

CHAPTER 5 : THE LABOUR SECTOR

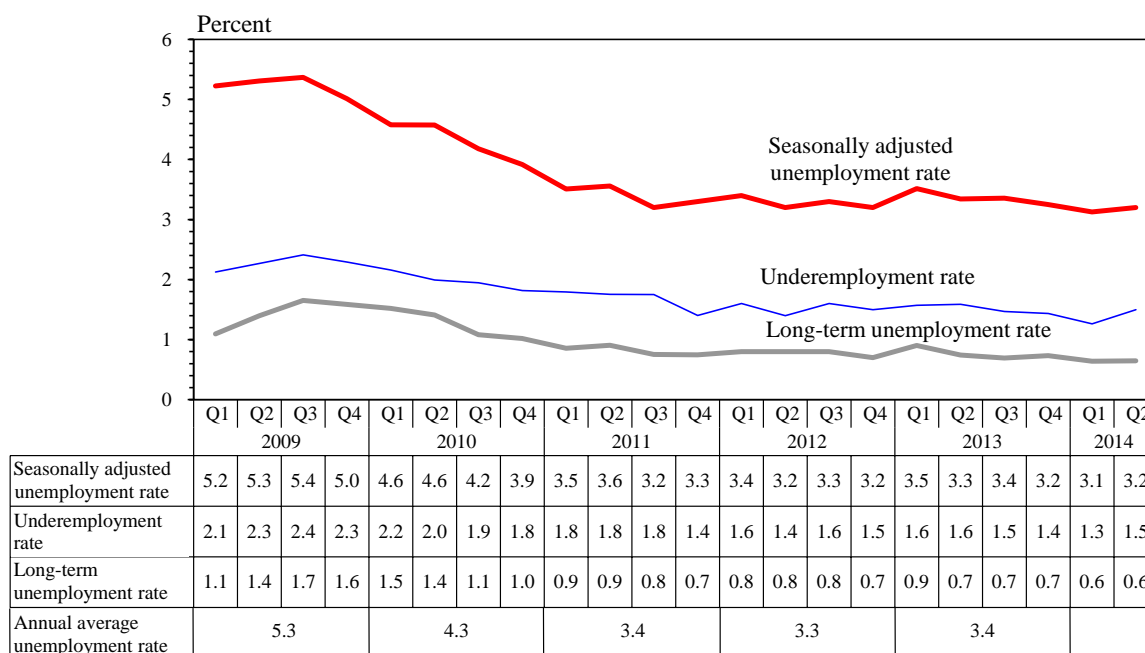
Summary

- *The labour market held largely stable in the second quarter of 2014, with both unemployment and underemployment rates staying at low levels. Yet reflecting slower growth momentum upon entering 2014, job vacancies in the private sector retreated somewhat.*
- *The labour force resumed a marginal expansion in the second quarter of 2014 over a year earlier. Meanwhile, total employment sustained mild growth and stayed near its record high.*
- *The seasonally adjusted unemployment rate edged up by 0.1 percentage point over the preceding quarter to 3.2% in the second quarter of 2014, albeit still a relatively low level.*
- *Nominal wages and earnings stayed on the rise upon entering 2014. More recent data indicated that earnings of grassroots workers sustained real improvement, largely reflecting the generally tight manpower resource balance for lower-paid jobs.*

Overall labour market situation⁽¹⁾

5.1 The labour market remained broadly stable in the second quarter of 2014, though showing some signs of easing towards the quarter-end amid the further economic slowdown. Total employment, though constrained by an almost stagnant labour force, posted a mild year-on-year increase and stayed close to its historical high. The seasonally adjusted *unemployment rate*⁽²⁾ inched up by 0.1 percentage point from the 16-year low in the first quarter to 3.2% in the second quarter of 2014. Meanwhile, the *underemployment rate*⁽³⁾ went up by 0.2 percentage point over the preceding quarter to 1.5%, still marginally lower than that a year earlier. Amid the weaker economic performance, though private sector vacancies decreased upon entering 2014, manpower shortage remained apparent in some sectors and occupations. Nominal wages and earnings went up further, with the lower-paid workers enjoying particularly notable pay rise.

Diagram 5.1 : The labour market held largely stable in the second quarter of 2014



Labour force and total employment

5.2 The *labour force*⁽⁴⁾ resumed a marginal expansion of 0.2% year-on-year in the second quarter of 2014, after the 0.1% contraction in the first quarter. Specifically, the labour force participation rate rose somewhat over the preceding quarter to 60.9% in the second quarter of 2014, while growth in the working-age population (i.e. land-based non-institutional population aged 15 and above) picked up slightly in tandem. On a seasonally adjusted quarter-to-quarter comparison, the labour force grew by 0.9% in the second quarter of 2014.

5.3 On the demand side, *total employment*⁽⁵⁾ registered a slight year-on-year increase of 0.4% to 3 744 700 in the second quarter, a level close to the historical high. Apparently, overall employment growth remained constrained by the sluggish labour supply, as evidenced by the concurrent declines in both labour force and employment across many economic sectors.

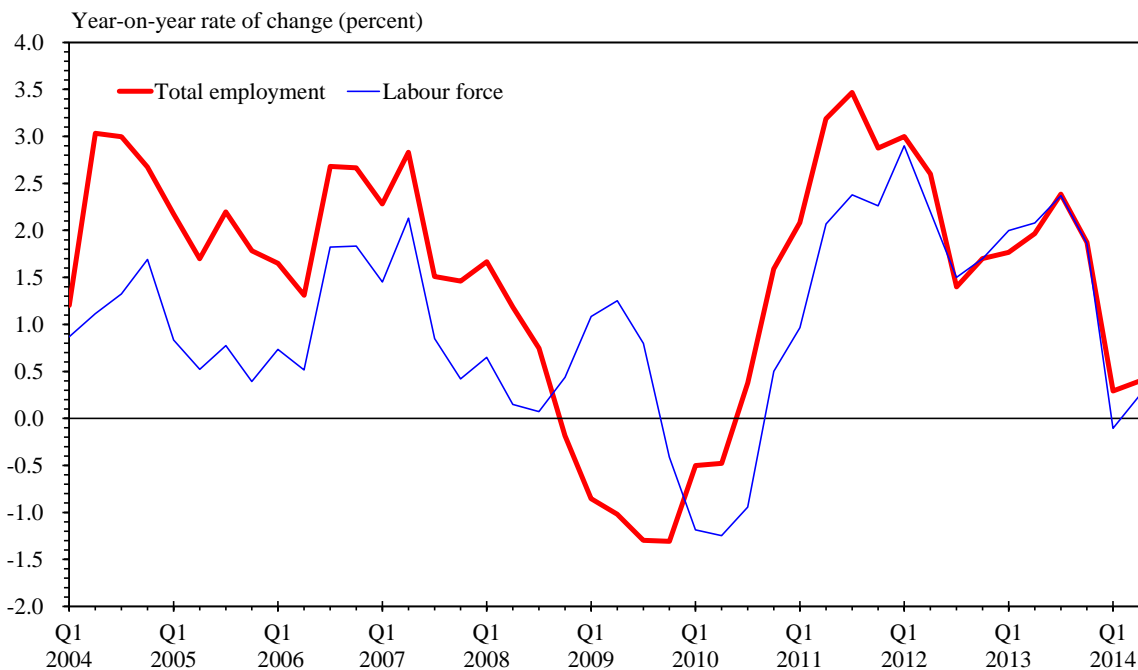
Table 5.1 : The labour force, and persons employed, unemployed and underemployed

