CHAPTER 6 : THE LABOUR SECTOR

Summary

- *The labour market showed distinct and broad-based improvements for the second consecutive year in 2011. With persistent strength in labour demand, unemployment rate fell to a 13-year low during the year, accompanied by a sharp rise in job vacancies and strong upward pressure on wages and earnings.*

- *Overall demand for labour was even stronger in 2011. Total employment hit successive record highs during the year, reaching a high of 3 661 900 in the fourth quarter. Job creation was particularly strong in the domestic sectors, more than compensating for the meagre performance in the externally-oriented sectors, the latter being affected by the worsening in external trade since the second quarter.*

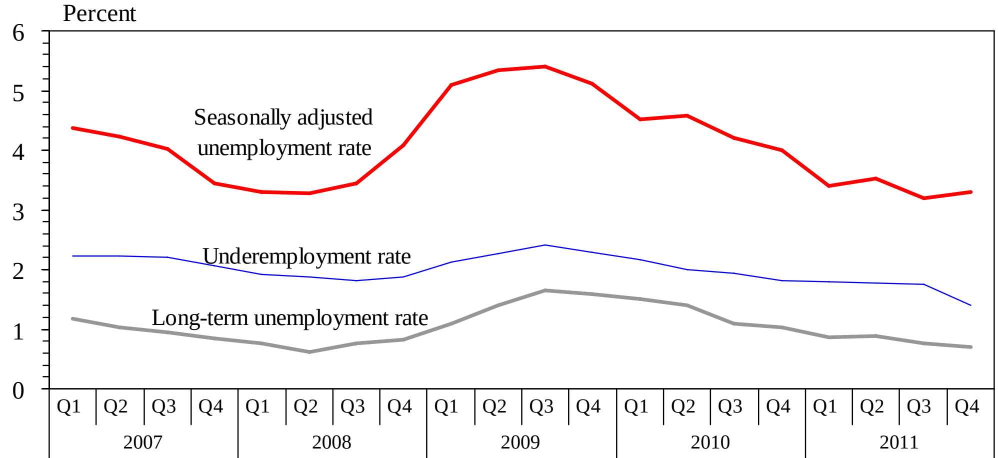
- *As labour demand persistently outstripped labour supply, the seasonally adjusted unemployment rate fell to a 13-year low of 3.2% in the third quarter of 2011. Demand in the labour market stayed buoyant through to the year-end, despite slower overall economic growth amid a more difficult external environment, with the unemployment rate only edging up to 3.3% in the fourth quarter.*

- *With the labour market remaining in a state of full employment, wages and earnings picked up sharply during 2011, recording the fastest increases since the mid-90s. Workers in the lower segment enjoyed distinctly above-average pay hikes, in part boosted by the implementation of statutory minimum wage (SMW) in May 2011.*

Overall labour market situation

6.1 The labour market continued its broad-based improvements for the second consecutive year. Benefiting from buoyant business activity especially in the domestic sectors, total employment growth kept outpacing labour supply growth, even with the additional new entrants enticed in part by SMW implementation. The number of job vacancies increased sharply to its highest level since March 1997. As a result, the labour market turned even tighter by around mid-year, pushing the *unemployment rate*[1] to a 13-year low of 3.2% in the third quarter, and despite slower economic growth towards the year-end, unemployment rate remained at a still low level of 3.3% in the fourth quarter amid sustained buoyant labour demand. The *underemployment*[(2)] rate also declined successively during the year. With the labour market in a state of full employment, labour shortage was increasingly apparent in some sectors. In tandem, labour wages and earnings picked up markedly during the year, particularly for those in the lower segment, which received an additional boost from SMW implementation.

Diagram 6.1 : Unemployment rate fell to a 13-year low of 3.2% during 2011



	2007 Q1	Q2	Q3	Q4	2008 Q1	Q2	Q3	Q4	2009 Q1	Q2	Q3	Q4	2010 Q1	Q2	Q3	Q4	2011 Q1	Q2	Q3	Q4
Seasonally adjusted unemployment rate	4.4	4.2	4.0	3.4	3.3	3.3	3.4	4.1	5.1	5.3	5.4	5.1	4.5	4.6	4.2	4.0	3.4	3.5	3.2	3.3
Underemployment rate	2.2	2.2	2.2	2.1	1.9	1.9	1.8	1.9	2.1	2.3	2.4	2.3	2.2	2.0	1.9	1.8	1.8	1.8	1.7	1.4
Long-term unemployment rate	1.2	1.0	0.9	0.8	0.8	0.6	0.8	0.8	1.1	1.4	1.7	1.6	1.5	1.4	1.1	1.0	0.9	0.9	0.8	0.7

Total employment and labour force

6.2 Thanks to the robust local economy and vibrant business activity, labour demand was even stronger in 2011. *Total employment*[(3)] hit successive record highs to reach 3 661 900 in the fourth quarter, up by 3.4% over a year earlier. For 2011 as a whole, employment grew by a remarkable 3.7%, not only distinctly up from the meagre 0.4% rise in 2010, but also the fastest since 1996. In absolute terms, the number of employed persons averaged at 3 623 000 in 2011, representing significant gains of 130 500 over 2010. The strength in labour demand was manifested by the distinct growth in the number of both full-time employees and those voluntarily working part-time, by 103 700 and 16 700 (or 3.5% and 12.1%) respectively, in conjunction with a marked reduction in underemployment (11 700 or 15.7%), thanks to the hectic job creation in the business sector absorbing many previously unemployed and underemployed.

6.3 The tightening of the labour market was also evident in the continued pick-up in employment all through the four quarters in 2011. The employment growth was broad-based initially but by the fourth quarter, growth was concentrated in the domestically-oriented and consumption-related sectors such as retail; repair, laundry, domestic and other personal service activities; as well as wholesale.

