2009 over a year earlier. This also tallied with the developments on the sectoral front, as construction and tourism were the sectors where most of the lower-skilled jobs could be found. As for the higher-skilled workers, while there was still a job loss of 2.7% in the fourth quarter of 2009, it represented a relative improvement from the 3.5% drop in the preceding quarter.

6.6 Comparing the final quarter of 2009 with June - August 2008, i.e. the period just before the outbreak of the global financial turmoil, the higher-skilled segment had a cumulative job loss of 3.7% (48 300 jobs), whereas the lower-skilled segment posted a gain of 0.6% (14 400 jobs). Yet taking these two groups together, total employment still recorded a net reduction of 1.0% (33 900 jobs). This job loss was likewise concentrated in the externally-oriented sectors including trading (-39 400 or -6.6%) and logistics (-10 800 or -4.6%), which were hard hit by the global financial turmoil.

6.7 When the growth profiles of the labour force and total employment are brought together for comparison, this indicates that although the labour force growth surpassed the employment growth by a considerable margin in all the four quarters of 2009, the differential between them began to narrow since mid-year, leading to an improving trend in unemployment in the latter part of 2009.

Table 6.1 : The labour force, and persons employed, unemployed and underemployed

		Labour force		Persons employed		Persons unemployed[(a)]	Persons underemployed
2008	Annual	3 648 900	(0.5)	3 518 800	(1.0)	130 100	69 000
	Q1	3 637 100	(0.9)	3 519 000	(1.9)	118 200	69 900
	Q2	3 638 200	(0.3)	3 517 100	(1.4)	121 100	67 900
	Q3	3 657 400	(0.2)	3 523 700	(0.9)	133 600	66 300
	Q4	3 661 900	(0.6)	3 520 700	(#)	141 200	69 000
2009	Annual	3 694 700	(1.3)	3 501 600	(-0.5)	193 000	84 600
	Q1	3 694 900	(1.6)	3 507 600	(-0.3)	187 200	79 200
	Q2	3 709 200	(2.0)	3 506 200	(-0.3)	203 000	84 900
	Q3	3 704 700	(1.3)	3 495 500	(-0.8)	209 100	89 900
	Q4	3 669 900	(0.2)	3 497 100	(-0.7)	172 800	84 500
			<-0.9>		<#>		

Notes : (a) These include first-time job-seekers and re-entrants into the labour force.
( ) Year-on-year % change.
< > % change between the third quarter and fourth quarter of 2009.
(#) Less than 0.05%.

Source : General Household Survey, Census and Statistics Department.

Diagram 6.2 : The manpower resource balance showed signs of improvement in the latter part of 2009

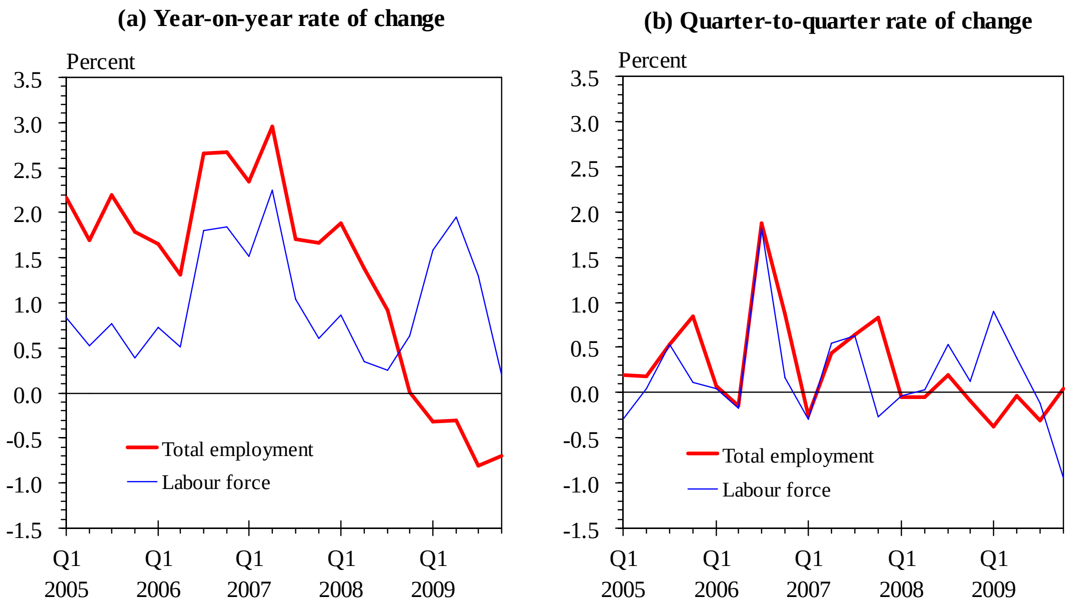


Table 6.2 : Labour force participation rates by sex (%)

		Male	Female	Both sexes combined
2008	Q1	69.7	53.2	60.9
	Q2	69.5	53.1	60.7
	Q3	69.8	53.2	60.9
	Q4	69.5	53.3	60.9
2009	Q1	69.7	54.0	61.3
	Q2	69.9	53.8	61.3
	Q3	69.9	53.3	61.0
	Q4	68.9	52.9	60.3

Source: General Household Survey, Census and Statistics Department.

Table 6.3 : Labour force participation rates by sex and by age group (%)

Male	2004	2005	2006	2007	2008	2009#
15-19	16.5	15.8	14.3	14.8	13.0	12.5
20-24	71.0	69.5	69.0	67.6	65.8	65.1
25-29	95.6	95.3	95.6	95.0	94.3	94.7
30-39	97.1	96.8	96.7	97.1	96.5	96.4
40-49	95.8	95.4	95.2	95.5	95.1	95.2
50-59	83.8	83.7	83.3	83.3	84.0	84.6
60 or above	18.2	18.3	19.3	19.6	20.0	21.2
Overall	71.6	71.1	70.9	70.5	69.7	69.6
Female						
15-19	14.7	13.3	13.1	13.5	12.4	11.5
20-24	72.8	72.6	71.1	71.7	69.5	66.7
25-29	86.3	86.2	87.2	87.4	87.3	87.5
30-39	74.0	75.1	75.5	76.2	76.8	77.6
40-49	63.2	63.7	65.1	66.6	66.7	69.2
50-59	45.1	44.3	45.7	46.7	48.5	48.7
60 or above	4.0	4.2	4.5	5.2	5.7	6.7
Overall	51.9	51.8	52.6	53.1	53.1	53.5
Both sexes combined						
15-19	15.6	14.5	13.7	14.2	12.7	12.0
20-24	71.9	71.2	70.1	69.8	67.7	65.9
25-29	90.6	90.3	90.9	90.7	90.3	90.6
30-39	84.0	84.5	84.6	85.1	85.1	85.5
40-49	78.9	78.8	79.3	80.1	79.8	81.0
50-59	64.7	64.1	64.5	64.9	66.1	66.5
60 or above	10.8	11.0	11.7	12.1	12.6	13.7
Overall	61.3	60.9	61.2	61.2	60.9	61.0

Note: (#) Provisional figures

Source: General Household Survey, Census and Statistics Department.

Profile of unemployment

6.8 That the unemployment situation deteriorated in 2009 alongside the economic downturn came as little surprise, but the extent of deterioration was actually markedly smaller by past standards. This was due in part to the timely implementation of the package of measures by the Government to stabilise the financial system, to support enterprises, and to preserve and create jobs. Also partly contributed was the resilience of the local segment during the course of 2009.