		<u>Labour force</u>	<u>Persons employed</u>	<u>Persons unemployed^(a)</u>	<u>Persons underemployed</u>
2013	Annual	3 858 800 (1.9)	3 728 000 (1.8)	130 800	58 200
	Q1	3 838 000 (2.0)	3 704 000 (1.8)	134 000	60 300
	Q2	3 863 100 (2.1)	3 729 900 (2.0)	133 300	61 300
	Q3	3 871 500 (2.4)	3 737 200 (2.4)	134 300	56 800
	Q4	3 865 600 (1.9)	3 747 000 (1.9)	118 700	55 500
2014	Q1	3 833 900 (-0.1)	3 714 800 (0.3)	119 100	48 400
Three months ending					
2014	Apr	3 841 200 (0.1)	3 719 000 (0.5)	122 300	53 900
	May	3 861 500 (0.2)	3 739 000 (0.5)	122 400	60 500
	Jun	3 872 300 (0.2)	3 744 700 (0.4)	127 600	58 000
		<0.9>	<0.8>		

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 the second quarter of 2014.

Source : General Household Survey, Census and Statistics Department.

Diagram 5.2 : Total employment sustained a mild year-on-year increase in the second quarter of 2014, despite an almost stagnant labour force



**Table 5.2 : Labour force participation rates by gender and by age group
(%)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 Q1</u>	<u>2014 Q2</u>
<u>Male</u>							
15-24	38.1	35.4	35.7	36.4	37.8	36.2	37.0
<i>of which:</i>							
15-19	12.5	10.2	9.9	10.5	11.0	9.9	10.6
20-24	64.1	60.6	61.1	61.1	62.5	60.3	60.8
25-29	94.7	94.0	93.9	94.5	93.8	91.6	93.6
30-39	96.4	96.5	96.5	96.8	96.9	96.5	96.2
40-49	95.1	95.0	95.1	95.3	95.5	94.4	94.6
50-59	84.3	84.4	84.9	85.1	86.8	85.6	86.8
≥ 60	21.3	22.0	23.4	25.6	26.9	27.0	27.3
Overall	69.4	68.5	68.4	68.7	69.1	68.1	68.6
<u>Female</u>							
15-24	40.3	36.7	37.0	37.5	40.0	37.6	37.4
<i>of which:</i>							
15-19	11.3	9.2	9.1	9.7	11.5	11.2	12.4
20-24	66.0	61.4	62.1	62.0	64.2	60.0	59.0
25-29	87.0	86.6	87.5	87.2	86.6	85.4	86.1
30-39	77.3	75.6	76.8	77.5	78.5	79.3	80.0
40-49	68.8	68.2	69.9	70.8	72.8	73.1	72.6
50-59	48.9	49.0	51.6	53.8	56.1	55.9	56.8
≥ 60	6.6	6.8	8.1	8.8	9.6	10.0	10.6
Overall	53.2	51.9	53.0	53.6	54.5	54.2	54.4
<u>Both genders combined</u>							
15-24	39.2	36.0	36.4	37.0	38.9	36.9	37.2
<i>of which:</i>							
15-19	11.9	9.7	9.5	10.1	11.2	10.5	11.5
20-24	65.1	61.0	61.6	61.6	63.4	60.2	59.9
25-29	90.3	89.8	90.2	90.3	89.7	88.1	89.4
30-39	85.3	84.3	84.9	85.4	85.9	86.3	86.5
40-49	80.8	80.2	81.0	81.4	82.5	82.2	82.0
50-59	66.5	66.5	68.0	69.2	71.0	70.2	71.2
≥ 60	13.7	14.1	15.5	16.9	17.9	18.1	18.6
Overall	60.8	59.6	60.1	60.5	61.2	60.5	60.9

Source : General Household Survey, Census and Statistics Department.

Profile of unemployment

5.4 The number of unemployed persons (not seasonally adjusted) increased by 8 500 over the preceding quarter to 127 600 in the second quarter of 2014. After discounting for seasonal factors, the seasonally adjusted unemployment rate edged up by 0.1 percentage point from the 16-year low of 3.1% in the first quarter to a still low level of 3.2% in the second quarter, signifying that the labour market held largely steady.

5.5 The unemployment rates (not seasonally adjusted) of many major economic sectors continued to stay at relatively low levels in the second quarter of 2014, amid generally stable hiring sentiment in the corporate sector. Those of the import/export trade and wholesale, information and communications, financing and insurance, real estate, professional and business services, public administration, social and personal services sectors were at or below 3% in the second quarter. Among the other economic sectors, the unemployment rates for the retail, accommodation and food services, and construction sectors were all lower when compared against their year-ago levels. In particular, the unemployment rate of the construction sector declined by 1.3 percentage points from the preceding quarter, thanks mainly to the recovery in decoration, repair and maintenance for buildings activities after the Lunar New Year. For the *low paying sectors*⁽⁶⁾ as a whole, although the unemployment rate edged up by 0.2 percentage point over the preceding quarter to 3.2%, it was still broadly on par with the level immediately before the implementation of Statutory Minimum Wage (SMW) in May 2011 as well as that prior to the upward adjustment of the SMW rate in May 2013.

5.6 Analysed by occupation, the unemployment rates of the lower-skilled and higher-skilled segments, at 3.6% and 1.6% respectively in the second quarter of 2014, both improved from a year earlier. As for quarter-to-quarter comparison, the unemployment rates for both higher-skilled and lower-skilled workers held stable. Nonetheless, a notable change was observed for craft and related workers, whose unemployment rate fell back from the seasonal high in the preceding quarter to a level broadly similar to that seen towards end-2013.

5.7 In terms of other socio-economic attributes, the unemployment situation for most age and educational attainment groups remained the same or improved somewhat in the second quarter of 2014 over a year earlier, with the exception of those aged 40 – 49, and 60 and above, and those with lower secondary education only. While the unemployment rates of the two aforementioned age groups still stayed below 3%, the unemployment rate of the latter educational attainment group edged up by 0.1 percentage point year-on-year.

