

## CHAPTER 5 : THE LABOUR SECTOR

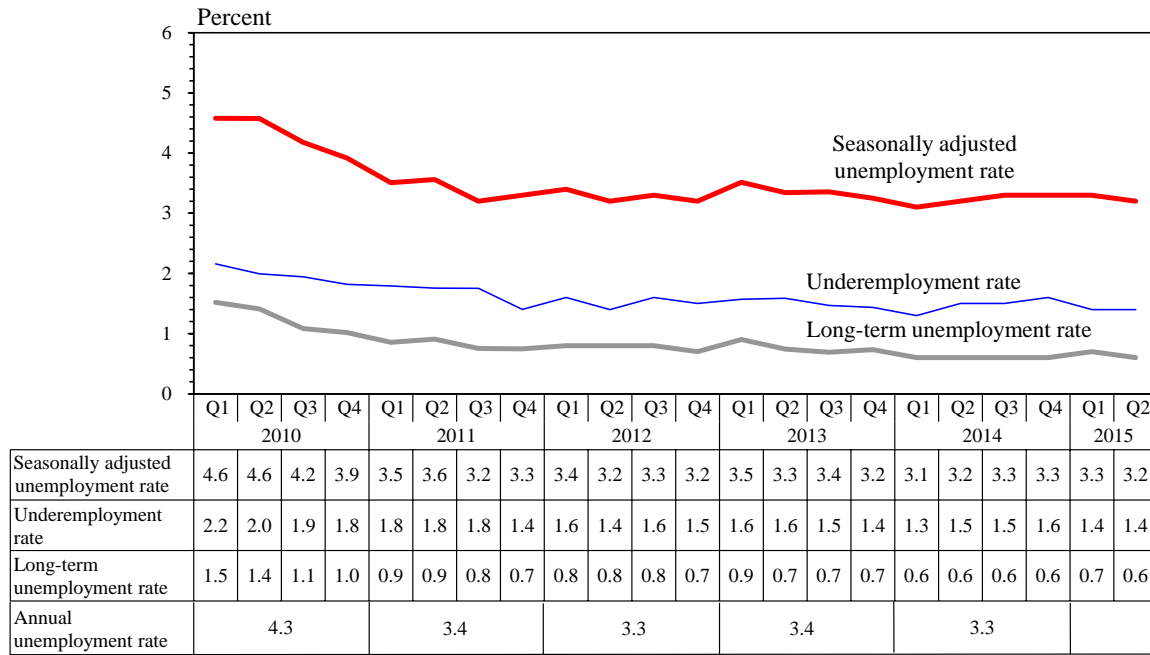
### *Summary*

- *The labour market held stable in the second quarter of 2015. Both total employment and the labour force posted further year-on-year growth. The persistently low unemployment rate and high level of vacancies suggested that the overall manpower resource balance remained tight.*
- *While the unemployment situations varied across different economic sectors, the seasonally adjusted unemployment rate edged down by 0.1 percentage point to 3.2% in the second quarter of 2015, after staying at 3.3% for three consecutive quarters. The underemployment rate held steady at 1.4%.*
- *Wages and earnings continued to see steady and across-the-board increases on entering 2015, echoing the still largely tight labour market. Low-paid workers saw more appreciable income growth, conceivably benefiting from the upward adjustment of the Statutory Minimum Wage (SMW) rate since May 2015.*

### **Overall labour market situation<sup>(1)</sup>**

5.1 The labour market continued to display resilience in the second quarter of 2015. The seasonally adjusted *unemployment rate*<sup>(2)</sup> edged down by 0.1 percentage point to 3.2% in the second quarter of 2015, after staying at 3.3% in the preceding three quarters, while the *underemployment rate*<sup>(3)</sup> remained at 1.4%. Both total employment and the labour force grew further over a year earlier. This, together with the relatively high level of vacancies in private sector establishments, pointed to a tight manpower situation in overall terms. Against this backdrop, wages and earnings continued to see across-the-board increases on entering 2015. The upward adjustment of the SMW rate since May 2015 likewise rendered additional support to the employment earnings of the low-paid workers, resulting in more visible income gain at the grassroots level of late.

**Diagram 5.1 : The labour market continued to display resilience**



### Labour force and total employment

5.2 On the supply side, the *labour force*<sup>(4)</sup> posted a year-on-year expansion of 1.6% to 3 921 500 in the second quarter of 2015. This was faster than the concurrent increase of 0.6% in the working-age population (i.e. land-based non-institutional population aged 15 and above), thanks to a further rise in the labour force participation rate to 61.4%. On the demand side, *total employment*<sup>(5)</sup> grew solidly further by 1.6% year-on-year over the same period, on par with the labour force growth, to 3 791 600.