6.9 For the whole year of 2009, the local unemployment rate averaged at 5.2%, distinctly above that of 3.6% in 2008. It was also the highest level recorded since 2005, though still below the 7.9% in 2003. A close examination of the monthly profile revealed that the unemployment rate moved visibly higher in the early part of 2009, reinforcing the uptrend seen in late 2008 immediately after the onset of the financial crisis. But the unemployment situation stabilised and progressively changed for the better since the middle of the year. For the fourth quarter in particular, the numbers unemployed fell notably by 36 300 quarter-to-quarter to 172 800, while the seasonally adjusted unemployment rate dropped by 0.4 percentage point to 4.9%. Workers in the lower segment tended to benefit more than those at the upper level, as the new jobs were created mostly in such sectors as construction and tourism which were major providers of lower-skilled work. Consequently, the unemployment rate (not seasonally adjusted) of lower-skilled workers declined visibly to 4.9% at the year-end, from a high of 6.1% in the second quarter. The unemployment rate of higher-skilled workers also decreased, albeit more moderately, to 2.8% from 3.1%. Despite these latest improvements, compared to the situation just before the outbreak of global financial crisis (June - August 2008), the unemployment rate for lower-skilled workers was still up by 1.2 percentage points and that for higher-skilled workers up by 1.4 percentage points.

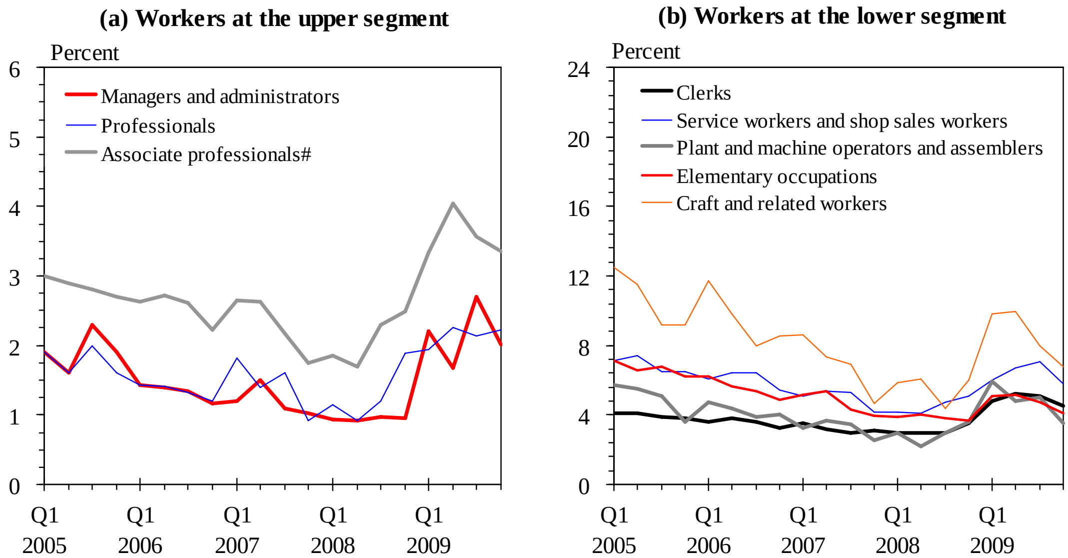
6.10 Analysed by economic sector, the unemployment rate, whilst up over the year, came down on a broad front during the fourth quarter. The fall was particularly profound in the construction sector, thanks to the substantial increase in construction projects by the Government and also the notable rebound in property market activities during the course of 2009. Other sectors in which unemployment also fell noticeably were the retail trade, accommodation and food services, receiving support primarily from the revival in domestic consumer spending. Whereas similar improvements were seen in the import/export trades, manufacturing and transportation, this was largely due to a slowdown in the respective labour supply, conceivably partly reflecting the shift of workers to other sectors. In terms of other socio-economic attributes, the reduction in unemployment was most apparent among persons engaged as plant and machine operators and assemblers, as well as those aged 15-24 and with lower secondary education.

Table 6.4 : Unemployment rate by major economic sector

	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Import/export trade and wholesale	2.4	2.4	2.5	3.3	4.6	4.9	4.9	4.0
Retail	4.0	4.4	4.6	5.4	6.0	6.5	6.7	5.7
Accommodation and food services	5.2	4.6	5.6	6.2	7.3	8.2	8.3	7.0
Transportation, storage, postal and courier services	3.3	2.8	2.9	3.9	5.8	4.9	4.4	3.9
Information and communications	1.9	2.4	2.1	3.3	4.6	4.8	4.3	5.3
Financing and insurance, real estate, professional and business services	2.5	2.3	2.6	2.3	3.6	4.0	3.8	3.8
Public administration, social and personal services	1.3	1.1	1.6	1.4	1.8	2.0	2.3	1.9
Manufacturing	4.0	4.3	4.6	5.0	6.2	6.8	6.2	5.1
Construction	7.5	7.6	5.5	6.1	11.2	11.8	9.4	7.4
Overall (seasonally adjusted)	3.3	3.3	3.4	4.1	5.2	5.4	5.3	4.9

Source : General Household Survey, Census and Statistics Department.

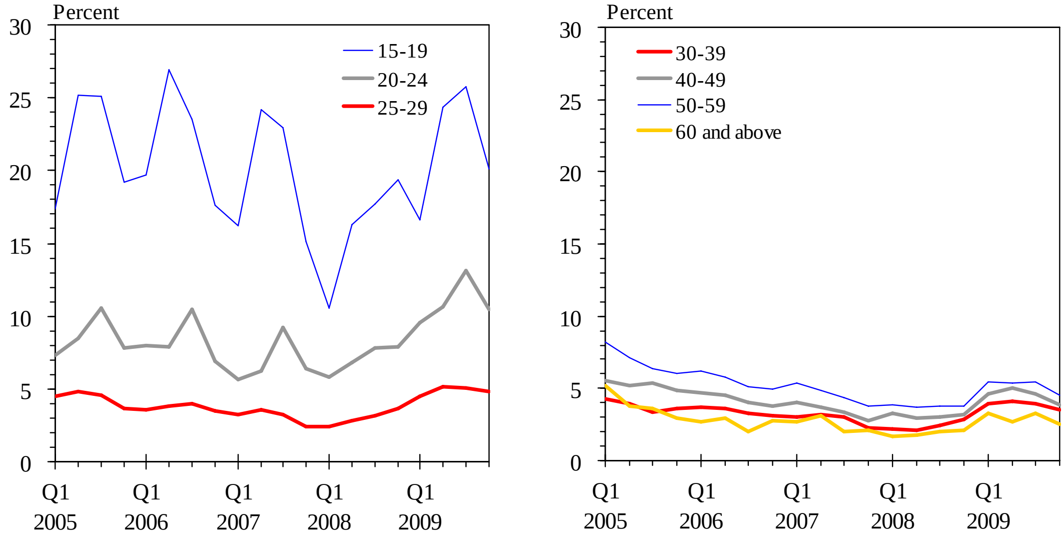
Diagram 6.3 : A widespread decline in unemployment rate* occurred in most occupation categories in the fourth quarter of 2009



Notes : (*) Not seasonally adjusted, and not including first-time job seekers and re-entrants into the labour force.
(#) Including technicians and supervisors.