Diagram 5.3 : Unemployment rates of major economic sectors stayed generally low

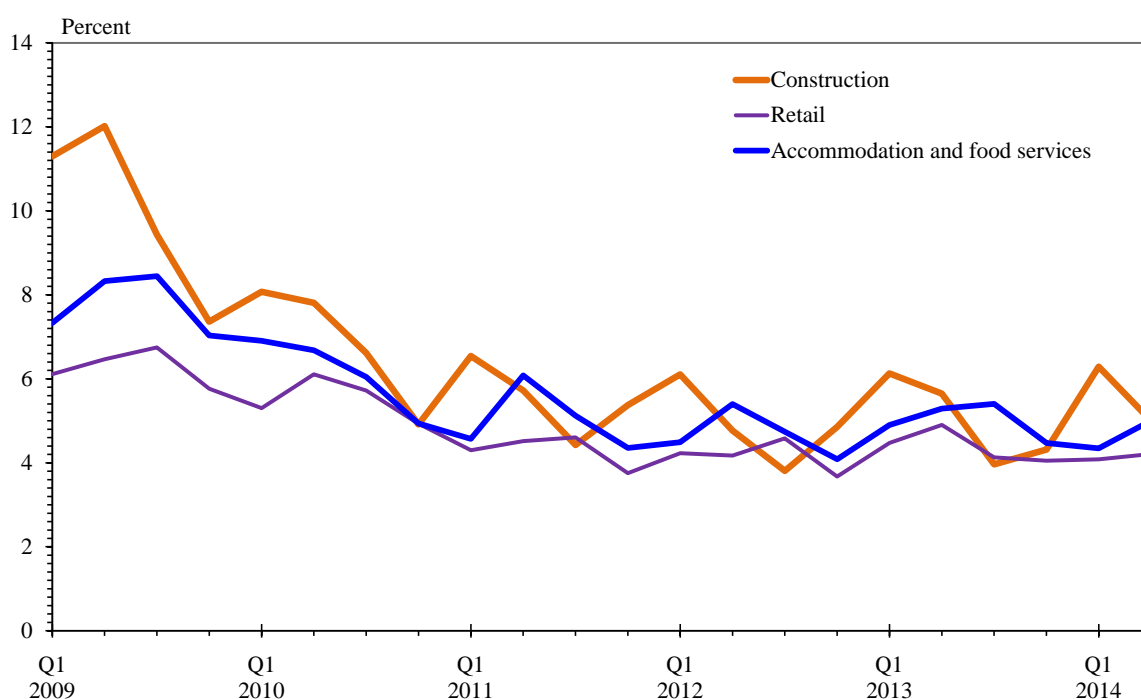
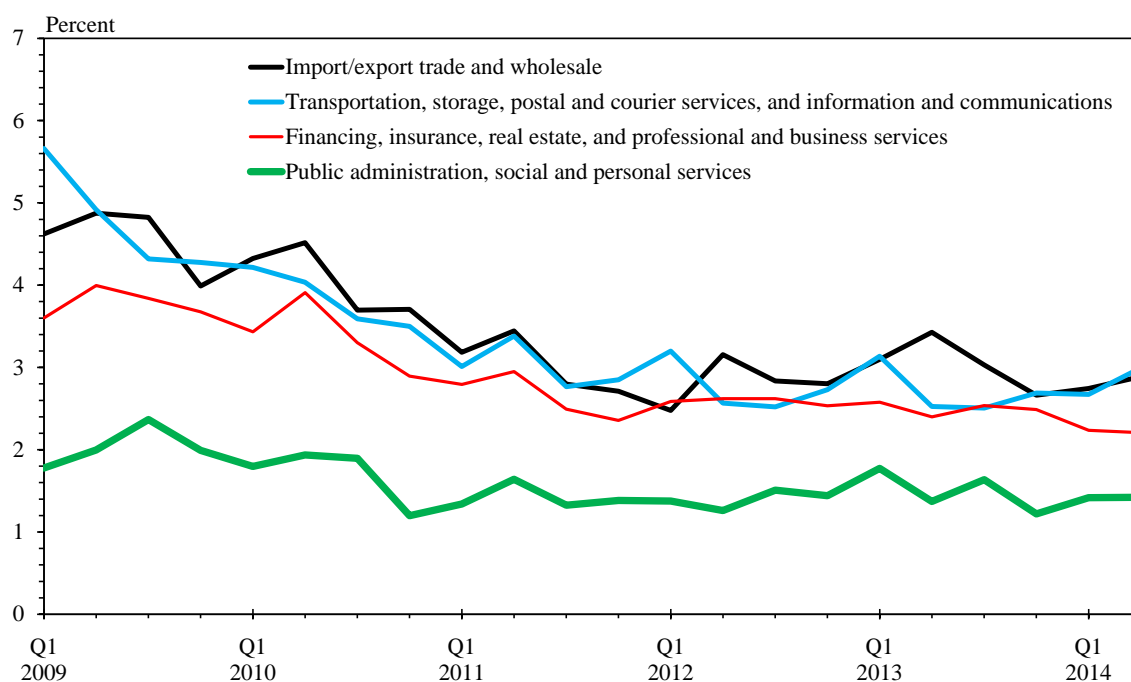


Table 5.3 : Unemployment rate by major economic sector

	<u>2013</u>				<u>2014</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Import/export trade and wholesale	3.1	3.4	3.0	2.7	2.7	2.9
Retail	4.5	4.9	4.1	4.1	4.1	4.2
Accommodation and food services	4.9	5.3	5.4	4.5	4.3	5.0
Transportation, storage, postal and courier services	3.1	2.4	2.2	2.8	2.9	3.2
Information and communications	3.2	2.9	3.4	2.5	2.0	2.3
Financing and insurance	2.8	2.4	2.7	2.3	1.5	1.5
Real estate	2.4	1.8	2.4	2.5	2.8	3.0
Professional and business services	2.5	2.6	2.4	2.6	2.5	2.3
Public administration, social and personal services	1.8	1.4	1.6	1.2	1.4	1.4
Manufacturing	3.7	3.3	2.8	2.4	3.3	3.7
Construction	6.1	5.6	4.0	4.3	6.3	5.0
Overall	3.5 (3.5)	3.4 (3.3)	3.5 (3.4)	3.1 (3.2)	3.1 (3.1)	3.3 (3.2)

Note : () Seasonally adjusted unemployment figures.

Source : General Household Survey, Census and Statistics Department.

Diagram 5.4 : Both higher-skilled and lower-skilled workers saw lower unemployment rates in the second quarter of 2014 compared to a year earlier