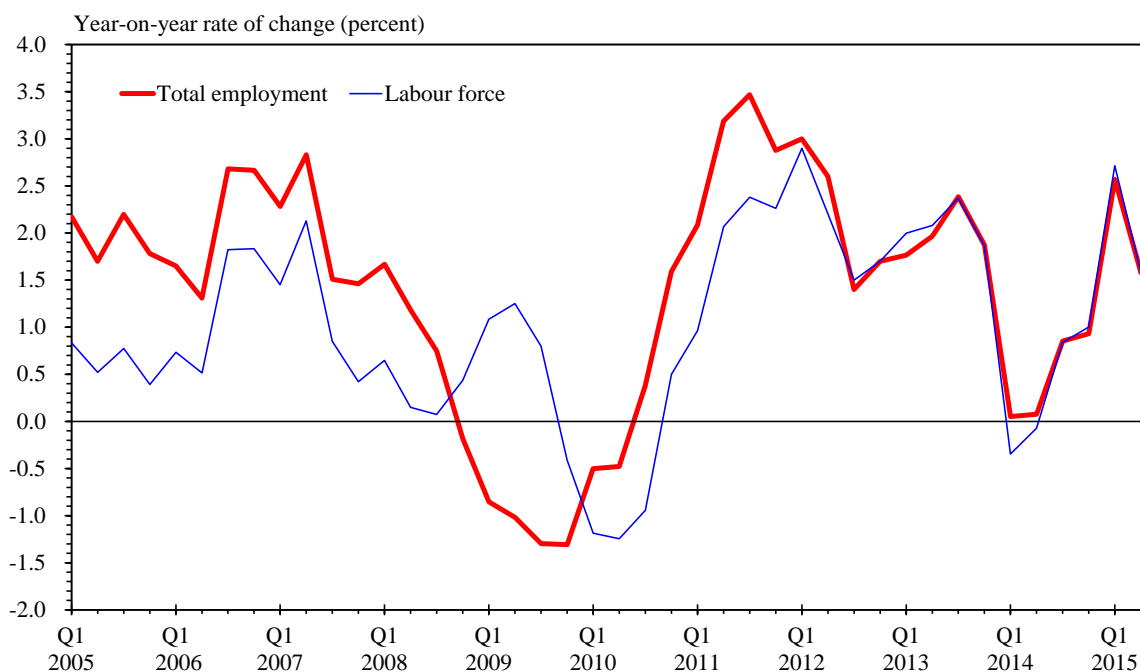
**Table 5.1 : The labour force, and persons employed, unemployed and underemployed**

	<u>Labour force</u>	<u>Persons employed</u>	<u>Persons unemployed<sup>(a)</sup></u>	<u>Persons underemployed</u>
2014 Annual	3 876 400 (0.5)	3 749 200 (0.6)	127 200	56 500
Q1	3 824 700 (-0.3)	3 705 900 (0.1)	118 800	48 400
Q2	3 860 400 (-0.1)	3 732 700 (0.1)	127 600	58 000
Q3	3 903 900 (0.8)	3 769 100 (0.9)	134 800	57 000
Q4	3 904 400 (1.0)	3 781 800 (0.9)	122 600	62 700
2015 Q1	3 928 400 (2.7)	3 801 100 (2.6)	127 300	53 500
<i>Three months ending</i>				
2015 Apr	3 919 800 (2.4)	3 792 300 (2.3)	127 500	49 400
May	3 907 700 (1.6)	3 780 100 (1.5)	127 700	52 900
Jun	3 921 500 (1.6)	3 791 600 (1.6)	129 900	55 600
	<-0.3>	<-0.3>		

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 2015.

Source : General Household Survey, Census and Statistics Department.