Diagram 6.4 : Unemployment rate* fell across all age groups, including in particular those aged 15-29, in the fourth quarter

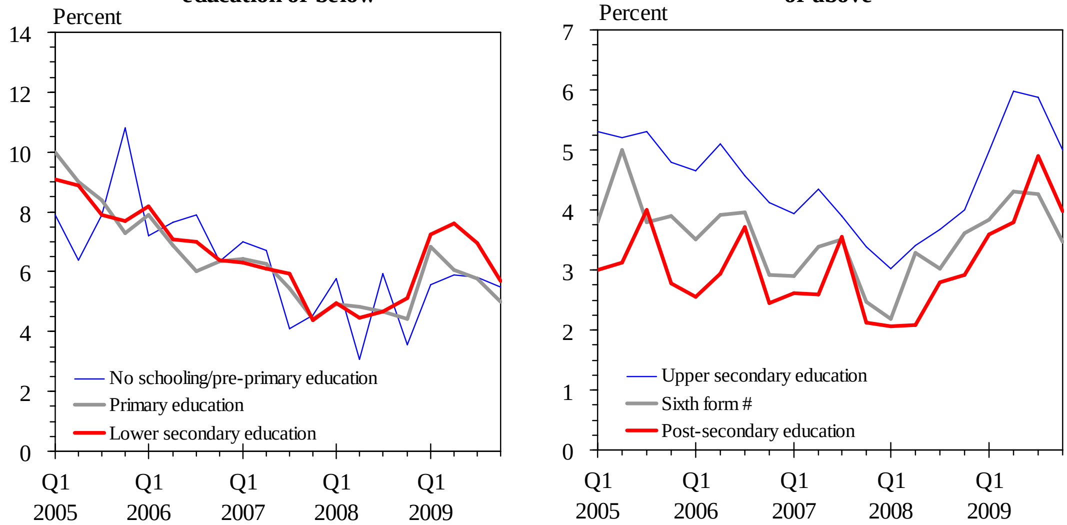
(a) Younger age groups (b) Other age groups



Note : (*) Not seasonally adjusted, but including first-time job seekers and re-entrants into the labour force.

Diagram 6.5 : Unemployment rate* likewise went down across all educational attainment levels in the fourth quarter

(a) Workers with lower secondary education or below (b) Workers with upper secondary education or above



Notes : (*) Not seasonally adjusted, but including first-time job seekers and re-entrants into the labour force.
(#) Including craft courses.

6.11 Amid the economic downturn and weak employment conditions, long-term unemployment (i.e. six months or longer) correspondingly surged from 27 200 in 2008 to 52 900 in 2009 in absolute terms, as well as from 0.7% to 1.4% in proportionate terms. Yet as the overall economic conditions turned around, the long-term unemployment situation also showed signs of improvement in late 2009. Reflecting this, the number of long-term unemployed persons and the relevant share in total labour force both went down from 61 600 and 1.7% in the third quarter to 57 800 and 1.6% respectively in the fourth quarter. Furthermore, among the total numbers unemployed in the fourth quarter, 62.4% were found to have been dismissed or laid off, down from the proportion of 68.5% in the preceding period. All these suggested that the unemployment problem was steadily on the mend in the latter part of 2009.

Profile of underemployment

6.12 The figures on underemployment exhibited a relatively higher degree of stability in 2009. During the year, the underemployment rate was static or else showed a modest rise. At 2.3% in the fourth quarter, the underemployment rate was only slightly up from 2.1% in the first quarter. For 2009 as a whole, the rate averaged at 2.3%, compared to 1.9% in 2008. Between these two years, underemployment rose more visibly in construction, transportation and food services, which were the sectors where most of the part-time and casual jobs could usually be found. Past experience indicated that during the early phase of an economic upturn, employers generally had greater tendency to create jobs of temporary nature to meet with the upsurge in business activity. Thus it was hardly surprising that the number of part-time jobs (with working hours less than 35 a week) showed an accelerated increase during the nascent recovery in 2009, from 3.7% year-on-year in the first quarter to 4.7% in the fourth quarter, while the proportion of part-time employees also moved up from 5.9% to 6.1%. As a result, underemployment which formed part of the part-time employment rose in tandem.

Box 6.1

Recent trends of development in the female workforce

Within the labour force and total employment, female workers have kept on growing notably over the past ten years, even during periods of economic downturn. From 1999 to 2009, the number of female workers grew from 1 362 500 to 1 736 300 ***(Chart 1)***, representing an average annual increase of 2.5%. This more than doubled the growth rate of 1.1% for total labour force. Concurrently, the labour force participation rate (LFPR) for females also saw a distinct rise from 49.2% to 53.5%, which contrasted markedly with the declining trend observed for overall LFPR ***(Chart 2)***.

Chart 1: Female workers within the labour force kept on increasing both in numbers and percentage share

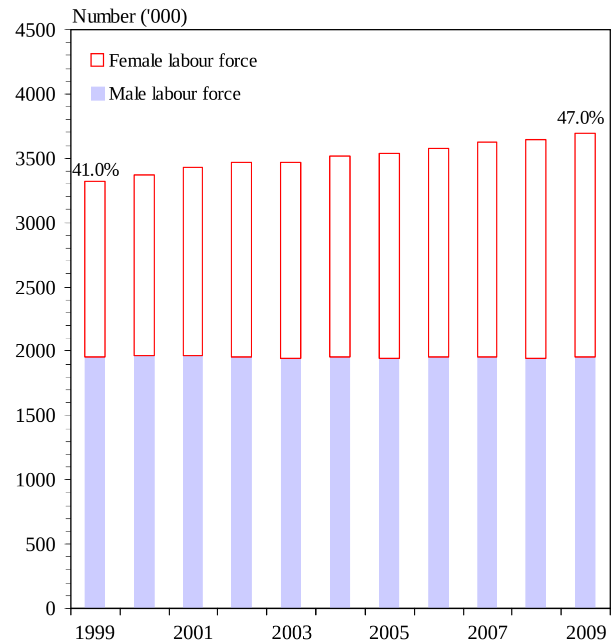
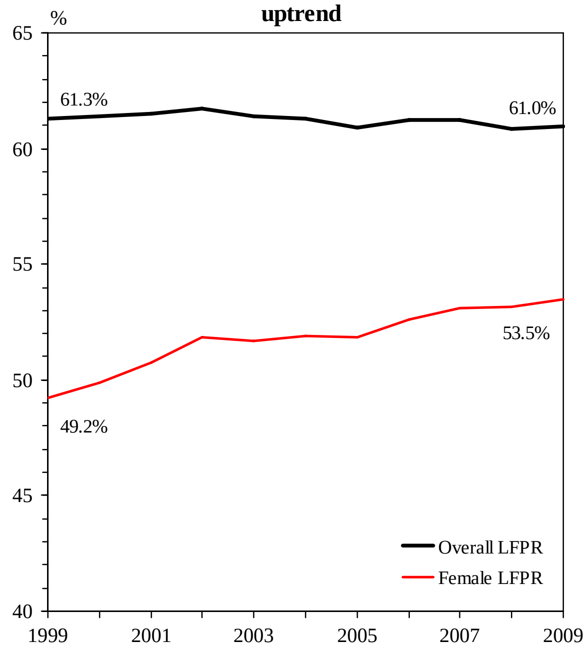


Chart 2: The labour force participation rate (LFPR) for females also followed an uptrend



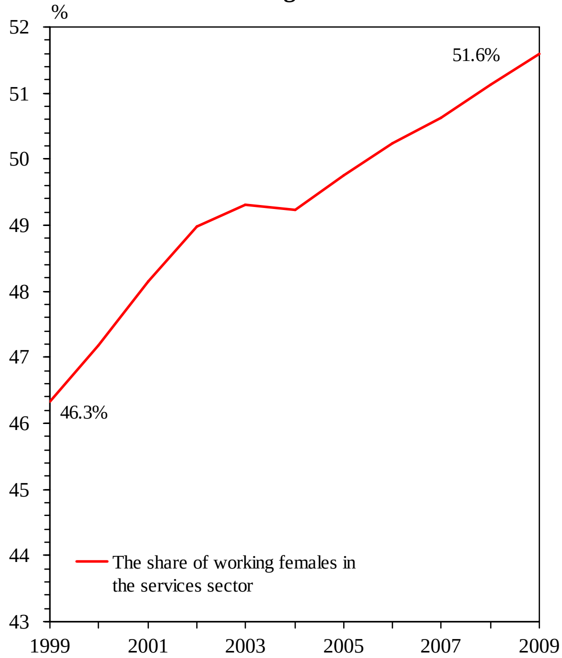
According to the projections by the Census and Statistics Department, the proportion of female workers within the labour force will increase further to 55.4% in 2026, from 45.4% in 2006. Even excluding foreign domestic helpers, the female workforce is expected to outnumber the male counterpart in 2023. As regards the proportion of female workers in total employment, at present the figure is 47.4%, and it is envisaged to reach 50% or above in the near future.