6.4 Analysed by occupational category, job gains were observed in both the higher-skilled and lower-skilled segment during the fourth quarter of 2011, with more pronounced employment growth seen for managers and administrators (up by 17 900 or 4.6% over the third quarter) and workers in elementary occupations (29 500 or 4.1%). As for other socio-economic characteristics, persons aged 30-44 and 55-59 as well as those with upper secondary and tertiary degree education were the ones benefiting more from the increase in employment.

6.5 Comparing the fourth quarter of 2011 with June – August 2008 (i.e. just before the outbreak of the global financial crisis), total employment was up by 130 900, or 3.7%. Both higher-skilled and lower-skilled workers saw solid employment growth, at 82 000 (or 6.3%) and 49 000 (or 2.2%) respectively. Among the economic sectors, more visible employment generation was observed in consumption-related services; repair, laundry, domestic and other personal service activities; construction; and education, whereas the externally-oriented sectors such as import and export trade, manufacturing and transportation had yet to recover to their pre-crisis levels.

6.6 On the supply side, the *labour force*[(4)] increased markedly by 2.6% in 2011, the strongest growth since 1996 and reversing the decline of 0.6% in 2010. Furthermore, the year-on-year growth picked up markedly after the first quarter, and remained notable through to the fourth quarter. Conceivably, increased job opportunities amid the economic expansion, coupled with better income prospects following SMW implementation, had induced more job-seekers to enter the labour market, especially females and those aged 50 or above. For 2011 as a whole, the labour force participation rate for females rose by 1.4 percentage points to 53.4%, while that for males held largely steady at 68.7%. The increase in workforce from such entry more than offset the reduction in school leavers due to increased pathways of further studies and the roll-out of the new Secondary School System, which required all secondary five students (mainly comprising youth aged 15-19) to advance to secondary six study.

6.7 When matched against the 2.6% growth in labour supply, the expansion in total employment was much higher at 3.7% in 2011. In terms of the quarterly profile, the growth differentials in favour of the latter were notable, at 1.2 percentage points in the first three quarters, though narrowed somewhat to 0.7 percentage point in the last quarter, indicating a slight easing in pressure of demand along with a slower economic growth.

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

		Labour force		Persons employed		Persons unemployed[(a)]	Persons underemployed
2010	Annual	3 653 700	(-0.6)	3 492 500	(0.4)	161 200	74 700
	Q1	3 645 800	(-1.0)	3 484 200	(-0.3)	161 600	79 000
	Q2	3 651 100	(-1.0)	3 477 800	(-0.2)	173 300	73 000
	Q3	3 665 100	(-0.7)	3 503 600	(0.6)	161 400	71 100
	Q4	3 678 600	(0.7)	3 542 800	(1.8)	135 800	66 700
2011	Annual[#]	3 749 200	(2.6)	3 623 000	(3.7)	126 100	63 000
	Q1	3 701 800	(1.5)	3 577 300	(2.7)	124 500	66 300
	Q2	3 747 400	(2.6)	3 610 600	(3.8)	136 800	66 200
	Q3	3 769 400	(2.8)	3 642 400	(4.0)	127 100	65 800
	Q4[#]	3 778 000	(2.7)	3 661 900	(3.4)	116 100	53 800
			<0.2>		<0.1>		

Notes : (a) These include first-time job-seekers and re-entrants into the labour force.

( ) % change over a year earlier.

< > Seasonally adjusted quarter-to-quarter % change for October - December 2011.

Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Diagram 6.2 : Manpower balance tightened up in 2011

(a) Year-on-year rate of change **(b) Quarter-to-quarter rate of change (seasonally adjusted)**

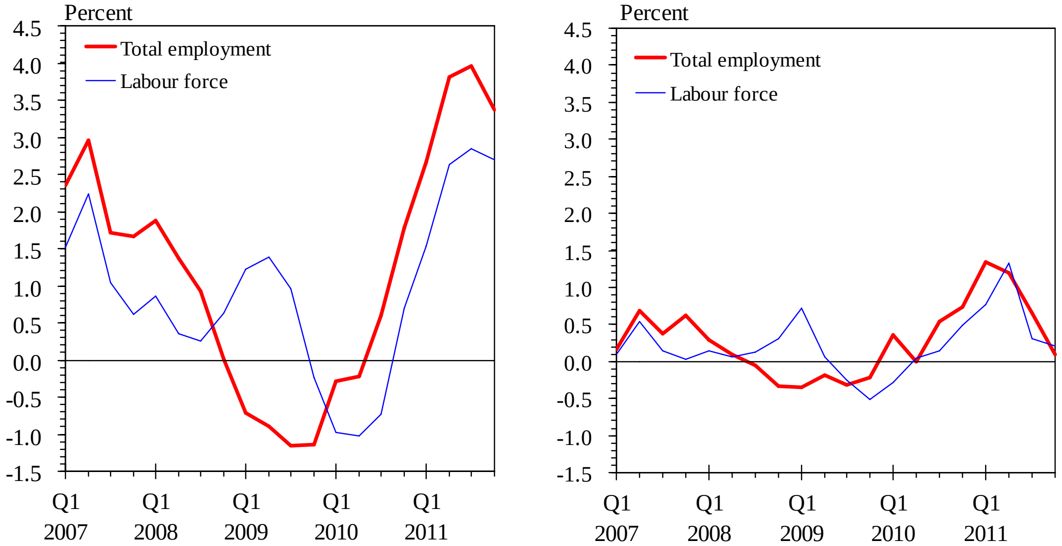


Table 6.2 : Labour force participation rates by gender (%)

		Male	Female	Both genders combined
2010	Annual	68.6	52.0	59.7
	Q1	68.6	52.2	59.8
	Q2	68.4	52.2	59.7
	Q3	68.8	51.9	59.7
	Q4	68.6	52.1	59.7
2011	Annual#	68.7	53.4	60.4
	Q1	68.2	52.9	59.9
	Q2	68.9	53.3	60.5
	Q3	69.0	53.6	60.7
	Q4#	68.7	53.8	60.6

Note : # Provisional figures.