**Diagram 5.2 : Total employment and the labour force posted further growth in the second quarter of 2015**



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 Q1</u>	<u>2015 Q2</u>
<u>Male</u>							
15-24	35.4	35.7	36.4	37.8	37.8	38.8	39.7
<i>of which:</i>							
15-19	10.2	9.9	10.5	11.0	11.1	10.7	12.2
20-24	60.6	61.1	61.1	62.5	61.5	63.1	63.2
25-29	94.0	93.9	94.5	93.8	93.4	94.1	93.5
30-39	96.5	96.5	96.8	96.9	96.5	96.3	96.3
40-49	95.0	95.1	95.3	95.5	94.7	95.7	95.1
50-59	84.4	84.9	85.1	86.8	86.7	86.7	86.8
≥ 60	22.0	23.4	25.6	26.9	27.8	28.1	28.3
Overall	68.5	68.4	68.7	69.1	68.8	69.0	69.0
<u>Female</u>							
15-24	36.7	37.0	37.5	40.0	39.3	41.1	41.9
<i>of which:</i>							
15-19	9.2	9.1	9.7	11.5	12.5	12.5	13.1
20-24	61.4	62.1	62.0	64.2	61.4	64.9	64.5
25-29	86.6	87.5	87.2	86.6	86.3	86.4	86.2
30-39	75.6	76.8	77.5	78.5	79.0	79.0	79.4
40-49	68.2	69.9	70.8	72.8	73.1	74.5	74.5
50-59	49.0	51.6	53.8	56.1	57.1	59.0	57.9
≥ 60	6.8	8.1	8.8	9.6	10.6	11.3	10.4
Overall	51.9	53.0	53.6	54.5	54.6	55.3	55.0
<u>Both genders combined</u>							
15-24	36.0	36.4	37.0	38.9	38.6	39.9	40.8
<i>of which:</i>							
15-19	9.7	9.5	10.1	11.2	11.8	11.6	12.6
20-24	61.0	61.6	61.6	63.4	61.4	64.0	63.8
25-29	89.8	90.2	90.3	89.7	89.4	89.8	89.4
30-39	84.3	84.9	85.4	85.9	86.0	85.9	86.2
40-49	80.2	81.0	81.4	82.5	82.3	83.5	83.2
50-59	66.5	68.0	69.2	71.0	71.4	72.2	71.7
≥ 60	14.1	15.5	16.9	17.9	18.9	19.4	19.0
Overall	59.6	60.1	60.5	61.2	61.1	61.5	61.4

Source : General Household Survey, Census and Statistics Department.