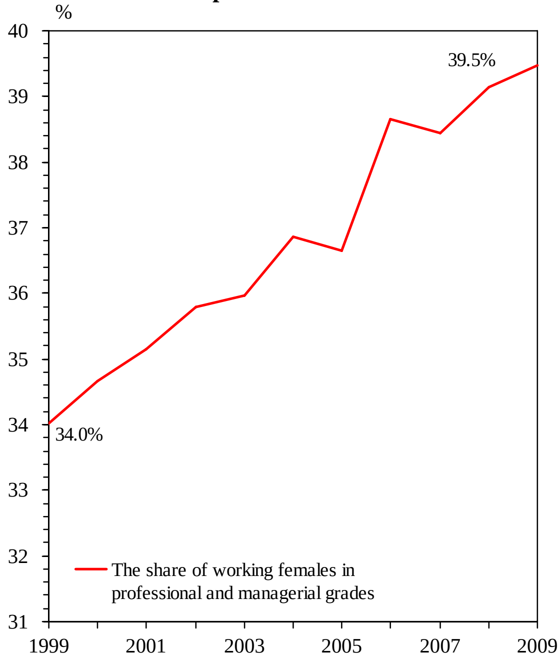
The rising trend of female employment went well with the changing composition of manpower demand amid Hong Kong's progressive restructuring towards knowledged-based activities, especially those in the service sectors such as financing and information technology, etc. with greater emphasis on educational qualifications and application of knowledge, rather than on physical strength as in the case of manual jobs in the construction sector. Currently, the services sector as a whole constitutes as much as 92.0% of Hong Kong's GDP. Moreover, many females with excellent interpersonal skills and communication with clients can work effectively in personal-based sectors such as the retail trade and tourism. In fact, the proportion of female workers in the services sector has already surpassed the male counterpart, albeit only modestly, since 2006 ***(Chart 3)***. For public administration, social and personal services in particular, the corresponding share in 2009 now even reaches nearly 70% (specifically, 69%). Over the years, there has also been a distinct improvement in educational attainment for female workers, as borne out by the upsurge in the proportion of females with post-secondary education from 25% in 1999 to 32% in 2009. Among them, those having taken part-time and distance learning courses have grown substantially by nearly

Box 6.1 (Cont'd)

5 times from 15 553 in 1991 to 90 861 in 2006, far exceeding the 2.5 times increase recorded for males. Benefiting from their improved educational qualifications and sex discrimination regulations, females now face a level playing field, same as males do, in respect of both job opportunities and employment conditions. From a macro perspective, the progressive upgrading of knowledge and skills among females has also been conducive to the improvement of overall labour productivity and economic growth in Hong Kong.

Chart 3 & Chart 4: The shares of female workers in the services sector and at the professional and managerial level were both on the increase for most of the past decade





Another major factor contributing to the growing participation of females in the labour market is the changing demographic structure and public perceptions of a family. Despite the Government's promotion efforts in the past several years, the fertility rate in Hong Kong is still way below many other economies in the world. Meanwhile, the median age at first marriage and that at first childbirth have kept on increasing over the past decades ***(Table 1)***. Conceivably, this is due in part to the changing family perception among females amid the evolving economic and social conditions, which has led them to become more independent for work and less keen on getting married or starting a family.

Table 1: Median childbearing age of women by order of live births and first marriage age

Year	**1st order live births**	**2nd order live births**	**3rd order live births**	**3rd and higher order live births**	**All order live births**	**First Marriage**
1998	29.2	32.0	33.8	35.3	30.7	26.9
2003	29.4	32.2	34.1	35.0	30.9	27.8
2008	29.8	32.8	34.1	35.6	31.6	28.4

The rising female LFPR, coupled with their improving educational attainment and work skills, has enabled more and more women to climb up the career ladder to the upper echelons of society. In 2009, about 40% of professionals, managers and administrators were females ***(Chart 4),*** which reaffirms the common perception of females assuming an increasingly important role at the upper level. In regard to the civil service, the number of female directorate

Box 6.1 (Cont'd)

officers has likewise jumped from 35 in 1981 to 368 in 2008, representing a sharp rise of more than 10-fold. Consequently, the proportion of females in the directorate grade has surged to 30%. Even for those jobs involving more manual labour such as non-civilian police officers and fire officers, there has also been an increasing trend of female participation over the past decade.

Another development worth noting is that the unemployment rate for females has been at a lower level than that for males over the years. Past experience indicates that during an economic downturn, the difference between the male and the female unemployment rates usually widens, and the gap will become larger when overall unemployment approaches its peak. On the other hand, the difference between these two unemployment rates tends to narrow during the course of an economic recovery ***(Chart 5 & Table 2)***. As Table 2 shows, these movements mainly reflect the higher degree of volatility in the male unemployment rate, whereas the female unemployment rate has shown relatively smaller fluctuations under different economic conditions.