Source : General Household Survey, Census and Statistics Department.

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

	2006	2007	2008	2009	2010	2011[#]
Male						
15-19	14.3	14.8	13.0	12.6	10.3	9.8
20-24	69.0	67.6	65.8	64.8	61.1	61.4
25-29	95.6	95.0	94.3	94.8	94.3	93.6
30-39	96.7	97.1	96.5	96.3	96.5	96.6
40-49	95.2	95.5	95.1	95.0	95.0	95.3
50-59	83.3	83.3	84.0	84.3	84.5	85.1
≥ 60	19.3	19.6	20.0	21.2	21.9	23.5
Overall	70.9	70.5	69.7	69.4	68.6	68.7
Female						
15-19	13.1	13.5	12.4	11.4	9.4	9.2
20-24	71.1	71.7	69.5	66.2	61.7	62.9
25-29	87.2	87.4	87.3	87.0	86.4	87.7
30-39	75.5	76.2	76.8	77.0	75.2	77.6
40-49	65.1	66.6	66.7	68.5	68.1	70.1
50-59	45.7	46.7	48.5	48.8	49.2	51.8
≥ 60	4.5	5.2	5.7	6.6	6.8	8.1
Overall	52.6	53.1	53.1	53.1	52.0	53.4
Both genders combined						
15-19	13.7	14.2	12.7	12.0	9.9	9.5
20-24	70.1	69.8	67.7	65.5	61.4	62.1
25-29	90.9	90.7	90.3	90.4	89.7	90.2
30-39	84.6	85.1	85.1	85.1	84.0	85.4
40-49	79.3	80.1	79.8	80.7	80.1	81.2
50-59	64.5	64.9	66.1	66.5	66.6	68.3
≥ 60	11.7	12.1	12.6	13.7	14.1	15.5
Overall	61.2	61.2	60.9	60.7	59.7	60.4

Note : # Provisional figures.

Source : General Household Survey, Census and Statistics Department.

Profile of unemployment

6.8 As a result of sustained strong growth in labour demand since 2010, unemployment continued on a downtrend in 2011, declining to 116 100 in number in the fourth quarter of 2011, the lowest level since early 2008. The unemployment rate declined by another 1 percentage point to 3.4% in 2011, after falling by the same magnitude in 2010. This annual average figure was the lowest since 1997, signifying full employment for the local workforce. In absolute terms, the number of unemployed persons declined to 126 100 in 2011, from the 2010 average of 161 200.

6.9 The decline in unemployment rate in 2011 was across-the-board. The unemployment rate for higher-skilled workers fell by 0.7 percentage point to 1.7%, and that for lower-skilled workers went down even more by 0.9 percentage point to 3.8%. Analysed by economic sector, retail, accommodation and food services; information and communications; construction; insurance; and cleaning and similar activities saw more notable declines in unemployment rate ranging from 1.3-1.7 percentage points. In terms of age group, the improvement in unemployment rate was also widespread, though more pronounced for persons aged 15-19, 20-24 and 50-59 (down by 4.6, 2.6 and 1.2 percentage points respectively).

6.10 In terms of the quarterly profile, the seasonally adjusted unemployment rate edged up from 3.4% in the first quarter to 3.5% in the second quarter, then fell notably to a 13-year low of 3.2% in the third quarter, before rising slightly to a still low level of 3.3% in the fourth quarter. The marginal rise-back in unemployment rate in the last quarter was more apparent in construction; financing and insurance; transportation, storage, postal and courier services; and social and personal services (mainly driven by repair, laundry, domestic and other personal service activities). On the other hand, the unemployment rate of the *low-paying sectors*(5) as a whole, which exhibited some deterioration right after the implementation of SMW in May, fell for two straight quarters, reaching 3.1% in the fourth quarter.

Table 6.4 : Unemployment rate by major economic sector

	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4#
Import/export trade and wholesale	4.3	4.5	3.7	3.7	3.2	3.4	2.8	2.7
Retail	5.2	6.1	5.8	4.9	4.4	4.3	4.7	3.8
Accommodation and food services	6.9	6.7	6.0	4.9	4.6	6.0	5.0	4.2
Transportation, storage, postal and courier services	4.1	3.7	3.6	3.3	3.0	3.4	2.8	3.0
Information and communications	4.5	4.9	3.5	4.0	2.6	2.9	2.5	2.3
Financing and insurance	3.3	3.2	2.4	2.0	2.2	2.0	1.8	2.2
Real estate	4.2	4.1	3.4	3.3	2.8	3.2	2.8	2.4
Professional and business services	3.1	4.3	3.9	3.3	3.2	3.4	2.8	2.5
Public administration, social and personal services	1.8	1.9	1.9	1.2	1.3	1.6	1.3	1.4
Manufacturing	4.6	6.1	4.2	3.8	3.8	3.2	4.8	3.8
Construction	8.1	7.7	6.6	4.9	6.2	5.6	4.4	5.2
Overall	4.4 (4.5)	4.7 (4.6)	4.4 (4.2)	3.7 (4.0)	3.4 (3.4)	3.6 (3.5)	3.4 (3.2)	3.1 (3.3)

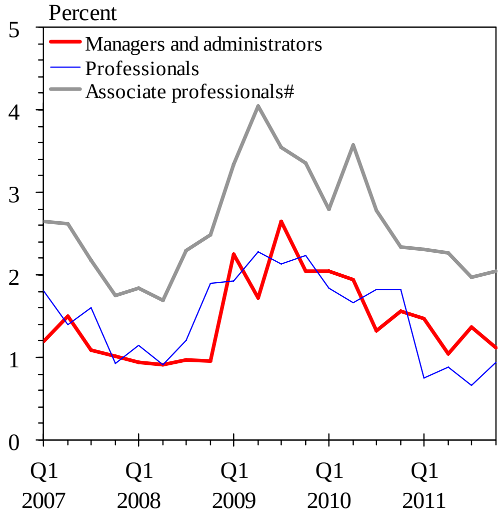
Notes : ( ) Seasonally adjusted unemployment figures.