## Profile of unemployment

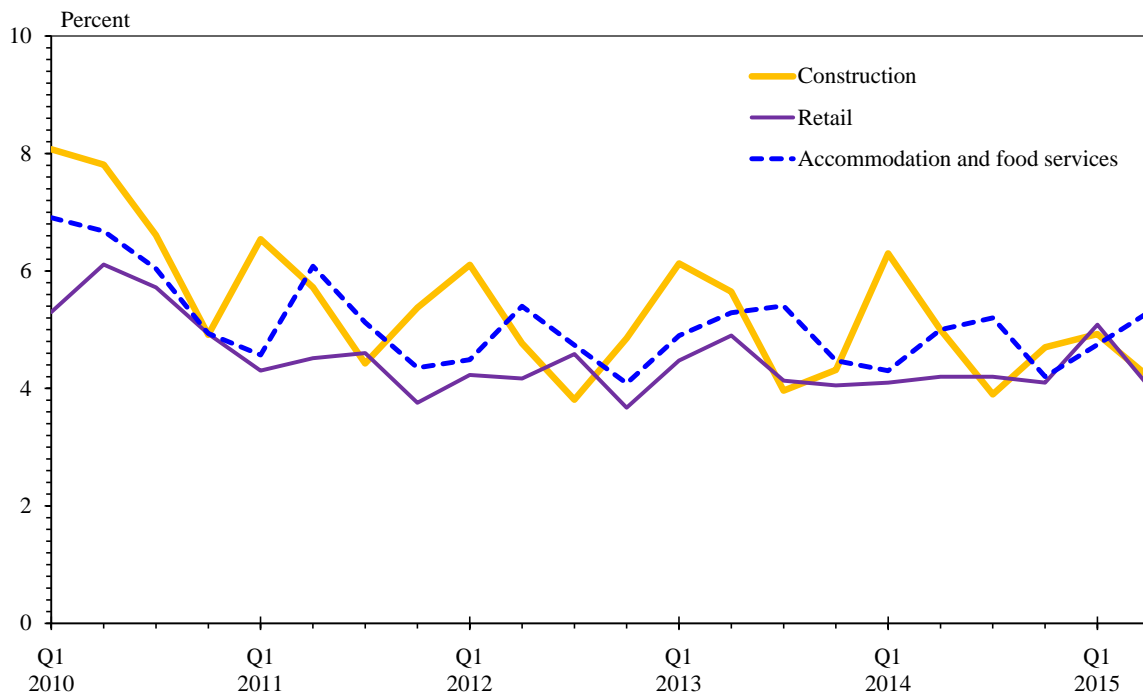
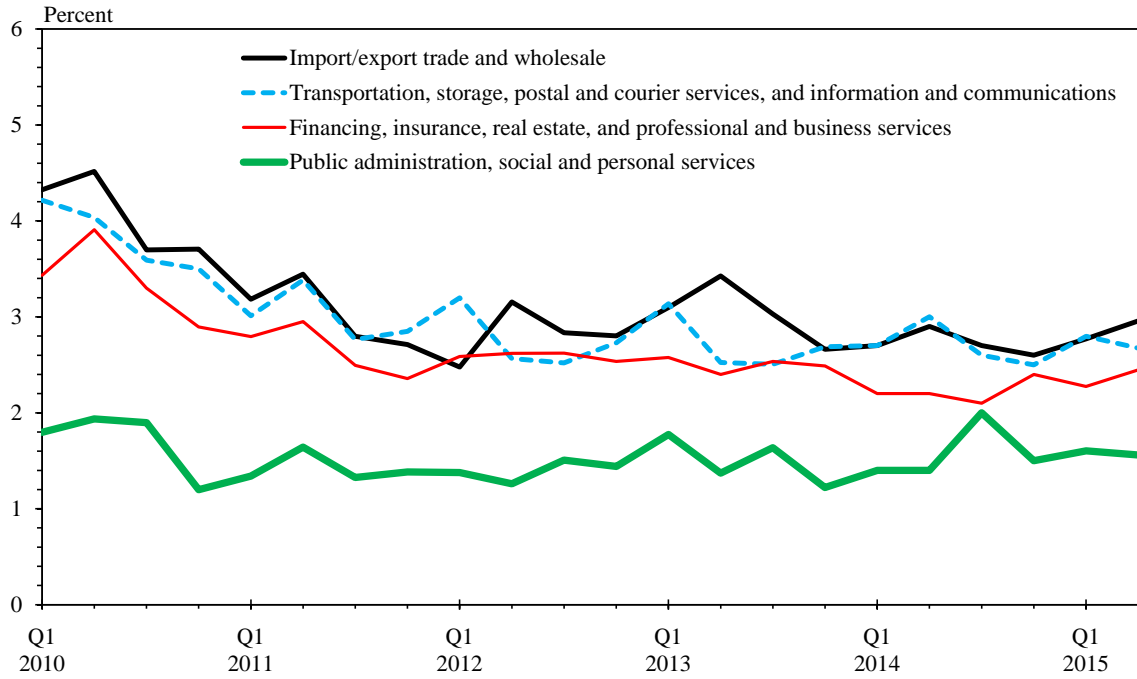
5.3 The number of unemployed persons (not seasonally adjusted) increased by 2 600 over the preceding quarter to 129 900 in the second quarter of 2015. After netting out seasonal fluctuations, the seasonally adjusted unemployment rate, after staying at 3.3% in the previous three quarters, inched down by 0.1 percentage point to 3.2%, which was broadly the same as its year-ago level.

5.4 The unemployment situations of different economic sectors varied in the second quarter of 2015. As compared to the previous quarter, more visible declines in unemployment rate (not seasonally adjusted) were observed in the decoration, repair and maintenance for buildings, art, entertainment and recreation, retail, and public administration sectors, while more noticeable rises were found in the wholesale, real estate, social work activities sectors. Specifically for consumption and tourism-related sectors like retail, its unemployment rate fell visibly from the previous quarter, and was also 0.2 percentage point lower over its year-ago level. On the other hand, the unemployment situation of the accommodation and food services sector slightly worsened, with its unemployment rate up by 0.3 percentage point over a year earlier. Reflecting these developments, the unemployment rate for the *low paying sectors*<sup>(6)</sup> as a whole inched down by 0.1 percentage point over the previous quarter to 3.3%, yet still 0.1 percentage point above its year-ago level.

5.5 Analysed by skill segment, the unemployment rates of both the higher-skilled and lower-skilled workers edged down quarter-to-quarter by 0.1 percentage point to 1.6% and 3.6% respectively, broadly on par with their year-ago levels. On a quarter-to-quarter basis, notable improvements in the unemployment rate were seen among elementary occupations, craft and related workers, as well as professionals.

5.6 As regards other socio-economic attributes, year-on-year improvements in the unemployment rate were noted among workers aged 40 and above, and with lower secondary and below education, offsetting the rises among those aged 15-24, and with post-secondary education.