Chart 5 : Trend movements of the male and female unemployment rates

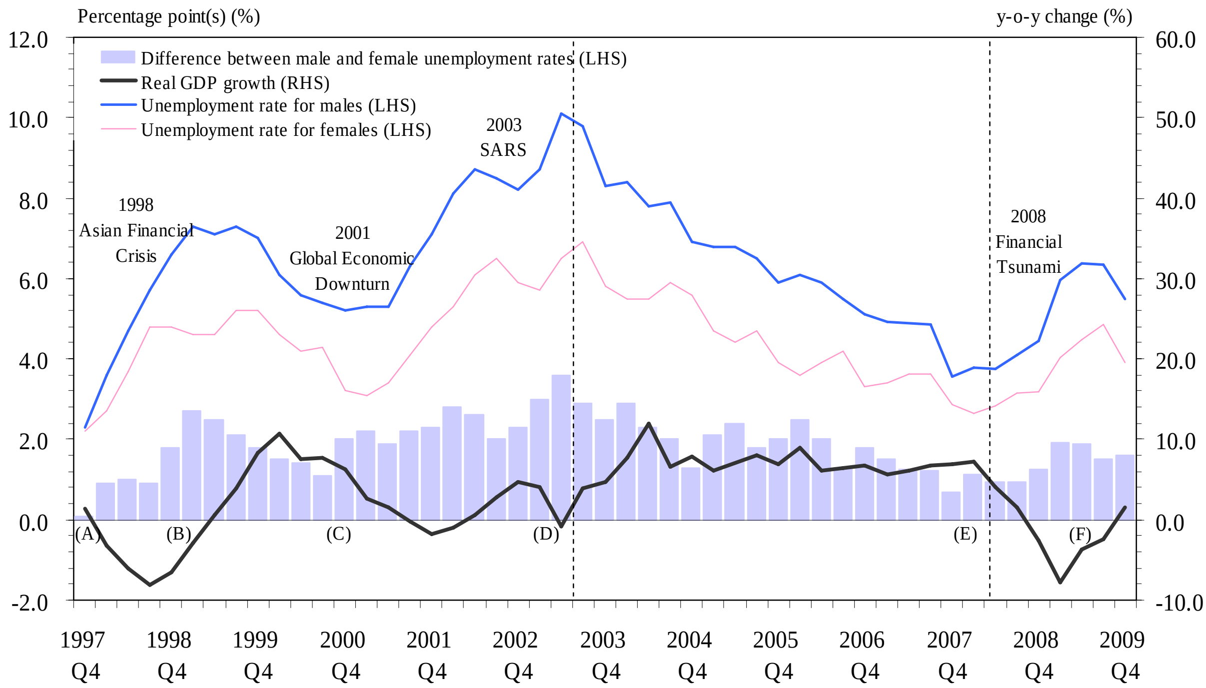


Table 2: Changes of male and female unemployment rates at different stages of the economic cycle

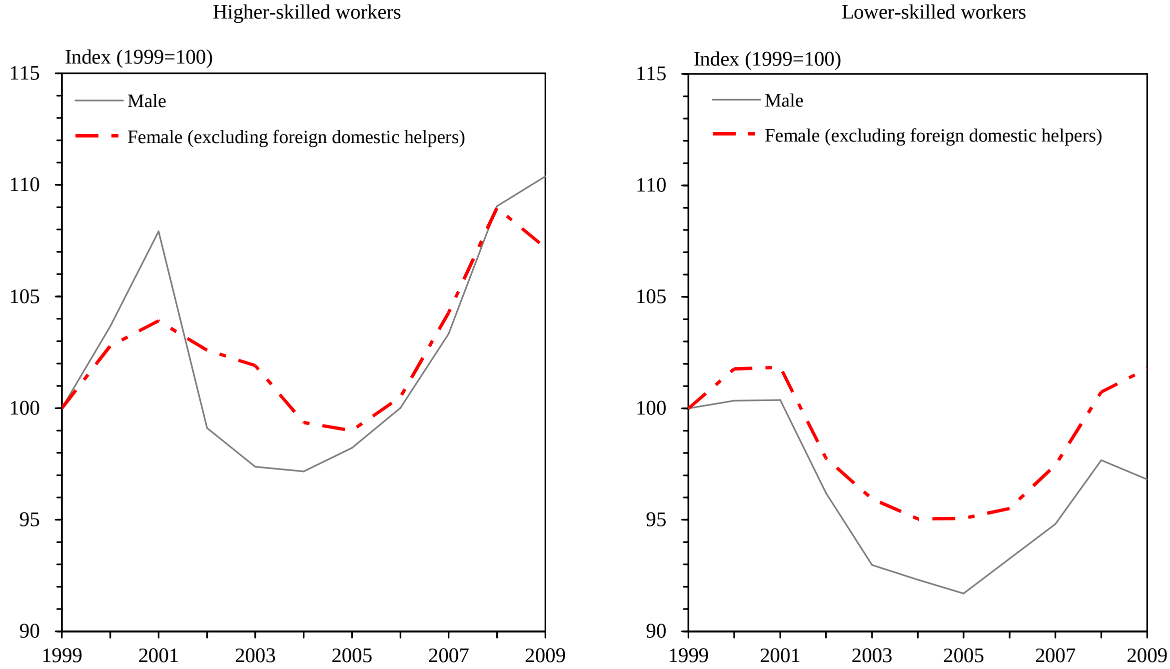
Quarter	Unemployment rate: Overall (after seasonal adjustment)	Of which: Male	Of which: Female	Difference (percentage point(s))	Real GDP growth (4-quarter moving average)
1997 Q4	2.2%	2.3%	2.2%	0.1% (A)	5.1%
1999 Q1	6.3%	7.3%	4.6%	2.7% (B)	-6.0%
2000 Q3	4.8%	5.4%	4.3%	1.1% (C)	8.5%
2003 Q2	8.5%	10.1%	6.5%	3.6% (D)	2.7%
2008 Q2	3.3%	3.8%	2.8%	1.0% (E)	6.3%
2009 Q2	5.4%	6.4%	4.5%	1.9% (F)	-3.1%

Box 6.1 (Cont'd)

As for employment income, the earnings of female workers, both higher-skilled and lower-skilled, likewise moved along with the economic cycles ***(Chart 6 & Chart 7)***. In 2009, the average monthly employment income for female workers (excluding foreign domestic helpers) amounted to $14,600, representing an increase of around 12% over a decade ago. This growth pace is broadly similar to that for male workers. After discounting the effect of consumer price deflation prevalent for a considerable part of the period, there was in fact a larger improvement in real terms. Furthermore, consequential to more females entering the upper segment of the occupational hierarchy, the share of female employees with monthly income of $40,000 or above has risen notably from 25% to 32% over the past decade. These females have thus emerged as a major consumer group supporting domestic demand in the economy.

Even so, it is noted that the proportion of females engaged in higher-skilled or full-time jobs continues to be smaller than that for males (the corresponding figures in respect of higher-skilled jobs are about 30% versus 41%; and those in respect of full-time jobs about 91% versus 94%). In view of these figures, there should still be room for female workers to expand further in the labour market in the years to come.

Chart 6 & Chart 7: The average income for female workers, both higher-skilled and lower-skilled, moved along with the economic cycles



Profile of employment in establishments

6.13 The statistics compiled from the Quarterly Survey of Employment and Vacancies are available only up to September 2009, and therefore cannot reflect the relatively better job market situation in the fourth quarter.

6.14 The survey data indicated that comparing September 2009 with a year earlier, total employment in private sector establishments contracted by 1.0%, following similar decreases of 1.0% in March and 1.5% in June. Growth however varied among different sectors. Business establishments in social and personal services and in financing, insurance, real estate and business services recorded employment gains of 3.0% and 0.3% in September, improved from the 2.6% increase and 0.2% decrease seen in March. As for business establishments in manufacturing and in the import/export trade and wholesale, job losses of reduced magnitude were noted, at 5.0% and 4.1% in September as against 7.0% and 4.5% in March. Analysed by establishment size, employment in small and medium-sized enterprises (SMEs)(5) was 4.1% fewer in September 2009 than a year earlier, likewise representing a relative improvement from the 5.7% drop in March. Headcounts in large enterprises were up all through the year, by 2.1% in September and by an average of 2.0% for the first nine months as a whole, only slightly slower than the average growth of 3.0% in 2008. As to the civil service, the number of employees grew steadily by 1.1% year-on-year in September, same as those in March and June, reflecting sustained recruitment drive on the part of the Government in the wake of the global financial turmoil.

6.15 In addition to its regular employment and placement services, the Labour Department (LD) has organised job fairs of different scales and at various locations to respond speedily to the demands of both employers and job seekers. In 2009, 22 large-scale job fairs and 224 mini-job fairs were organised. Concurrently, the Employees Retraining Board has also responded proactively to the training needs of the community by adjusting its allocation of training places. For the financial year 2009-10, the Board plans to provide a total of 123 000 training places, with additional resources reserved for another 20 000 places should the need arise.

6.16 In a separate move to encourage employment among youths, the Government has also enhanced its employment programmes via the “Internship Programme for University Graduates” launched in August 2009. By end-2009, some 1 300 graduates had secured employment through the Programme and close to 200 graduates had firmed up internships in different Mainland cities. The participating tertiary institutions and LD have joined hands in providing job-matching services to assist the graduates to secure internship positions.