\# Provisional figures.

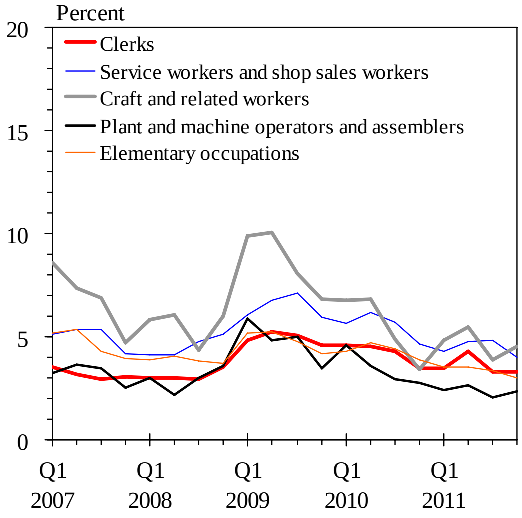
Source : General Household Survey, Census and Statistics Department.

Diagram 6.3 : In 2011, unemployment rates* fell in almost all occupational groups

(a) Workers at the upper segment



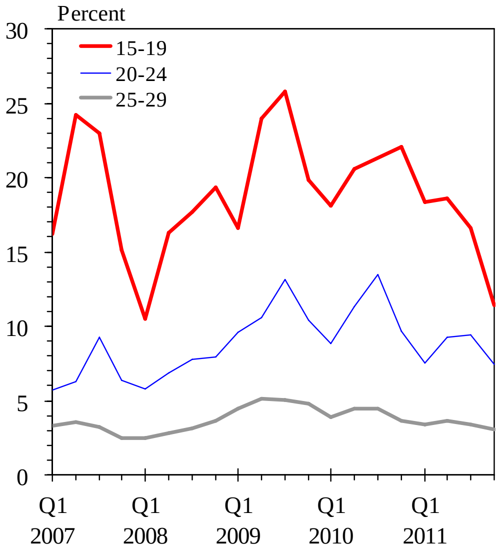
(b) Workers at the lower segment



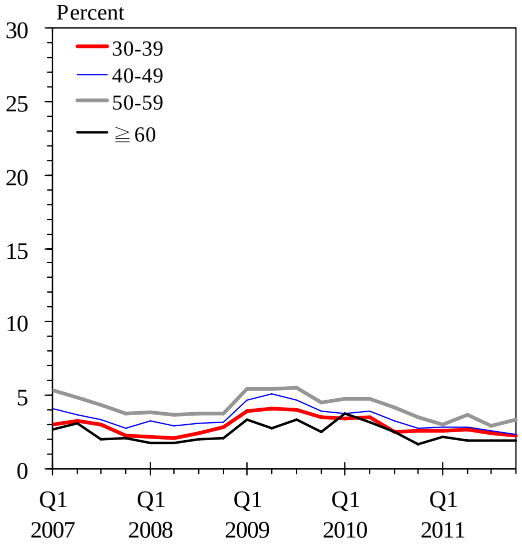
Notes : (*) Not seasonally adjusted, and not including first-time job-seekers and re-entrants into the labour force.
(#) Including technicians and supervisors.

Diagram 6.4 : Declines in unemployment rate* seen across most age groups during 2011

(a) Younger age groups



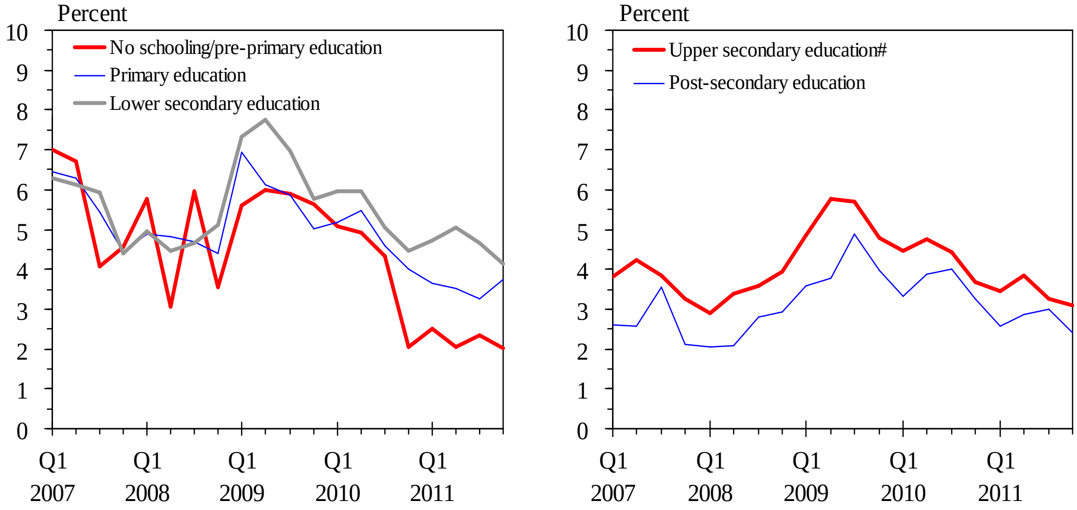
(b) Other age groups



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

Diagram 6.5 : Likewise, almost across-the-board improvement in unemployment* situation for workers with different educational attainments

(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 Analysed by other socio-economic attributes, the recent rise-back in unemployment rate was more apparent among persons aged 35-39 and 50-64, and those with primary or below education, as well as among craft and related workers, and plant and machine operators and assemblers.