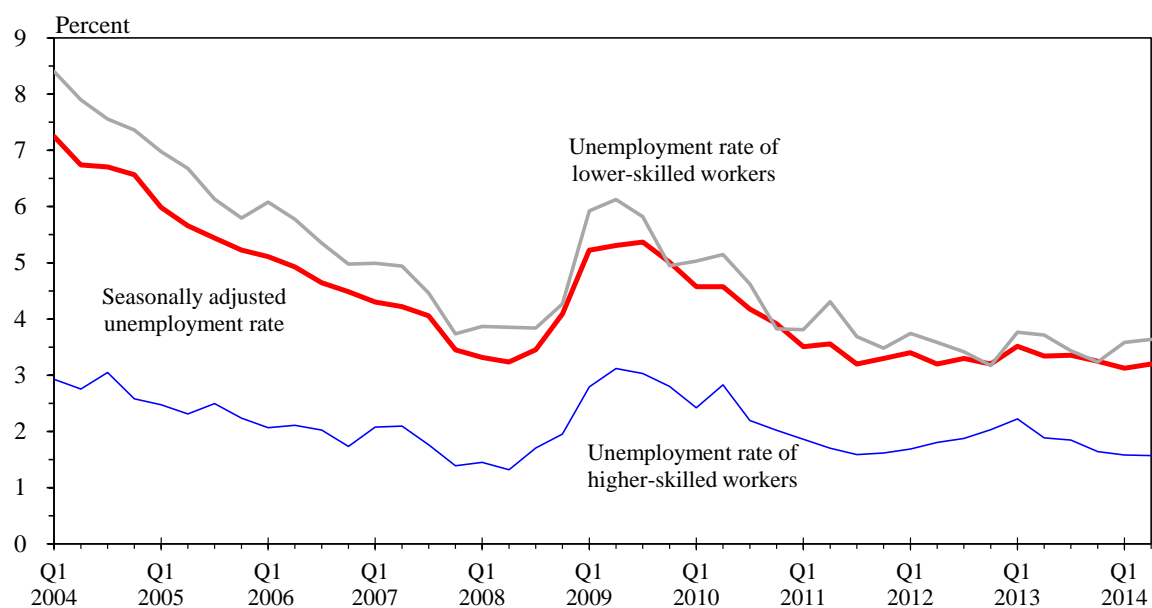


Table 5.4 : Unemployment rates* by skill segment

	<u>2013</u>				<u>2014</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Higher-skilled segment</u>	2.2	1.9	1.8	1.6	1.6	1.6
Managers and administrators	1.9	1.7	1.3	1.5	1.5	0.8
Professionals	1.9	1.5	1.4	1.4	1.1	0.9
Associate professionals	2.5	2.2	2.3	1.8	1.8	2.2
<u>Lower-skilled segment^</u>	3.8	3.7	3.4	3.2	3.6	3.6
Clerical support workers	3.1	2.9	3.5	2.9	2.7	3.3
Service and sales workers	4.5	4.5	4.3	4.0	4.1	4.3
Craft and related workers	5.7	5.4	3.6	4.4	5.9	4.1
Plant and machine operators and assemblers	1.8	1.8	2.1	2.2	2.6	1.9
Elementary occupations	3.4	3.4	3.0	2.7	3.2	3.6

Notes : * Not seasonally adjusted, and not including first-time job-seekers and re-entrants into the labour force.

^ Including other occupations.

Source : General Household Survey, Census and Statistics Department.

Table 5.5 : Unemployment rates* by age and educational attainment

	<u>2013</u>				<u>2014</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Age</u>						
15-24	8.2	9.8	11.3	8.8	7.5	9.1
<i>of which:</i>						
15-19	13.5	18.7	15.2	11.6	10.0	14.6
20-24	7.4	8.4	10.6	8.3	7.1	8.2
25-29	3.2	3.6	3.9	3.7	3.1	3.5
30-39	2.4	2.5	2.3	1.8	2.2	2.1
40-49	3.4	2.7	2.6	2.7	2.7	2.9
50-59	3.6	3.1	2.8	2.8	3.1	3.0
≥ 60	2.3	2.5	2.1	1.9	2.9	2.8
<u>Educational attainment</u>						
Primary education and below	4.2	4.2	3.2	3.3	3.7	3.6
Lower secondary education	5.2	4.7	3.6	3.9	4.2	4.8
Upper secondary education [^]	3.2	3.2	3.4	3.1	3.2	3.2
Post-secondary education	2.9	3.0	3.6	2.7	2.4	2.7

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

^ Including craft courses.

Source : General Household Survey, Census and Statistics Department.

5.8 Other indicators measuring the intensity of unemployment suggested that labour market conditions remained largely favourable in the second quarter of 2014. The long-term unemployment rate (i.e. the number of persons unemployed for six months or longer as a percentage of the labour force) held unchanged at 0.6% in the second quarter. On the other hand, the median duration of unemployment at 58 days was lower than the 67 days recorded a year earlier. As regards the reasons of unemployment, the proportion of dismissal or lay-offs among those unemployed (excluding first-time job seekers and re-entrants into the labour force) declined markedly by 5.1 percentage points year-on-year to 46.1% in the second quarter.

Profile of underemployment

5.9 After hitting a post-1997 quarterly low in the preceding quarter, the underemployment rate rose back by 0.2 percentage point to 1.5% in the second quarter of 2014. The number of underemployed persons increased by 9 600 to 58 000 over the period, mainly attributable to the worsening underemployment situation in the construction sector. When viewed in conjunction with the visible decline in unemployment in the construction sector over the same period, this suggested that some of the previously unemployed workers therein might have returned to jobs alongside the gradual recovery in construction activities from its seasonal low after the Lunar New Year, though these workers still had to involuntarily work shorter hours. Apart from the construction sector, more apparent rises in underemployment rate were seen in the cleaning and similar activities, transportation, warehousing and support activities for transportation, and arts, entertainment and recreation sectors. On the other hand, more visible decreases in underemployment rate were observed in the accommodation services, manufacturing, and food and beverage service activities sectors. Analysed by occupational category, the noticeable increase in underemployment rate among lower-skilled workers between the first and second quarters was mainly attributable to craft and related workers, and workers engaged in elementary occupations, chiefly echoing the underemployment situation in the construction sector.

Box 5.1

Female labour supply in Hong Kong: child care responsibilities and decision to work

Hong Kong, like many economies, saw a distinct rise in female labour force participation rate (LFPR) over the past two decades. Female LFPR went up from 44.3% in 1993 to 50.6% in 2013, representing a visible increase of 6.3 percentage points⁽¹⁾⁽²⁾. However, it was still substantially lower than that of men, at 69.1% in 2013. Literature offers a wide array of factors to account for such gender difference. One of the most frequently discussed is women's traditional role in shouldering domestic duties, for example, taking care of their family members and other household chores, instead of working for pay. Conceivably, this picture has gradually changed over time, driven partly by the opportunity costs of not being in the workforce for better educated women, and changes in work arrangement and social perception of working mothers. In the case of Hong Kong, accessible assistance from foreign domestic helpers (FDH) also contributed in part.

Based on statistics from the General Household Survey (GHS) of the Census and Statistics Department (C&SD), there were 1 707 100 women in their prime working age (i.e. those aged 25 – 54) living in domestic households⁽³⁾ in 2013. **Table 1** compares the LFPR of these women by marital status and household characteristics. A few salient observations follow. First, ever-married women⁽⁴⁾, comprising 72.7% of the respective population, had a LFPR of 63.9%, which was substantially lower than the 92.5% of their never-married counterparts. Besides, the LFPR of women with child care responsibilities, as proxied by whether they were living with children⁽⁵⁾, at 57.8%, was 20.9 percentage points lower than that of those not living with any children. Another noteworthy point is that, among women living with children, those with FDH in their households were more inclined to take part in the labour market than those without FDH in their households.

Table 1 : Labour force participation rate of prime working age (aged 25 – 54) women, 2013

Labour force participation rate (%)					
Marital status	Living with children			Not living with children	Overall
	Household with FDH	Household without FDH	Overall		
Never married	95.5 (0.2)	87.3 (1.2)	88.5 (1.4)	92.8 (25.9)	92.5 (27.3)
Ever married	78.0 (8.4)	48.7 (23.5)	56.4 (32.0)	69.8 (40.7)	63.9 (72.7)
Overall	78.4 (8.6)	50.6 (24.7)	57.8 (33.4)	78.7 (66.6)	71.7 (100.0)

Note : Statistics in this table refer to persons living in domestic households only, which may differ from statistics compiled based on both domestic and non-domestic households. Figures in brackets refer to the respective shares in overall land-based non-institutional female population aged 25 – 54.

Source : GHS, C&SD.