Table 6.5 : Employment by major economic sector

	2008					2009		
	Annual average	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Import/export trade and wholesale	582 500 (-0.6)	586 200 (0.1)	585 400 (-0.1)	582 000 (-0.5)	576 600 (-1.8)	559 800 (-4.5)	554 200 (-5.3)	558 300 (-4.1)
Retail	236 000 (2.8)	233 400 (3.3)	236 100 (2.8)	237 800 (3.6)	236 900 (1.5)	232 000 (-0.6)	232 600 (-1.5)	236 800 (-0.4)
Accommodation and food services	241 500 (2.0)	238 200 (1.8)	241 900 (3.7)	245 100 (2.5)	240 700 (*)	238 200 (*)	238 800 (-1.3)	240 200 (-2.0)
Transportation, storage, postal and courier services[(a)]	156 300 (3.5)	155 500 (5.1)	157 000 (3.1)	156 900 (3.8)	155 800 (1.8)	158 000 (1.6)	156 900 (-0.1)	157 700 (0.5)
Information and communications	88 600 (3.6)	86 900 (2.2)	89 800 (5.3)	89 900 (5.2)	87 700 (1.7)	86 100 (-0.9)	86 900 (-3.3)	87 900 (-2.2)
Financing and insurance, real estate, professional and business services[(a)]	577 100 (3.4)	573 700 (5.2)	578 600 (3.8)	581 800 (3.7)	574 400 (1.1)	572 700 (-0.2)	577 500 (-0.2)	583 700 (0.3)
Social and personal services[(a)]	401 600 (3.6)	396 600 (3.3)	399 000 (2.9)	405 000 (4.5)	406 000 (3.8)	407 100 (2.6)	411 600 (3.2)	417 100 (3.0)
Manufacturing	132 500 (-3.5)	135 200 (-2.9)	133 000 (-3.7)	131 300 (-3.7)	130 600 (-3.8)	125 700 (-7.0)	124 700 (-6.2)	124 700 (-5.0)
Construction sites (manual workers only)	49 400 (-1.5)	50 500 (0.3)	49 600 (-3.0)	48 100 (-2.1)	49 400 (-1.3)	51 900 (2.8)	48 900 (-1.2)	48 000 (-0.4)
All establishments surveyed in the private sector[(a) (b)]	*2 476 400 (1.8)*	*2 467 200 (2.5) <0.9>*	*2 480 800 (2.1) <0.4>*	*2 488 900 (2.2) <0.2>*	*2 468 900 (0.5) <-0.9>*	*2 442 200 (-1.0) <-0.7>*	*2 442 600 (-1.5) <-0.1>*	*2 464 900 (-1.0) <0.8>*
Civil service[(c)]	*154 000 (0.1)*	*153 500 (-0.2)*	*153 700 (*)*	*154 300 (0.4)*	*154 300 (0.3)*	*155 100 (1.1)*	*155 400 (1.1)*	*156 000 (1.1)*

Notes : Employment figures enumerated from business establishments, as obtained from the Quarterly Survey of Employment and Vacancies, are somewhat different from those enumerated from households, as obtained from the General Household Survey. This is mainly due to difference in sectoral coverage: while the former survey covers selected major sectors, the latter survey covers all sectors in the economy.

(a) Starting from March 2009, the survey coverage has been expanded to include more economic activities in some of the industries due to the change in industrial classification based on the Hong Kong Standard Industrial Classification Version 2.0. The activities newly covered are in the industries of transportation, storage, postal and courier services; professional and business services; and social and personal services.

(b) The total figures on private sector employment cover also employment in mining and quarrying and in electricity, gas and waste management, besides employment in the major sectors indicated above.

(c) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in Hong Kong Economic and Trade Offices outside Hong Kong, and other Government employees such as non-civil service contract staff are not included.

( ) % change over a year earlier.

< > Seasonally adjusted quarter-to-quarter % change.

(*) Less than 0.05%.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

Vacancies

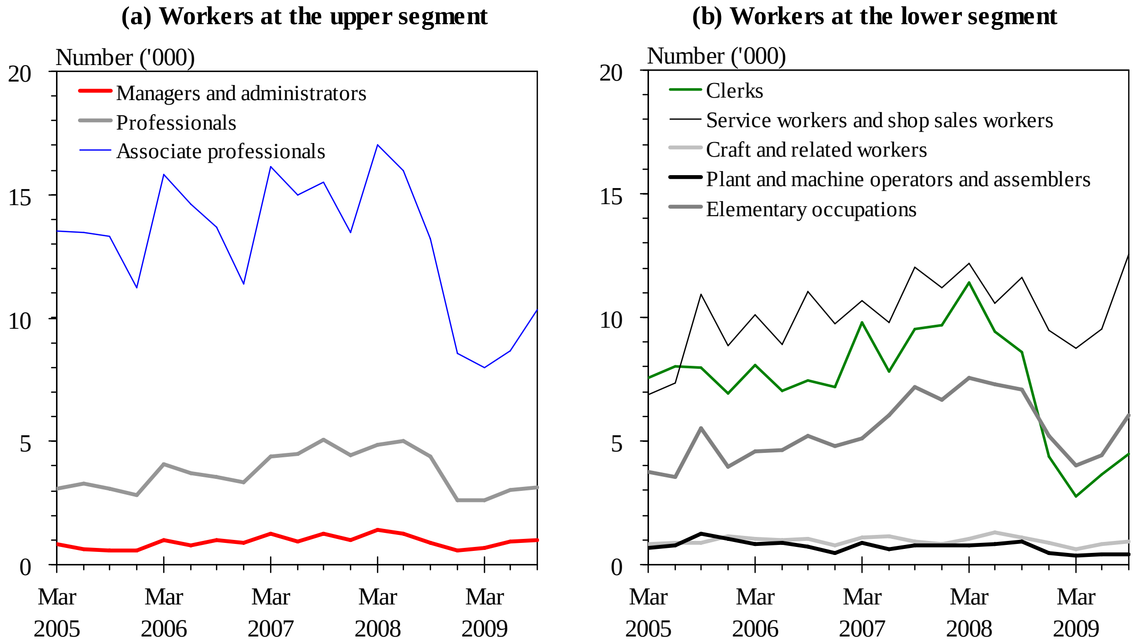
6.17 Job vacancies in private sector establishments, whilst generally following a downward trend, showed distinct relative improvement over the course of 2009. Specifically, private sector vacancies fell by 18.8% year-on-year in September 2009, narrowed markedly from the decreases of 50.6% in March and 38.9% in June. Such an improvement, whilst occurring extensively in many sectors, was most visible in accommodation and food services (with a 31.0% surge in September as against a 4.2% fall in March), followed by financing, insurance, real estate and business services (-15.3% as against -58.4%), and manufacturing (-19.2% as against -67.1%).

6.18 The declining trend observed for job vacancies in most occupation categories likewise tapered off. For higher-skilled jobs, vacancies were reduced by 21.9% year-on-year in September 2009, much smaller than the 51.6% drop in March. A similar pattern of movement was seen for lower-skilled jobs, with decreases of 16.8% as against 49.9%. Yet, considerable differences in performance still existed among major occupation categories. For instance, vacancies for managers and administrators, and service workers and shop sales workers posted increases at 10.7% and 8.0% respectively in September, whereas those in most other occupations faced moderate decreases of varying degrees. By comparison, plant and machine operators and assemblers fared worse, with a noticeable reduction of 54.1%. As to the ratio of job vacancies per 100 job seekers, the figure went up from 15 in March to 19 in September, mainly due to increased job openings over the period. A more detailed breakdown showed that the corresponding ratio for lower-skilled jobs improved from 12 to 18, as did that for higher-skilled jobs from 31 to 37. Analysed by establishment size, vacancies at SMEs were 15.7% fewer in September 2009 than a year earlier and those at large enterprises were 21.7% less. Despite this, they still represented a considerable improvement from the situation in March when significant losses of 54.7% and 46.9% were recorded for SMEs and large enterprises respectively.