6.12 Indicators measuring the intensity of unemployment showed significant improvements for 2011 as a whole. Specifically, long-term unemployment (i.e. unemployed for six months or longer) shrank further in number from 47 300 in 2010 to 30 400 in 2011, as did the long-term unemployment rate from 1.3% to 0.8%. Concurrently, the median duration of unemployment shortened from 88 to 75 days. Moreover, among the total number of unemployed persons in 2011, the proportion of dismissal or lay-offs was 50.7%, considerably smaller than that of 56.5% in 2010. These positive signs, which signified an overall improvement of the unemployment situation, largely extended to the last quarter of 2011, with all three indicators staying at relatively low levels of 0.7%, 77 days and 50.7% respectively.

Profile of underemployment

6.13 Underemployment also came down successively in 2011. For the year as a whole, the underemployment rate averaged at 1.7%, down from 2.0% in 2010, with the number of underemployed persons falling to 63 000 from 74 700. As for the latest trend, the underemployment rate declined further to 1.4% in the fourth quarter of 2011, from 1.7% in the preceding quarter. Economic sectors usually employing a substantial proportion of part-time and casual workers, including construction; retail, accommodation, and food services; and cleaning and similar activities demonstrated more appreciable declines in the underemployment rate. Analysed by occupational category, more visible improvement in underemployment was observed for workers in elementary occupations, service workers and shop sales workers, and craft and related workers.

Profile of employment in establishments

6.14 Statistics as enumerated from private sector establishments on employment, vacancies, wages and payroll are available only up to September 2011. Attempts have been made where possible to bring the analysis more up-to-date, by drawing reference to information from supplementary sources.

6.15 In September 2011, total employment in private sector establishments went up appreciably to a record high of 2 618 500, a year-on-year increase of 3.6%, further to the 3.2% rise in June. Spurred by the sustained double-digit growth of public infrastructure works, buoyant local consumption and tourist spending, as well as thriving commercial and financial market activities, more notable employment growth was observed in the construction (up by 12.8% year-on-year); accommodation and food services (7.8%); financing, insurance, real estate, professional and business services (6.6%); and retail (4.2%) sectors. On the other hand, manufacturing (down by 5.2%) was again the only exception following its secular downtrend. In terms of establishment size, larger enterprises dominated in job creation, accounting for about two-thirds of the total job gains in September 2011, up by a marked 4.6% over a year earlier, while those engaged in small and medium-sized enterprises (SMEs)[6] also rose solidly by 2.4%. Taking the first nine months of 2011 together, total employment in private sector establishments increased by 3.2% year-on-year. As for the civil service, employment grew at a steady pace of 0.8% in September 2011, and by 0.6% in the first nine months of 2011 over a year earlier.

6.16 Compared with September 2008 (i.e. just before the outbreak of the global financial crisis), the number of persons engaged by private sector establishments in September 2011 surpassed the pre-crisis level by 5.2%. While the externally-oriented sectors such as manufacturing, and import and export trade had yet to recoup fully the jobs lost during the crisis, they were more than offset by the jobs gained in most other sectors, particularly in cleaning and similar activities; construction; financing, insurance, real estate, professional and business services; and accommodation and food services.

Table 6.5 : Employment by major economic sector

	2010					2011		
	Annual average	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Import/export trade and wholesale	563 800 (0.9)	564 300 (0.8)	562 200 (1.4)	563 700 (1.0)	564 900 (0.4)	565 000 (0.1)	560 800 (-0.2)	564 300 (0.1)
Retail	243 100 (3.3)	240 600 (3.7)	240 800 (3.5)	242 700 (2.5)	248 300 (3.6)	251 300 (4.5)	252 000 (4.7)	252 900 (4.2)
Accommodation and food services	249 300 (3.4)	247 400 (3.8)	247 500 (3.6)	247 000 (2.8)	255 300 (3.3)	263 000 (6.3)	266 100 (7.5)	266 300 (7.8)
Transportation, storage, postal and courier services	160 300 (1.5)	159 400 (0.9)	160 400 (2.3)	160 000 (1.4)	161 500 (1.4)	162 100 (1.6)	163 100 (1.7)	163 800 (2.4)
Information and communications	88 300 (1.3)	87 400 (1.5)	88 400 (1.7)	88 400 (0.6)	88 900 (1.2)	89 300 (2.1)	91 100 (3.0)	91 700 (3.6)
Financing, insurance, real estate, professional and business services	609 100 (4.6)	596 300 (4.1)	604 600 (4.7)	612 300 (4.9)	623 300 (4.5)	632 900 (6.1)	642 300 (6.2)	652 500 (6.6)
Social and personal services	429 100 (3.5)	427 700 (5.1)	426 900 (3.7)	429 200 (2.9)	432 800 (2.4)	436 200 (2.0)	438 700 (2.8)	440 600 (2.7)
Manufacturing	119 400 (-4.5)	122 600 (-2.5)	119 800 (-3.9)	117 700 (-5.6)	117 600 (-5.9)	115 100 (-6.1)	113 800 (-5.0)	111 500 (-5.2)
Construction sites (manual workers only)	55 300 (9.6)	53 900 (3.8)	55 500 (13.4)	56 500 (17.8)	55 400 (4.3)	58 800 (9.1)	58 600 (5.6)	63 700 (12.8)
All establishments surveyed in the private sector[(a)]	*2 528 800* *(2.6)*	*2 510 300* *(2.8)* *<0.5>*	*2 517 000* *(3.0)* *<0.4>*	*2 528 700* *(2.6)* *<0.4>*	*2 559 200* *(2.2)* *<0.9>*	*2 584 700* *(3.0)* *<1.3>*	*2 597 600* *(3.2)* *<0.7>*	*2 618 500* *(3.6)* *<0.7>*
Civil service[(b)]	*156 500* *(0.5)*	*156 600* *(0.9)*	*156 300* *(0.6)*	*156 400* *(0.3)*	*156 700* *(0.3)*	*156 900* *(0.2)*	*157 300* *(0.7)*	*157 700* *(0.8)*