**Diagram 5.3 : Unemployment situations varied across major economic sectors in the second quarter of 2015**



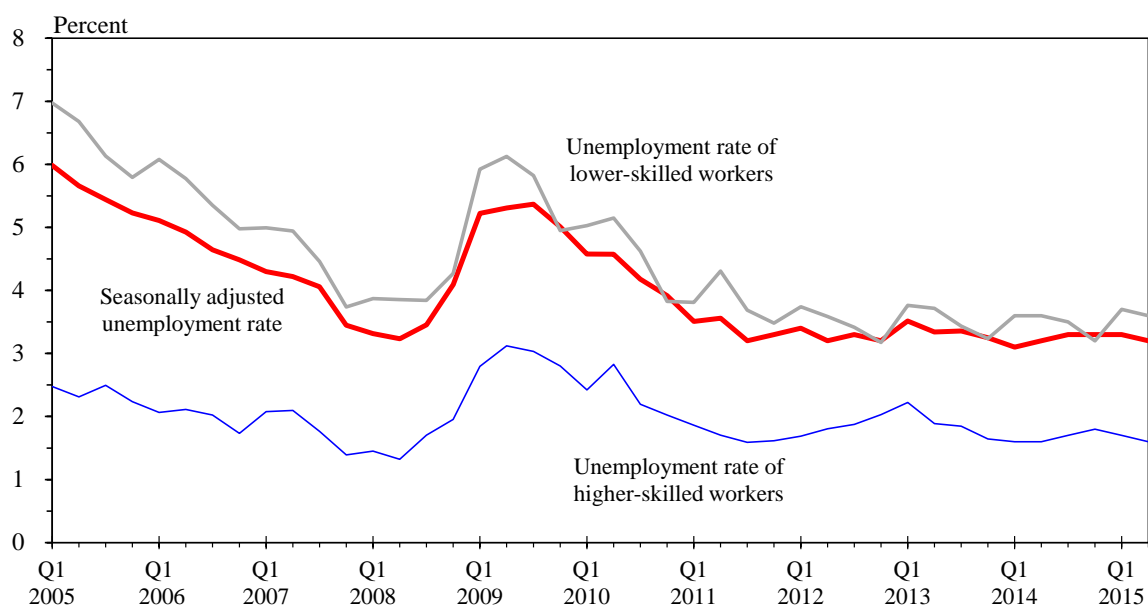
**Table 5.3 : Unemployment rates by major economic sector**

	<u>2014</u>				<u>2015</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Import/export trade and wholesale	2.7	2.9	2.7	2.6	2.8	3.0
Retail	4.1	4.2	4.2	4.1	5.1	4.0
Accommodation and food services	4.3	5.0	5.2	4.2	4.7	5.3
Transportation, storage, postal and courier services	2.9	3.2	2.5	2.1	2.9	2.7
Information and communications	2.0	2.3	2.9	3.7	2.4	2.6
Financing and insurance	1.5	1.5	1.8	1.5	1.8	1.4
Real estate	2.8	3.0	2.0	2.6	1.8	2.8
Professional and business services	2.5	2.4	2.4	2.9	2.8	3.0
Public administration, social and personal services	1.4	1.4	2.0	1.5	1.6	1.6
Manufacturing	3.2	3.7	3.2	3.1	3.1	3.4
Construction	6.3	5.0	3.9	4.7	4.9	4.2
Overall	3.1 (3.1)	3.3 (3.2)	3.5 (3.3)	3.1 (3.3)	3.2 (3.3)	3.3 (3.2)

Note : ( ) Seasonally adjusted unemployment rates.

Source : General Household Survey, Census and Statistics Department.

**Diagram 5.4 : Over the preceding quarter, the unemployment rates of both the higher- and lower-skilled segments inched down in the second quarter of 2015**



**Table 5.4 : Unemployment rates\* by skill segment**

	<u>2014</u>				<u>2015</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Higher-skilled segment</u>	1.6	1.6	1.7	1.8	1.7	1.6
Managers and administrators	1.5	0.8	1.2	1.3	1.2	1.1
Professionals	1.1	0.9	1.7	1.7	1.5	1.2
Associate professionals	1.8	2.2	2.0	2.2	2.0	2.0
<u>Lower-skilled segment</u> <sup>^</sup>	3.6	3.6	3.5	3.2	3.7	3.6
Clerical support workers	2.7	3.3	3.3	2.6	2.8	3.7
Service and sales workers	4.1	4.3	4.8	3.9	4.9	4.7
Craft and related workers	5.9	4.1	3.9	4.8	4.3	4.0
Plant and machine operators and assemblers	2.6	1.9	1.4	1.4	1.9	2.2
Elementary occupations	3.2	3.6	3.0	3.0	3.3	2.9

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

<sup>^</sup> Including other occupations.