6.19 In proportionate terms, the vacancy rate in the private sector followed a steady uptrend, rising from 1.1% in March to 1.3% in June and further to 1.5% in September. The increase was more apparent in food and beverage services (from 2.3% in March to 3.0% in September), financing and insurance (from 1.0% to 2.1%), and manufacturing (from 0.5% to 1.0%).

6.20 As for the civil service, the total number of vacancies stood at 5 000 in September 2009, down somewhat from 5 500 a year ago. This partly exhibited the Government's continuing effort to expedite its recruitment process, as vacancies were progressively filled and translated into increased civil service employment (paragraph 6.14).

Diagram 6.6 : Vacancies in most occupations continued to rebound in the third quarter



6.21 The vacancy registration data compiled by the Labour Department (LD), notwithstanding its smaller sample size, may provide some clue to the latest trends in the job market. The data revealed that in December 2009, there were some 55 000 private sector vacancies registered with LD, 28.6% more than a year earlier. Variations in performance were however noted for different economic sectors. Among them, hotels and boarding houses and restaurants were the sectors with the largest increases, at 144.2% and 84.0% respectively. Yet these impressive growth figures were partly affected by the low base of comparison a year earlier. On a quarter-to-quarter comparison, the registered vacancies also went up notably by 5.1%.

Table 6.6 : Vacancies by major economic sector

	Number of vacancies								
	2008					2009			
	Annual Average	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Vacancy rate in Sep 2009 (%)
Import/export trade and wholesale	7 600	9 900	9 000	7 200	4 100	3 300	4 300	4 500	0.8
	(-17.1)	(-4.2)	(-0.6)	(-18.0)	(-50.1)	(-67.1)	(-51.9)	(-37.6)	
Retail	5 000	5 700	5 200	5 500	3 500	2 900	3 700	4 200	1.7
	(7.6)	(14.7)	(25.5)	(9.8)	(-19.7)	(-49.6)	(-29.4)	(-22.8)	
Accommodation and food services	5 500	5 400	5 600	5 400	5 700	5 200	4 500	7 100	2.9
	(5.0)	(24.6)	(21.7)	(-19.4)	(5.6)	(-4.2)	(-19.2)	(31.0)	
Transportation, storage, postal and courier services[a]	1 700	2 300	1 900	1 600	900	1 000	1 000	1 100	0.7
	(-12.0)	(28.4)	(0.3)	(-24.9)	(-50.8)	(-58.2)	(-49.1)	(-28.7)	
Information and communications	1 900	2 100	2 400	2 200	800	900	1 500	1 400	1.5
	(-9.7)	(-5.0)	(26.1)	(-6.2)	(-55.5)	(-57.8)	(-36.7)	(-37.1)	
Financing and insurance, real estate, and professional and business services[a]	13 100	16 300	14 300	13 100	8 600	6 800	7 400	11 100	1.9
	(-9.6)	(10.1)	(2.9)	(-14.0)	(-38.2)	(-58.4)	(-48.2)	(-15.3)	
Social and personal services[a]	10 500	12 400	11 100	11 200	7 300	7 100	8 400	8 100	1.9
	(9.9)	(41.5)	(30.2)	(8.7)	(-31.2)	(-42.6)	(-24.2)	(-27.5)	
Manufacturing	1 600	2 000	2 000	1 500	1 100	700	700	1 200	1.0
	(-9.2)	(0.1)	(12.4)	(-16.2)	(-36.2)	(-67.1)	(-67.2)	(-19.2)	
Construction sites (manual workers only)	#	#	#	#	#	#	#	#	*
	(26.3)	(*)	(87.5)	(57.7)	(-26.7)	(-92.1)	(-86.7)	(-56.1)	
All establishments surveyed in the private sector[a][b]	*46 900*	*56 200*	*51 600*	*47 800*	*32 200*	*27 800*	*31 500*	*38 800*	*1.5*
	(-4.0)	*(14.0)*	*(12.5)*	*(-8.7)*	*(-33.1)*	*(-50.6)*	*(-38.9)*	*(-18.8)*	
		<-1.8>	*<-2.9>*	*<-13.7>*	*<-18.8>*	*<-27.2>*	*<19.8>*	*<14.6>*	
Civil service[c]	*5 800*	*5 500*	*6 200*	*5 500*	*5 800*	*5 300*	*5 200*	*5 000*	*3.1*
	(127.7)	*(366.2)*	*(94.4)*	*(81.6)*	*(114.8)*	*(-3.8)*	*(-15.8)*	*(-9.7)*	

Notes : Vacancy rate refers to the ratio of vacancies to total employment opportunities (actual employment plus vacancies).

(a) Starting from March 2009, the survey coverage has been expanded to include more economic activities in some of the industries due to the change in industrial classification based on the Hong Kong Standard Industrial Classification Version 2.0. The activities newly covered are in the industries of transportation, storage, postal and courier services; professional and business services; and social and personal services.

(b) The total figures on private sector vacancies cover also vacancies in mining and quarrying and in electricity, gas and waste management, besides vacancies in the major sectors indicated above.

(c) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.

( ) % change over a year earlier.

< > Seasonally adjusted quarter-to-quarter % change.

(#) Less than 50.

(*) Less than 0.05%.

Sources : Quarterly Survey of Employment and Vacancies, Census and Statistics Department.
Quarterly Employment Survey of Construction Sites, Census and Statistics Department.