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

(b) These figures cover only those employed on civil service terms of appointment. Judges, judicial officers, ICAC officers, locally engaged staff working in the 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.

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 saw a further upsurge in 2011. In September, the number of private sector vacancies was 12.9% higher than the year-ago level, at 57 700, the highest since March 1997. For the first nine months of 2011 as a whole, job vacancies surged by 20.6% over a year earlier. On a seasonally adjusted basis, the number of vacancies fell by 4.6% in September over June, with more visible declines in the trade and logistics-related sectors, conceivably reflecting a slightly more cautious hiring sentiment amid rising economic uncertainties in the global environment.

6.18 Detailed analysis by economic sector showed that more distinct year-on-year growth of job vacancies in September 2011 was found among manufacturing (up by 44.9%); social and personal services (17.6%); transportation, storage, postal and courier services (13.2%); and financing, insurance, real estate, professional and business services (10.8%). In terms of skill level, vacancies for lower-skilled jobs leaped by 8.0%, while those for higher-skilled jobs increased more impressively by 21.8%, though less pronounced than the corresponding increases of 24.5% and 26.4% in June. Analysed by occupational group, prominent increases in job openings were found among professionals (up by 30.9%), craft and related workers (27.3%), managers and administrators (27.0%), and service workers and shop sales workers (21.4%). As for the size of establishments, SMEs reported year-on-year increase of 7.9% in vacancies in September 2011, while large enterprises reported a larger increase of 17.7%. Within the civil service, the number of vacancies rose by 11.8% in September over a year earlier. Taking the first nine months together, these vacancies registered an increase of 11.1% year-on-year, compared with 9.9% in the same period of 2010.

6.19 Analysing the number of job vacancies in private sector establishments relative to that of unemployed persons, the ratio of job vacancies was 45 per 100 job-seekers in September 2011, higher than that of 41 in June. Concurrently, the corresponding ratio for lower-skilled jobs rose from 34 to 41, and that for higher-skilled jobs from 97 to 100, signifying further tightening in the labour market. Moreover, some sectors such as human health services, and residential care and social work services were apparently suffering from labour shortages, with the vacancy per 100 unemployed ratio way above 100. When measured in terms of the percentage of job openings to total employment opportunities, the vacancy rate for private sector establishments edged up from 2.1% in June to 2.2% in September 2011, with more apparent increases in the retail, and social and personal services sectors.

Table 6.6 : Vacancies by major economic sector

	Number of vacancies								
	2010					2011			
	Annual average	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Vacancy rate in Sep 2011 (%)
Import/export trade and wholesale	6 500	6 600	6 100	7 000	6 500	8 300	8 300	7 700	1.4
	(54.8)	(101.0)	(41.1)	(55.9)	(34.8)	(26.5)	(35.7)	(10.4)	
Retail	4 900	4 900	4 400	5 600	4 900	6 000	5 200	6 100	2.4
	(28.8)	(68.4)	(20.1)	(32.0)	(7.9)	(23.9)	(18.2)	(10.3)	
Accommodation and food services	7 000	6 100	6 600	7 300	7 800	7 700	8 100	8 000	2.9
	(29.9)	(18.8)	(47.9)	(2.9)	(65.4)	(26.0)	(22.4)	(9.7)	
Transportation, storage, postal and courier services	2 000	1 700	2 000	2 100	2 100	2 500	3 000	2 400	1.5
	(72.7)	(70.7)	(100.5)	(87.8)	(43.2)	(52.4)	(51.8)	(13.2)	
Information and communications	2 300	2 200	2 300	2 600	2 100	2 700	2 200	2 200	2.4
	(78.4)	(155.1)	(51.9)	(92.3)	(46.0)	(19.1)	(-4.8)	(-13.9)	
Financing, insurance, real estate, professional and business services	12 400	11 800	12 200	12 900	12 700	14 100	14 600	14 300	2.1
	(45.9)	(73.8)	(64.1)	(16.2)	(46.7)	(19.5)	(19.6)	(10.8)	
Social and personal services	10 800	11 100	10 100	11 800	10 400	13 200	12 700	13 900	3.1
	(38.1)	(55.2)	(19.3)	(45.8)	(34.6)	(19.9)	(26.5)	(17.6)	
Manufacturing	1 500	1 500	1 400	1 600	1 600	2 400	2 200	2 300	2.0
	(66.5)	(133.9)	(120.6)	(30.8)	(35.0)	(52.7)	(49.8)	(44.9)	
Construction sites (manual workers only)	100	#	100	100	100	100	300	500	0.8
	(347.3)	(1 466.7)	(1 375.0)	(300.0)	(126.7)	(217.0)	(411.9)	(641.7)	
All establishments surveyed in the private sector[a]	*47 600*	*46 000*	*45 200*	*51 100*	*48 100*	*57 200*	*56 600*	*57 700*	*2.2*
	(43.5)	*(65.4)*	*(43.4)*	*(31.7)*	*(39.3)*	*(24.4)*	*(25.3)*	*(12.9)*	
		<15.8>	*<2.2>*	*<5.8>*	*<11.1>*	*<3.9>*	*<2.4>*	*<-4.6>*	
Civil service[b]	*5 700*	*5 300*	*5 700*	*5 900*	*5 900*	*6 000*	*6 200*	*6 600*	*4.0*
	(10.9)	*(0.9)*	*(10.7)*	*(18.7)*	*(13.9)*	*(13.2)*	*(8.5)*	*(11.8)*	