Source : General Household Survey, Census and Statistics Department.



**Table 5.5 : Unemployment rates\* by age and educational attainment**

	<u>2014</u>				<u>2015</u>	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
<u>Age</u>						
15-24	7.5	9.1	11.3	8.9	9.0	11.1
<i>of which:</i>						
15-19	10.0	14.5	12.3	11.8	13.9	17.7
20-24	7.1	8.2	11.2	8.4	8.2	10.1
25-29	3.1	3.5	3.8	3.4	2.9	3.5
30-39	2.2	2.1	2.4	1.8	2.0	2.1
40-49	2.7	2.9	2.5	2.6	3.2	2.6
50-59	3.1	3.0	2.7	2.9	2.8	2.8
≥ 60	2.9	2.8	2.6	3.0	3.0	2.4
<u>Educational attainment</u>						
Primary education and below	3.7	3.6	2.9	3.6	3.8	3.0
Lower secondary education	4.2	4.8	4.0	3.7	4.5	4.3
Upper secondary education <sup>^</sup>	3.2	3.2	3.3	3.1	3.2	3.2
Post-secondary education	2.4	2.7	3.5	2.9	2.7	3.2

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.

5.7 Other indicators measuring the intensity of unemployment suggested that labour market conditions remained largely favourable in the second quarter of 2015. The number of long-term unemployed persons (i.e. unemployed for six months or longer) went down from 26 700 in the preceding quarter to 23 000 in the second quarter of 2015, and the long-term unemployment rate edged down by 0.1 percentage point to 0.6%. The share of long-term unemployment in total unemployment likewise dropped from 21.0% to 17.7%, and the median duration of unemployment fell visibly further from 61 days to 57 days. Regarding the reason of unemployment, the proportion of dismissal or lay-offs among the total number of unemployed persons also went down from 42.2% to 40.6%.

## **Profile of underemployment**

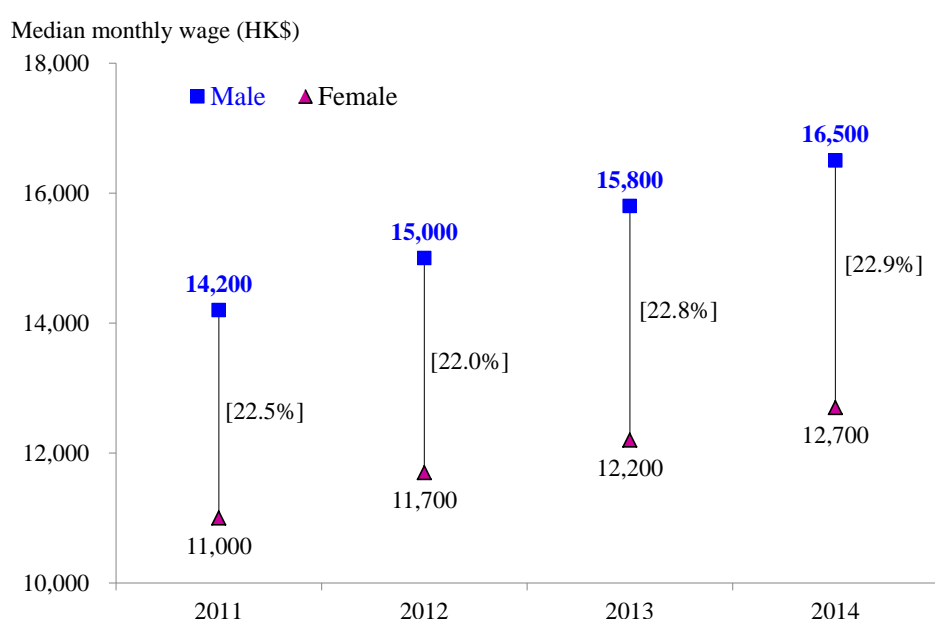
5.8 The underemployment situation held largely steady in the second quarter of 2015. While the number of underemployed persons increased by 2 100 over the preceding quarter to 55 600, the underemployment rate stayed at a low level of 1.4%. On a year-on-year comparison, the underemployment rate edged down by 0.1 percentage point, with diverse movements seen in different sectors. In particular, the underemployment situation in the decoration, repair and maintenance for buildings sector improved prominently. As for occupational category, the underemployment rate of elementary occupations likewise dropped notably. For the lower-skilled segment as a whole, which comprised the majority of underemployed persons, the underemployment rate edged down by 0.1 percentage point from a year earlier.