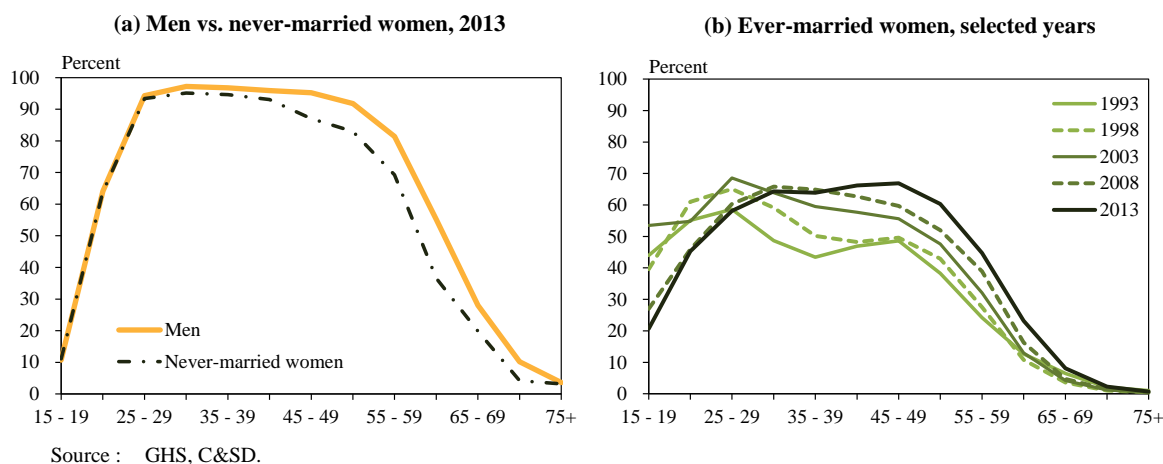
- (1) LFPR refers to the proportion of labour force in land-based non-institutional population aged 15 and over.
- (2) All statistics in this article exclude foreign domestic helpers.
- (3) All statistics in this article pertaining to household refer to persons living in domestic households only, which may differ from statistics compiled based on both domestic and non-domestic households.
- (4) Including those married, widowed and divorced/separated.
- (5) Throughout this article, children refer to persons aged below 15.

Box 5.1 (Cont'd)

Marriage and female labour supply

Detailed statistics showed that, while men in general have higher LFPR than women, the difference in LFPR between men and never-married women is much smaller than one may expect. Visually, the curve illustrating LFPRs across different age groups of never-married women resembles closely to that of men (*Chart 1(a)*). Insofar as those in prime working age are concerned, the LFPR of men, at 95.0% in 2013, was only 2.5 percentage points higher than that of never-married women. This observation suggests that the difference between LFPR of men and women is largely attributable to the relatively lower LFPR of ever-married women.

Chart 1 : Labour force participation rates by gender and marital status



Ever-married women with child care responsibilities and FDH

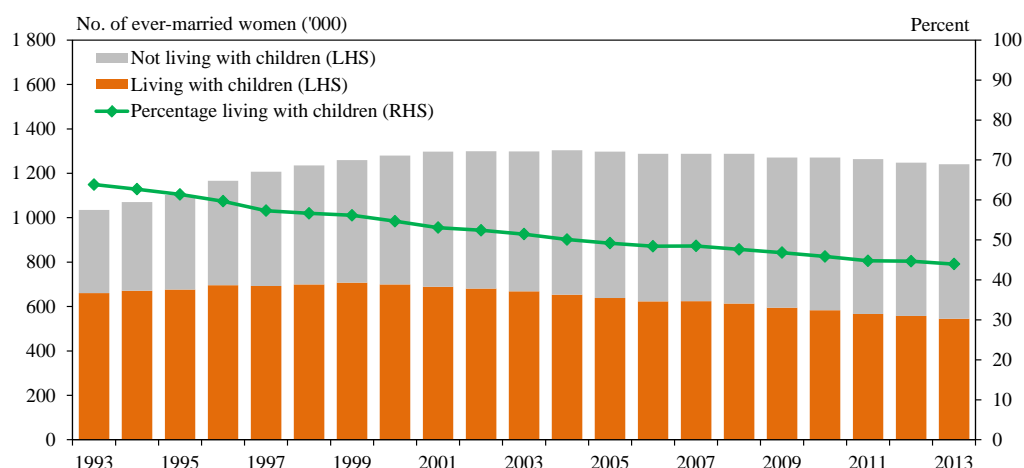
The visible gaps in LFPR between never-married and ever-married women, and those living with and not living with children appear to indicate that women with heavier household responsibilities have a lower propensity to seek jobs. Nonetheless, while the LFPR of ever-married women is still visibly lower than that of never-married women, the former has moved visibly higher over the past 20 years (*Chart 1(b)*). Specifically, the LFPR of ever-married prime working age women rose sharply from 47.3% in 1993 to 63.9% in 2013.

The above observation essentially echoed the relatively low fertility rate in Hong Kong. Between 1993 and 2013, although the number of ever-married prime working age women was on an uptrend, the percentage of those living with children actually dropped noticeably from 63.8% in 1993 to 44.0% in 2013 (*Chart 2*). This in turn suggests that both the number and proportion of ever-married women with child care responsibilities fell.

On the other hand, the increased availability of FDH to undertake household work also enabled more ever-married women to join the labour force. The number of FDH in Hong Kong went up steadily over time, from 120 600 in 1993 to 321 000 in 2013, representing a notable cumulative surge of 166%. Over the same period, the percentage of ever-married prime working age women with FDH in their households also rose visibly from only 7% to around 15%, indicating that more ever-married women tended to share domestic duties with FDH, thereby leaving them some room to decide whether to work for pay.

Box 5.1 (Cont'd)

Chart 2 : Number of ever-married prime working age women living with children drifted lower over time

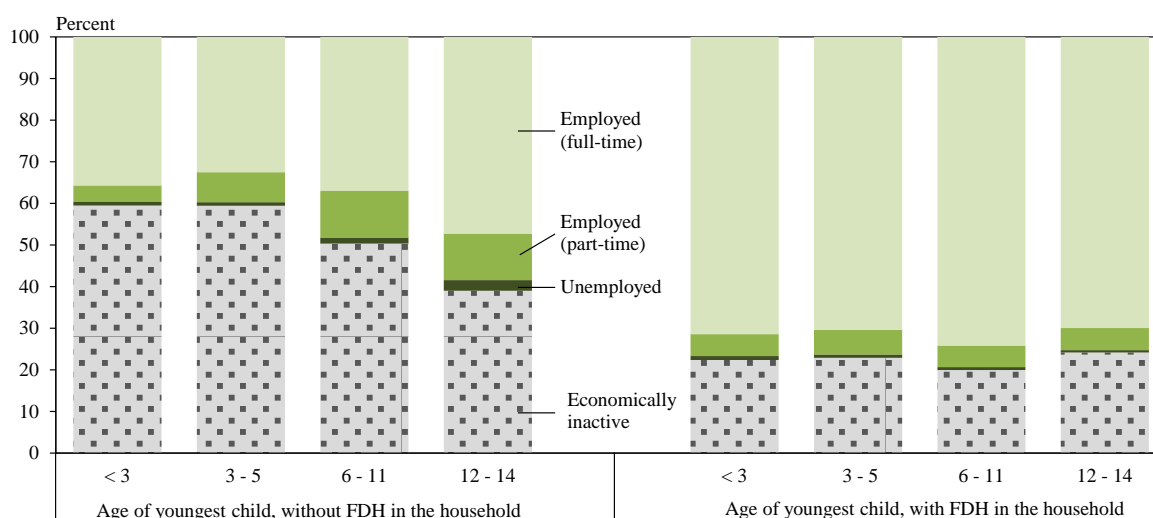


Note : Figures in this chart refer to persons living in domestic households only, which may differ from statistics compiled based on both domestic and non-domestic households.