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

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

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

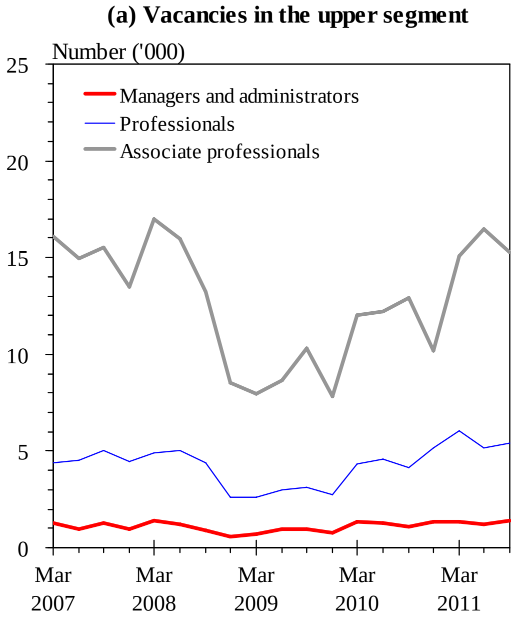
( ) % change over a year earlier.

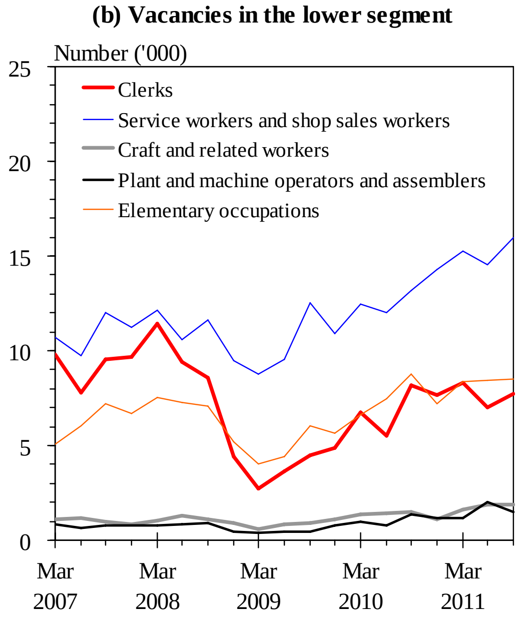
< > Seasonally adjusted quarter-to-quarter % change.

Less than 50.

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

Diagram 6.6 : Job vacancies rose to the highest level since March 1997





6.20 Data on the latest vacancies registered via the Labour Department (LD), despite its smaller sample size, may provide some clues regarding the most recent developments in the labour market. In December 2011, the number of private sector job vacancies posted by the LD was 80 400, a 28.1% surge over a year earlier. Comparing the fourth quarter with the third quarter, the average number of vacancies also increased by 15.6%. For 2011 as a whole, the department recorded a historic high of 75 000 in monthly average private sector vacancies, a 19.7% gain over 2010.

Wages and earnings

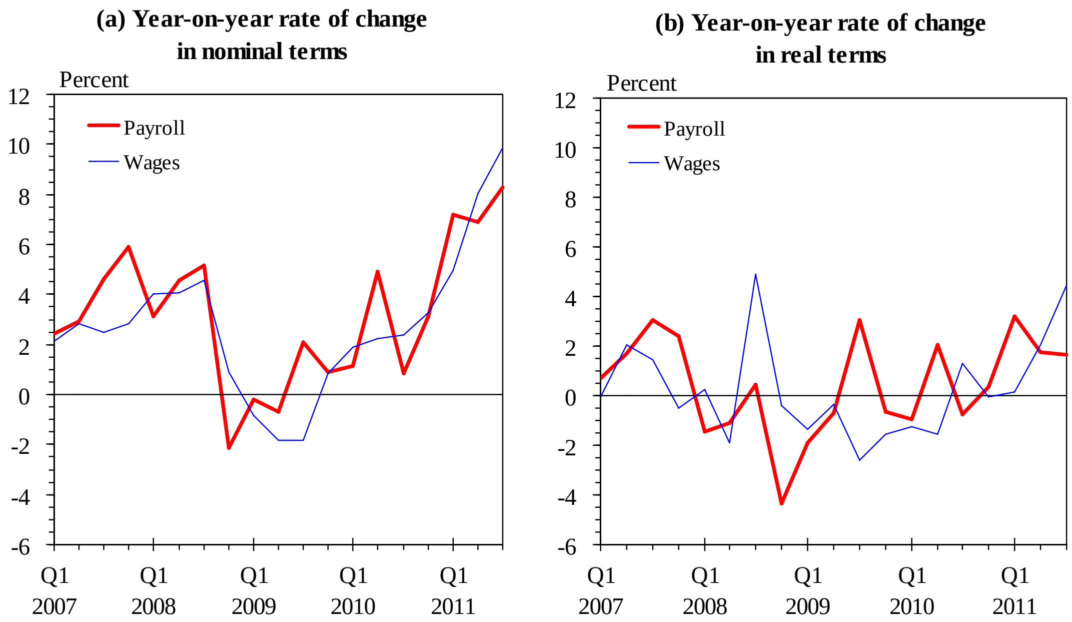
6.21 The tightening of the labour market amid the solid economic performance in 2011, coupled with the additional boost from the implementation of SMW, translated into a notable and broad-based improvement in wages and earnings. Specifically, *labour wages*, as a measure of regular payment to employees at the supervisory level or below, surged further by 9.9% year-on-year in September 2011, the fastest increase since March 1994. After discounting for consumer price inflation[(7)], labour wages still rose by an appreciable 4.4% in real terms over a year earlier. Taking the first nine months of 2011 together, labour wages grew markedly by 7.6% in money terms and 2.3% in real terms over a year earlier.