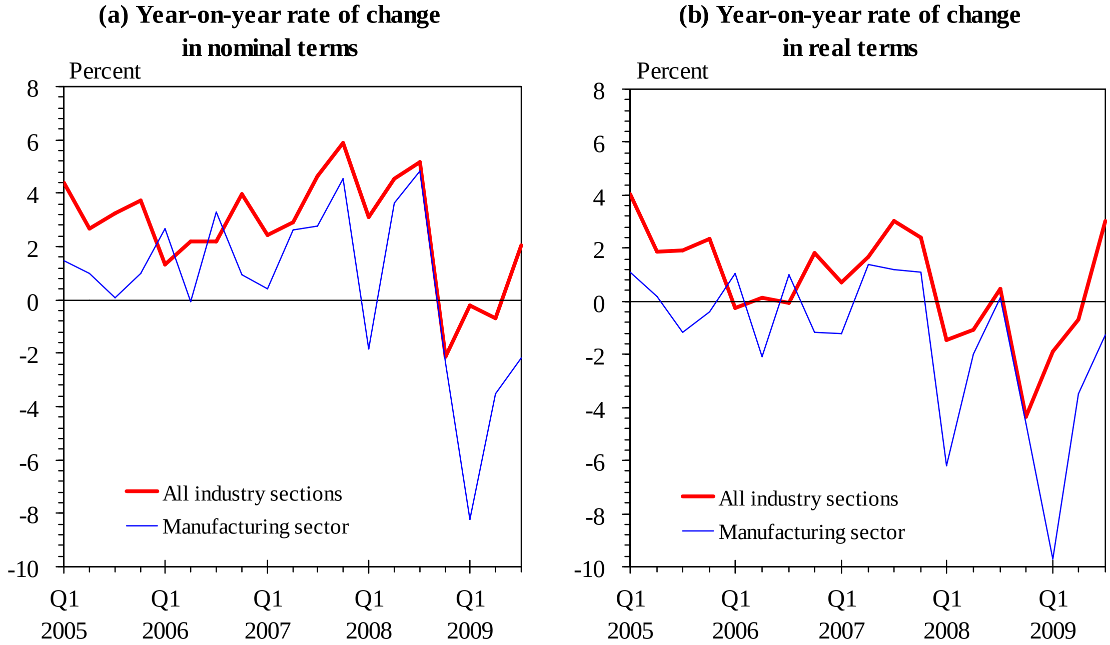
Earnings and wages

6.22 Labour wages, as a measure of regular payment to employees at the supervisory level or below, were 1.8% lower in September 2009 than a year earlier, broadly similar to the 1.9% fall in June. After adjusting for the change in consumer prices, labour wages were down by 2.6% in real terms(6). Taking the first nine months of 2009 together, labour wages declined by 1.5% in money terms or 1.4% in real terms over a year earlier.

6.23 Analysed by occupation category, nominal wages for clerical and secretarial workers and for operatives had year-on-year decreases of 2.6% and 4.6% respectively in September 2009, whereas those for supervisory and technical workers with better skills had a lesser decline of 1.6%. Analysed by economic sector, wage cuts also took place extensively across many sectors. Among them, finance and insurance, and personal services were the sectors with larger reductions in wages at 2.5% and 3.4% respectively, while the import/export, wholesale and retail trades, and real estate leasing and maintenance management showed smaller decreases at 1.8% and 1.0%. On the other hand, professional and business services even recorded a marginal gain of 0.1% over the same period.

6.24 Labour earnings(7), as measured by payroll per person engaged in private sector, exhibited a different growth profile. As an employment income indicator more sensitive to economic conditions, labour earnings witnessed a rise of 2.1% in money terms in the third quarter of 2009 over a year earlier, reversing the downtrend established since late 2008. This was attributable mainly to the payment of extra bonuses to workers at the upper level in certain sectors alongside the revival of business activities. After adjusting for consumer price changes, the gain was 3.0% in real terms. On a seasonally adjusted basis, the rebound in labour earnings was even more noticeable, with increases of 5.1% in nominal terms and 6.1% in real terms over the second quarter. Taking the first three quarters together, the year-on-year increases recorded were rather modest at 0.4% in nominal terms and 0.1% in real terms.

Diagram 6.7 : Payroll rebounded both in nominal and real terms in the third quarter of 2009



6.25 The improvement in labour earnings occurred more visibly among professional and managerial staff than lower-skilled workers, as the former group tended to benefit more from the system of discretionary bonuses and incentive allowances. Among the various economic sectors, labour earnings in real estate enjoyed a distinct hike of 4.5% in the third quarter of 2009 over a year earlier, while those in finance and insurance rose by 0.6%. These compared favourably to the pay cuts seen earlier in the year. In stark contrast, labour earnings in the externally-oriented sectors such as manufacturing and the import/export and wholesale trades stayed soft, registering decreases of 2.2% and 0.2% respectively. The same was observed for some other sectors like the retail trade and social and personal services, in which labour earnings were down by 4.7% and 1.5% respectively.

6.26 The latest statistics compiled from the General Household Survey, though not strictly comparable to those from the business establishment surveys, revealed that the average earnings(8) of employed persons (excluding foreign domestic helpers) decreased modestly by 1.2% in the fourth quarter of 2009 over a year earlier, after an increase of 3.5% in the third quarter. Earnings of higher-skilled workers fell slightly by 0.4%, following a 7.5% rise. As to lower-skilled workers, there was a decrease of 1.0%, only marginally improved from the 1.1% decline in the preceding period.

Notes :

(1) For a person aged 15 or above to be classified as unemployed, he or she should: (a) not have a job and not be performing any work for pay or profit during the reference period (i.e. seven days before enumeration); and (b) be available for work during the reference period; and (c) be seeking work during the 30 days before enumeration.

Notwithstanding the above, the following types of persons are also considered unemployed: (a) persons without a job, having sought work but not available for work because of temporary sickness; (b) persons without a job, available for work but not having sought work because they will take up new jobs or start business at a subsequent date, or expect to return to their original jobs; and (c) discouraged workers not having sought work because they believe work is not available to them.

Even at full employment, some frictional unemployment is bound to exist as workers move between jobs in order to obtain better terms of employment. The precise level of unemployment which can be described as purely frictional varies amongst economies, depending on the structure and characteristics of their labour markets.

Starting from May 2008, the seasonally adjusted unemployment rate is compiled by the X-12 ARIMA method to replace the previous X-11 ARIMA method. The seasonally adjusted unemployment rates since November 2006 – January 2007 have also been revised using the new method. The X-12 ARIMA method, being an update to the X11-ARIMA method, has now been a standard method used by statistical offices for performing seasonal adjustment of statistical series in many countries/territories. Since the two seasonal adjustment methods are indeed very similar, the revision made to the seasonally adjusted unemployment rate series due to the use of the new method is insignificant.

(2) The main criteria for an employed person aged 15 or above to be classified as underemployed are: involuntarily working less than 35 hours during the reference period (i.e. seven days before enumeration), and either available for additional work during the reference period or seeking additional work during the 30 days before enumeration.

Following these criteria, employed persons taking no-pay leave due to slack work during the reference period are also classified as underemployed if they had worked less than 35 hours or were on leave for the entire reference period.

(3) Labour force and employment statistics compiled from the General Household Survey for the period from Q1 2008 to Q4 2008 have been revised to take into account the results of the revised population of 2008.

The labour force, or the economically active population, is defined to include all persons aged 15 or above who either were engaged in productive work during the reference period (i.e. seven days before enumeration) or would otherwise have been engaged in productive work but were unemployed.

(4) Figures enumerated from household data. The employed population is defined here to include those persons aged 15 or above who performed work for pay or profit or had a formal job attachment during the reference period (i.e. seven days before enumeration).

(5) Manufacturing enterprises with fewer than 100 employees and non-manufacturing enterprises with fewer than 50 employees are regarded as small and medium-sized enterprises (SMEs) in Hong Kong. Yet, establishments with the same main business registration number (BRN) and engaging in activities of the same industry sector are grouped into one business unit for the purpose of calculating the number of SMEs.

Thus, a business with a lot of small chain stores each employing a small number of employees will be considered as a single large enterprise, instead of separate SMEs.

(6) Different consumer price indices are used for compiling the real indices of labour earnings and wages, taking into account their relevance to the respective occupation coverage. Specifically, the Composite CPI, being an indicator of overall consumer prices, is taken as the price deflator for earnings received by employees at all levels of the occupational hierarchy. The CPI(A), being an indicator of consumer prices for the middle to lower income groups, is taken as the price deflator for wages in respect of workers in occupations up to the supervisory level, and also in respect of manual workers engaged in the construction sector.

(7) In addition to wages, which include all regular payments like basic pay and stipulated bonuses and allowances, earnings also cover overtime pay and other non-guaranteed or irregular bonuses and allowances, except severance pay and long service payment. Because of this difference, as well as the difference in sectoral and occupational coverage, the movements in average earnings, as measured by payroll per person engaged, do not necessarily match closely with those in wage rates.

(8) The average (mean) monthly employment earnings are easily affected by extreme values in the survey sample, more so when reckoned for higher-end workers. They should therefore be interpreted with caution, in particular when they are compared over time.