Source : GHS, C&SD.

For women not having FDH in their households, the age of the children with whom they live also has a significant bearing on their decision to work. *Chart 3* compares, among ever-married prime working age women, the employment status of those with FDH in their households (“with-FDH”) vis-a-vis those without FDH in their households (“without-FDH”) by the age of the youngest children they lived with in 2013. For the with-FDH group, the LFPR (i.e. the share of employed cum unemployed in total) was broadly the same across different youngest children’s age groups (around 80%) and generally higher than that of their without-FDH counterparts. Also, women of this group were more likely to engage in full-time jobs. In contrast, the propensity of the without-FDH group to join the labour force was influenced by the age of the children they lived with. Conceivably, as the children in a family grow up, the role of the mother in child rearing should gradually lessen. This should in turn provide some scope for the child carers to enter / re-enter the labour market,

Chart 3 : Employment status of ever-married prime working age women living with children, 2013



Note : Figures in this chart refer to persons living in domestic households only, which may differ from statistics compiled based on both domestic and non-domestic households. Full-time employed persons refer to those who worked 35 hours or longer and those who worked less than 35 hours due to vacation during the 7 days before enumeration. Part-time employed persons refer to those who worked less than 35 hours during the 7 days before enumeration, for reasons other than vacation.

Source : GHS, C&SD.

Box 5.1 (Cont'd)

albeit perhaps in the form of part-time employment for flexibility. In particular, only around 41% of ever-married prime working age women with their youngest children aged below 6 were in the labour force, while those with their youngest children already in primary school had a LFPR of about 9 percentage points more. The LFPR was around another 11 percentage points higher for those whose youngest children aged 12 – 14 and should have started lower secondary school, as a higher proportion of them became available to take up full-time employment.

Concluding remarks

All in all, although Hong Kong's female LFPR has risen over time, it is still significantly lower than that of men, particularly so for ever-married women. Initiatives that promote better child care services, more family-friendly working environment and flexible work arrangements could be conducive to boosting women's labour force participation. Indeed, the above analysis shows that, when women's child care responsibilities are to some extent relieved, they are more inclined to take up employment, be it part-time or full-time. Undeniably, in light of an ageing population and the ensuing secular decline in the labour force which is projected to begin in just a few years' time, dedicated efforts have to be devoted to create a supportive environment to encourage more people to work, including female homemakers, with a view to sustaining Hong Kong's long-term economic vitality and competitiveness.

Profile of employment in establishments

5.10 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available only up to March 2014. To bring the analysis more up-to-date, attempts have been made where possible by drawing reference to information from supplementary sources.

5.11 Total employment in private sector establishments posted further appreciable growth at 1.9% in March 2014 over a year earlier, reaching an all-time high of 2 740 700. Thanks to the largely stable domestic segment in early 2014, job gains were seen across most industries, particularly in such services industries as arts, entertainment, and recreation (up 11.7% year-on-year), accommodation services (up 5.9%), human health services (up 4.9%), information and communications (up 4.6%), and professional and business services (up 3.5%). On the other hand, apart from the secular downtrend in manufacturing employment (down 0.5%), the number of persons engaged in import/export trade and wholesale (down 0.9%) also declined, conceivably affected by the still challenging external trading environment. Analysed by establishment size, job growth remained vibrant among both small and medium-sized enterprises (SMEs)⁽⁷⁾ and large enterprises, at 2.0% and 1.8% year-on-year respectively in March 2014. As a result, each of them made broadly the same contribution to the total employment growth. As regards the civil service, employment sustained steady growth at 1.4% over a year earlier.

Vacancies

5.12 Job vacancies in private sector establishments, after surging for 17 consecutive quarters, retreated by 3.0% year-on-year in March 2014. In terms of level, there were still 77 790 job vacancies in March 2014, broadly on par with the annual level in 2013.

Table 5.6 : Employment by major economic sector

	<u>2013</u>					<u>2014</u>
	<u>Annual average</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>
Import/export trade and wholesale	554 200 (-0.4)	558 000 (0.1)	554 400 (-0.7)	551 600 (-0.7)	552 800 (-0.3)	552 900 (-0.9)
Retail	265 000 (2.3)	262 700 (2.3)	264 800 (2.1)	264 800 (1.9)	267 700 (2.9)	270 000 (2.8)
Accommodation ^(a) and food services	276 400 (1.5)	275 600 (2.4)	276 200 (1.4)	275 900 (0.8)	277 800 (1.3)	281 200 (2.0)
Transportation, storage, postal and courier services	170 000 (2.0)	168 100 (1.5)	169 300 (1.6)	171 000 (2.5)	171 600 (2.6)	171 700 (2.1)
Information and communications	101 300 (5.1)	98 400 (3.3)	101 100 (5.4)	102 600 (5.2)	103 200 (6.2)	102 900 (4.6)
Financing, insurance, real estate, professional and business services	683 400 (2.5)	676 100 (2.1)	678 300 (2.1)	685 200 (2.6)	693 800 (3.4)	693 300 (2.5)
Social and personal services	462 400 (2.7)	458 600 (3.2)	461 000 (2.3)	463 800 (2.9)	466 100 (2.6)	475 600 (3.7)
Manufacturing	103 700 (-3.0)	104 000 (-3.7)	103 400 (-4.0)	103 900 (-2.7)	103 700 (-1.5)	103 500 (-0.5)
Construction sites (manual workers only)	79 300 (11.2)	77 800 (10.1)	82 500 (15.1)	76 800 (6.3)	80 100 (13.4)	78 600 (1.0)
<i>All establishments surveyed in the private sector^(b)</i>	<i>2 706 400 (1.9)</i>	<i>2 689 700 (1.9)</i>	<i>2 701 600 (1.7)</i>	<i>2 706 500 (1.7)</i>	<i>2 727 900 (2.4)</i>	<i>2 740 700 (1.9)</i>
		<i><0.9></i>	<i><0.5></i>	<i><0.3></i>	<i><0.6></i>	<i><0.5></i>
<i>Civil service^(c)</i>	<i>161 400 (1.3)</i>	<i>160 700 (0.9)</i>	<i>160 900 (1.1)</i>	<i>161 500 (1.5)</i>	<i>162 400 (1.7)</i>	<i>162 800 (1.4)</i>

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) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(b) 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.

(c) 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.