6.22 In September 2011, nominal pay rises were observed in nearly all economic sectors, with more prominent year-on-year increases in professional and business services (up by 15.6%), personal services (12.8%), and real estate leasing and maintenance management (10.6%) sectors. Analysed by occupational category, the latest rise in nominal wages was widespread, and more visible among workers in the lower segment due to the implementation of SMW, such as miscellaneous non-production workers (up by 13.8%) and service workers (13.3%).

6.23 Similarly, *labour earnings*[(8)], as measured by payroll per person engaged in the private sector, increased markedly further by 8.3% in the third quarter of 2011 over a year earlier. After adjusting for changes in consumer prices, there was a real improvement of 1.6%. Taking the first three quarters of 2011 together, the earnings growth was 7.4% in money terms and 2.2% in real terms. By the third quarter of 2011, labour earnings were visibly higher by 11.4% and 3.9% in nominal and real terms respectively compared with the same period in 2008 (i.e. pre-crisis level).

6.24 Analysed by economic sector, nominal payroll picked up in almost all sectors in the third quarter of 2011. Among them, workers engaged in retail trade; import/export trade and wholesale; and real estate sectors saw more notable year-on-year increases in earnings, at 15.3%, 12.8% and 12.8% respectively.

Diagram 6.7 : Labour earnings and wages recorded the fastest increases since mid-90s



6.25 The latest data available (September – November 2011) from the General Household Survey, though not strictly comparable to those from the business establishment surveys, indicated that the average monthly employment earnings(9) (excluding foreign domestic helpers) for full-time employees rose at a still notable pace of 7.1% year-on-year in the latest period, though not as fast as that of 8.1% in the third quarter. Yet those in the lowest decile group saw earnings growth of 12.5% in the latest period, as against 13.1% in the third quarter. After discounting the price effects, increases in real earnings for full-time employees and those in the lowest decile were 1.3% and 7.0% respectively in September – November 2011. For 2011 as a whole, preliminary estimates suggested that earnings for full-time employees rose by around 7% in money terms and 2% in real terms, while the lowest decile group enjoyed a remarkable earnings hike of 11% and 5% in nominal and real terms respectively thanks to the additional boost from the SMW implementation.

Recent labour-related measures

6.26 To encourage job search and sustainable employment, LD launched a two-year Pilot Employment Navigator programme in December 2010. Under the programme, a cash incentive of up to $5,000 will be payable to each unemployed person who has successfully found work after receiving the department's intensive employment consultation service. The programme provides 11 000 places each year. Separately, LD set up a pioneer one-stop employment and training centre called "Employment in One-stop" in Tin Shui Wai in December 2011 to offer targeted assistance to job-seekers.

6.27 In a move to assist young people to find jobs, LD set up two Youth Employment Resources Centres in 2007 and 2008 respectively to provide one-stop advisory and support services on employment and self-employment to young people aged 15-29. In addition, the Youth Pre-employment Training Programme (YPTP) and the Youth Work Experience and Training Scheme (YWETS) have been integrated and enhanced into a "through-train" programme – YPTP&YWETS, to provide seamless and comprehensive training and employment support to school leavers aged 15-24 with educational attainment at sub-degree level or below.

6.28 To relieve the burden on travelling expenses commuting to and from work on the part of low-income households with employed members and to promote sustained employment, the territory-wide Work Incentive Transport Subsidy Scheme has started receiving applications since October 2011, with payment dating back to April 2011 the earliest. Employees and self-employed persons may apply under the scheme, and each qualified person will receive the monthly subsidy of $600, or $300 at half-rate.

6.29 With SMW taking effect from 1 May 2011, LD has continued to organise publicity activities and conducted proactive workplace inspections to enforce the statutory requirement. In addition, the department has enhanced its employment support services to assist job-seekers to find jobs. Implementation of SMW has generally been stable and smooth, and the state of law-compliance has been satisfactory. Thanks to the buoyant economy, the labour market has remained tight so far, with a further pick-up in job creation and across-the-board improvement in incomes. In particular, workers in the lowest-paid group have enjoyed above-average increase in real employment earnings.

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.

The seasonally adjusted series is compiled using the X-12 ARIMA method, which is a standard method applied in compiling seasonally adjusted statistical data series.

(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) 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).

(4) 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.

(5) The low-paying sectors as identified by the Provisional Minimum Wage Commission include:
(i) retail;
(ii) restaurants (including Chinese restaurants, non-Chinese restaurants, fast food cafes, and Hong Kong-style tea cafes. However, beverage serving places, event catering and other food service activities are not included.);
(iii) estate management, security and cleaning services (including real estate maintenance management, security services, cleaning services and membership organisations);

(iv) other low-paying sectors, namely
- elderly homes;
- laundry and dry cleaning services;
- hairdressing and other personal services;
- local courier services; and
- food processing and production.

(6) 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.

(7) 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 relatively low expenditure group, is taken as the price deflator for wages in respect of employees engaged in occupations up to the supervisory level.

(8) In addition to wages, which include all regular and guaranteed 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.

(9) 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.