## Box 5.1

### Gender wage gap for low-paid employees in Hong Kong during 2011-2014

Like many other economies, females in Hong Kong in general earned lower monthly wages than males. Based on the results of Annual Earnings and Hours Survey (AEHS)<sup>(1)</sup> conducted by the Census and Statistics Department (C&SD), the median monthly wages of females were some 20% less than those of males throughout 2011 to 2014 (*Chart 1*). Literature suggests that such difference may be attributable to the variations in individual characteristics, like educational attainment, occupation engaged, hours of work or family role. Other studies, on the other hand, attempt to assess the impact of workplace characteristics on such pay difference, e.g. hiring practices, employment breaks, employer preferences and salary negotiation tactics etc.

**Chart 1: Monthly wage differentials for male and female employees during 2011-2014**



Note: Figures in brackets, computed based on unrounded median monthly wages, denote the differences between the median monthly wages of male and female employees as percentage of the median monthly wages of male employees.

Source: AEHS, C&SD.

As there is no regular official survey to study workplace characteristics in Hong Kong, this article will explore to what extent socio-economic characteristics help explain the gender wage gap observed. The focus will be put on low-paid employees since, as discussed below, male and female low-paid employees resemble each other closely in terms of demographic and employment profiles. For the sake of discussion, low-paid employees are defined as employees<sup>(2)</sup> with hourly wages within the lowest 10% of the overall hourly wage distribution. In 2014, there were 277 300 low-paid employees<sup>(3)</sup>, earning less than \$34.5 per hour.

(1) The survey reference period of AEHS since 2011 is May to June.

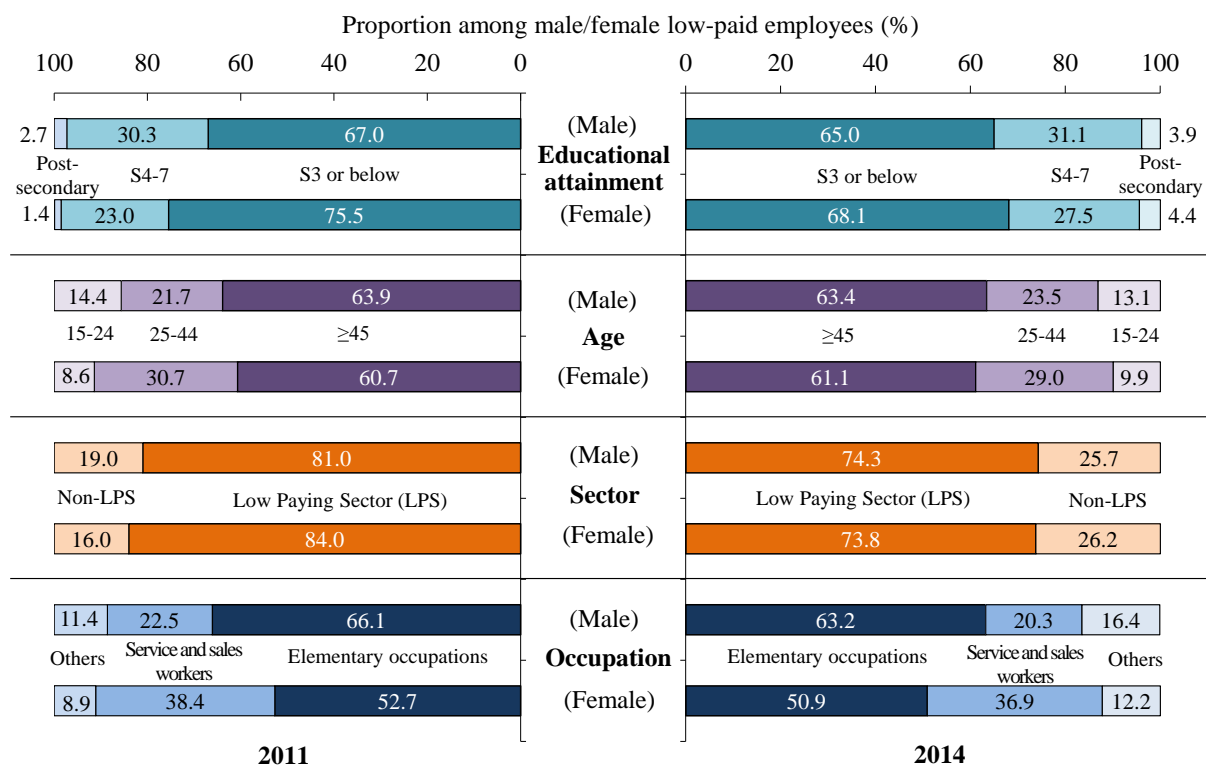
(2) AEHS covers all employees under the coverage of the Minimum Wage Ordinance, which does not apply to student interns or work experience students, live-in domestic workers and Government employees.