5.13 Analysed by economic sector, more visible year-on-year declines in job vacancies were found in social and personal services (down 32.9% year-on-year), and import/export trade and wholesale (down 11.8%) in March 2014. While the latter was dragged in part by the sluggish external trade performance, the former was conceivably attributable to the substantial fill-up of job vacancies in the arts, entertainment and recreation, and human health services sectors over the period, as indicated by the notable growth in the number of persons engaged therein. On the other hand, visible increases in vacancies were seen in construction sites (covering manual workers only) (up 75.1%), transportation, storage, postal and courier services (up 15.7%), and accommodation and food services (up 13.2%) in March 2014, on the back of intensive public infrastructure works and further growth in domestic demand. Analysed by occupational category, the lower-skilled segment continued to fare better, with vacancies therein up by 5.3% year-on-year in March 2014 even after the respectable growth in 2013, as against a sharp decline of 22.1% in the higher-skilled segment. In terms of establishment size, although job vacancies at large enterprises grew further by 4.2% year-on-year in March 2014, the number of job openings offered by SMEs fell by 10.8%, the first decline since September 2009. As for the civil service, vacancies increased by 2.0% in March 2014 over a year earlier.

5.14 Analysing the number of job openings in private sector establishments relative to that of job-seekers, the ratio of job vacancies per 100 unemployed persons was 65 in March 2014, up from 61 in December 2013 and 60 recorded a year earlier. The vacancy-to-unemployed ratios for the higher-skilled and lower-skilled segments were 84 and 68 respectively, both up from their respective year-ago levels, with the latter increase driven mainly by the persistently sturdy demand for service and sales workers. Analysed by economic sector, the ratios went up in most major sectors over a year earlier. Manpower resource balance was particularly tight in accommodation and food services, and finance, insurance, real estate, professional and business services, with the corresponding ratios far exceeding 100. Meanwhile, manpower shortage eased somewhat in social and personal services, with its ratio down to 85 in March 2014 from over 100 a year ago, due in part to the noticeable decreases in unfilled vacancies in arts, entertainment and recreation, and human health services.

Table 5.7 : Vacancies by major economic sector

	<u>Number of vacancies</u>						Vacancy rate in <u>Mar 2014</u> (%)
	<u>Annual average</u>	<u>2013</u>					
		<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>	
Import/export trade and wholesale	9 810 (15.3)	10 440 (16.7)	10 120 (10.7)	10 140 (23.1)	8 540 (10.9)	9 210 (-11.8)	1.6
Retail	8 760 (10.9)	9 400 (15.0)	8 120 (17.8)	9 190 (2.6)	8 310 (9.9)	9 680 (2.9)	3.5
Accommodation ^(a) and food services	14 460 (20.2)	15 550 (40.9)	12 970 (5.7)	14 360 (11.0)	14 960 (26.1)	17 600 (13.2)	5.9
Transportation, storage, postal and courier services	3 750 (13.9)	3 620 (13.1)	4 100 (20.3)	3 640 (2.8)	3 630 (20.4)	4 180 (15.7)	2.4
Information and communications	2 690 (13.3)	2 680 (8.2)	3 050 (28.3)	3 020 (40.2)	2 000 (-19.6)	2 570 (-4.2)	2.4
Financing, insurance, real estate, professional and business services	17 710 (10.0)	17 510 (8.2)	17 950 (8.1)	18 450 (16.6)	16 910 (7.3)	17 820 (1.8)	2.5
Social and personal services	16 190 (6.7)	17 330 (6.2)	17 690 (7.3)	15 620 (5.4)	14 130 (8.2)	11 620 (-32.9)	2.4
Manufacturing	2 590 (-5.5)	2 600 (-9.1)	2 680 (-9.8)	2 700 (14.1)	2 390 (-13.9)	3 200 (23.2)	3.0
Construction sites (manual workers only)	1 050 (63.1)	930 (39.6)	1 030 (74.3)	890 (73.2)	1 350 (67.9)	1 630 (75.1)	2.0
All establishments surveyed in the private sector ^(b)	77 180 (12.1)	80 170 (14.6) <6.2>	77 860 (9.9) <0.7>	78 300 (12.7) <1.9>	72 380 (11.2) <1.8>	77 790 (-3.0) <-7.1>	2.8
Civil service ^(c)	6 520 (2.7)	6 220 (5.8)	6 980 (10.0)	6 670 (1.1)	6 190 (-5.5)	6 350 (2.0)	3.8

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

(a) Accommodation services sector covers hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

(b) 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.

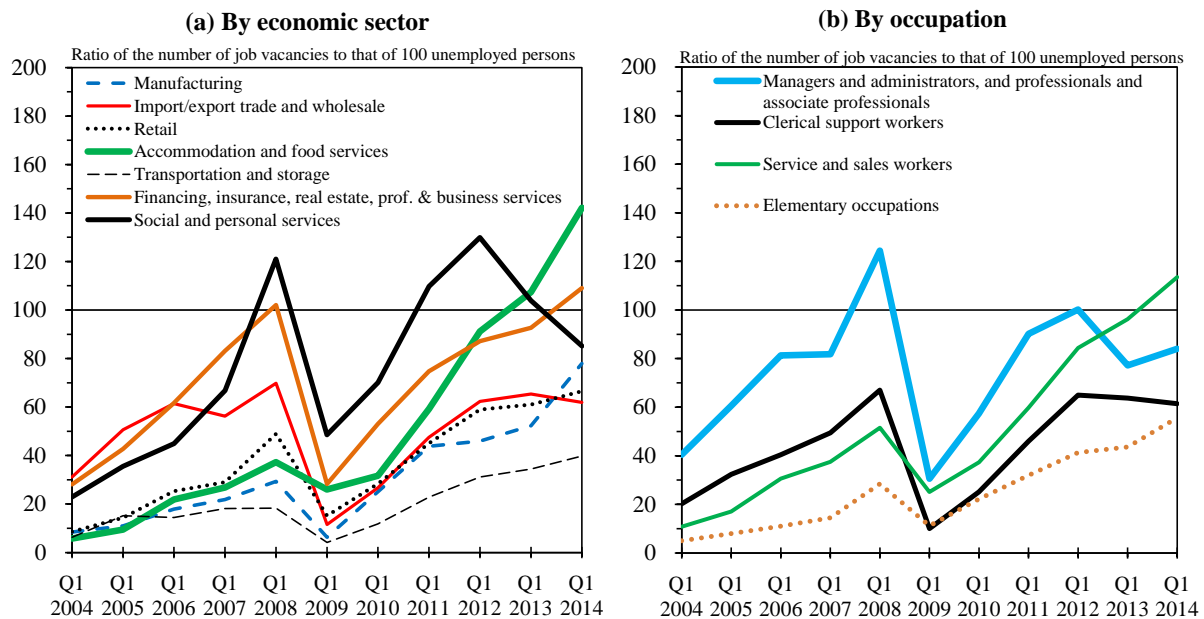
(c) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.

() % change over a year earlier.

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

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

Diagram 5.5 : Manpower resource balance remained tight in some sectors and occupations



5.15 The vacancy rate for private sector establishments, expressed as the percentage of job vacancies to total employment opportunities, inched down by 0.1 percentage point from a year ago to 2.8% in March 2014. More noticeable year-on-year declines in vacancy rate were seen in arts, entertainment and recreation, human health services, and wholesale.

5.16 The vacancy figures compiled by the Labour Department (LD), notwithstanding its smaller sample size, may offer some hints on the latest developments in the labour market. In the second quarter of 2014, the average number of private sector vacancies posted by the LD went down moderately by 3.5% year-on-year. More visible declines were observed in the finance, insurance, and retail sectors, though conceivably reflecting the fill-up of previous job vacancies as evident from the concurrent decline in the numbers unemployed therein.

Wages and earnings

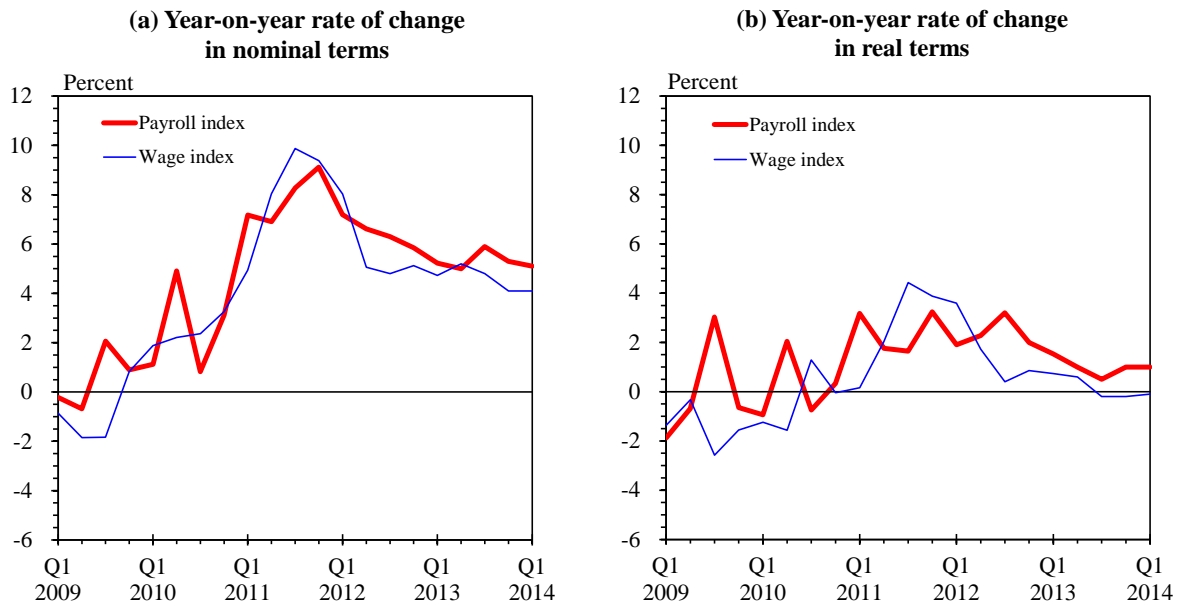
5.17 Wages and earnings both posted further growth upon entering 2014 amid a persistently tight labour market. *Nominal Wage Index*, which measures the regular payment to employees at the supervisory level or below, went up by 4.1% year-on-year in March 2014, the same pace as in December 2013.

5.18 Nominal wage growth was observed for all economic sectors and occupations in March 2014. More visible increases were seen in real estate leasing and maintenance management (up 9.7% year-on-year), professional and business services (up 9.1%), and personal services (up 7.8%). Meanwhile, bolstered in part by the upward adjustment of the SMW rate in May 2013, lower-paid workers engaged as miscellaneous non-production workers and service workers continued to enjoy more notable wage rises at 8.2% and 6.8% respectively.

5.19 *Labour earnings*⁽⁸⁾, as measured by payroll per person engaged in the private sector, including overtime pay, discretionary bonuses and other irregular payments, stayed on a faster growth track than wages in the first quarter of 2014. The nominal payroll posted a further solid increase of 5.1% over a year earlier, translating into a real growth⁽⁹⁾ of 1.0%, same as that recorded in the preceding quarter.

5.20 Rises in nominal payroll were observed for all major sectors in the first quarter of 2014, with more prominent growth in finance and insurance activities (up 8.7% year-on-year), professional and business services (up 7.9%), and retail trade (up 6.8%), conceivably benefiting from their vibrant business activities in 2013.

Diagram 5.6 : Nominal wages and earnings stayed on the rise upon entering 2014



5.21 More recent data from the General Household Survey, while not strictly comparable to those from the business establishment surveys, showed that in the second quarter of 2014, the average monthly employment earnings⁽¹⁰⁾ of full-time employees engaged in elementary occupations (excluding foreign domestic helpers) sustained an appreciable nominal year-on-year increase of 5.9%, largely attributable to the generally tight manpower resource balance for lower-paid jobs. After adjusting for inflation, there was a real improvement of 2.1%.

Highlights of recent labour-related measures and policy developments

5.22 LD regularly organises large-scale job fairs in different locations, canvassing vacancies from various industries for application by job-seekers on the spot. During January to July 2014, LD organised nine large-scale job fairs. 320 participating organisations offered 26 800 vacancies from the retail, catering, property management and other industries. There were also 14 training bodies joining the job fairs to introduce job training courses and receive applications on the spot. Apart from large-scale job fairs, district-based job fairs are organised at LD's Job Centres from time to time to assist job-seekers in finding employment. Recruitment activities are also staged by catering and retail employers at the two industry-based recruitment centres regularly for interviewing job-seekers on the spot. Moreover, to strengthen employment services to residents living in remote areas, LD will set up a job centre in Tung Chung later this year to facilitate job-seekers in the region in obtaining employment services and save their travelling expenses.

5.23 LD has enhanced its collaboration with employers and various organisations to launch pilot projects under the Youth Employment and Training Programme to provide young people with appropriate pre-employment training, workplace attachment, on-the-job training and employment support services. Targeted at different groups of young people, four pilot projects have been launched in 2014 making available about 600 training places. In addition, LD has launched a special programme, "Career GPS", lasting from May to August 2014 to help secondary school graduates find suitable work through a series of tailor-made activities, including training courses and career consultation services organised at the Youth Employment Start.

5.24 The Standard Working Hours Committee (SWHC) was appointed in April 2013 for a term of three years to foster informed and in-depth discussions in the community with a view to building consensus and identifying the way forward for a working hours policy. Up to end-July 2014, SWHC has held eight meetings. The two working groups (WGs) on "Working Hours Consultation" and "Working Hours Study" have also been carrying out their work in full swing. Specifically, a large-scale public consultation launched by SWHC since late January 2014 ended on 31 July 2014, while a dedicated working hours survey is being conducted with the main fieldwork expected to be completed by end-August. The two WGs strive to submit their reports to SWHC by end-2014 for deliberation and formulation of its further work.

Notes :

- (1) Labour force statistics enumerated from the General Household Survey are statistics which involve the use of the population figures in the compilation process. These statistics of the three-month periods of November 2012 – January 2013 to October – December 2013 have been revised to take into account the final end-2013 population estimates and those of November 2013 – January 2014 to April – June 2014 have been revised to incorporate the latest information.

The classification of occupation adopted by the Census and Statistics Department follows the International Standard Classification of Occupations (ISCO), which is used to classify the occupation of an employed person or the previous occupation of an unemployed person. After the implementation of the new ISCO, 2008 (ISCO-08), the General Household Survey has been enhanced to adopt the ISCO-08 in compiling labour force statistics by occupation, with statistics backcasted to the quarter of January to March 2011. Starting from the reference quarter of January to March 2011, all the labour force statistics by occupation, unless otherwise specified, are compiled based on the ISCO-08.

- (2) 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.

- (3) 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.

- (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) 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).
- (6) The low paying sectors as identified by the 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.
- (7) 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.
- (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) 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.
- (10) 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.