(3) In 2014, there were 112 400 males and 164 900 females classified as low-paid employees.

### Box 5.1 (Cont'd)

As shown in *Chart 2*, among both male and female low-paid employees in 2014, around two-thirds had educational attainment of lower secondary and below, over 60% were middle-aged/older (aged 45 and above) workers, over 70% of them worked in the low paying sectors<sup>(4)</sup> and over 80% were engaged either in elementary occupations or as service and sales workers. When compared to 2011, the socio-economic attributes of low-paid employees for both genders were largely similar.

**Chart 2: Characteristics of male and female low-paid employees in 2011 and 2014**



Note: Percentages may not add up to 100% due to rounding.

Source: AEHS, C&SD.

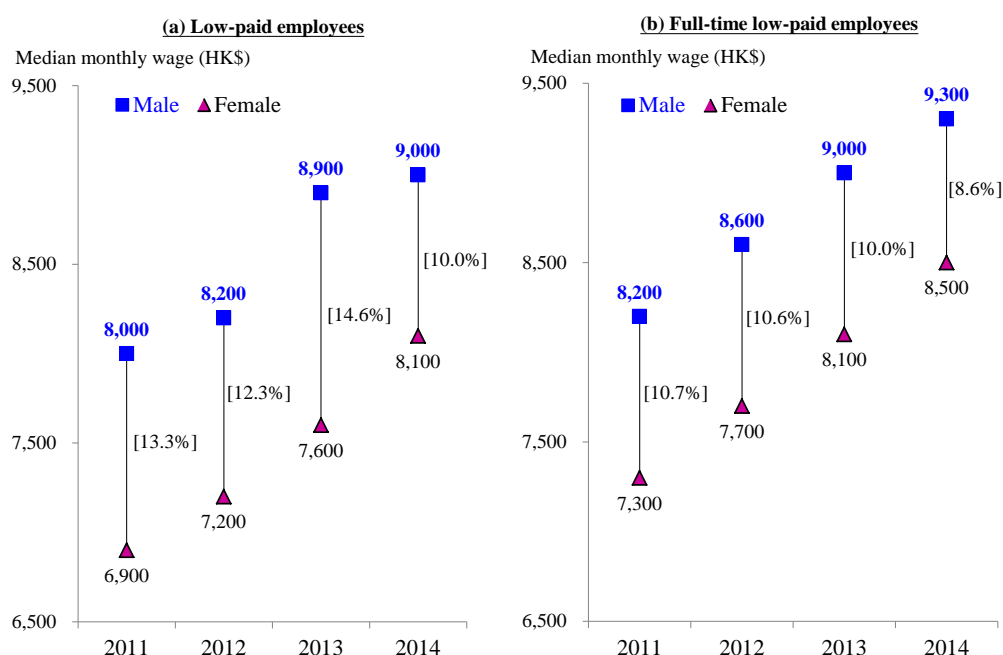
Despite the similar attributes of both male and female low-paid employees, a wage difference of some 10% was still seen between them in 2014 (*Chart 3a*). The wage gap was conceivably due in part to the different proportion of part-timers among male and female employees. In fact, 17.7% of female low-paid employees were part-timers, as against only 10.6% of their male counterparts. However, even when the comparison was confined to full-timers<sup>(5)</sup> only, the gender wage gap, albeit slightly smaller than that for all low-paid employees and narrowing down continuously in the last four years, still existed (*Chart 3b*).

(4) The low paying sectors as identified by the Minimum Wage Commission include retail, restaurants, estate management, security and cleaning services, and other low paying sectors (including elderly homes, laundry and dry cleaning services, hairdressing and other personal services, local courier services, and food processing and production).

(5) In AEHS, full-time employees refer to employees who cannot be classified as part-time employees. Part-time employees fulfill one of the following conditions: (i) the number of usual days of work per week is less than 5 (for a person with a fixed number of working days per week); or (ii) the number of usual hours of work per working day is less than 6 (for a person with a fixed number of working days per week); or (iii) the number of usual hours of work per week is less than 30 (for a person without a fixed number of working days per week). However, persons who usually work 24 hours per shift are excluded, regardless of the number of usual days of work per week.

## Box 5.1 (Cont'd)

### Chart 3: Monthly wage differentials for male and female low-paid employees during 2011-2014

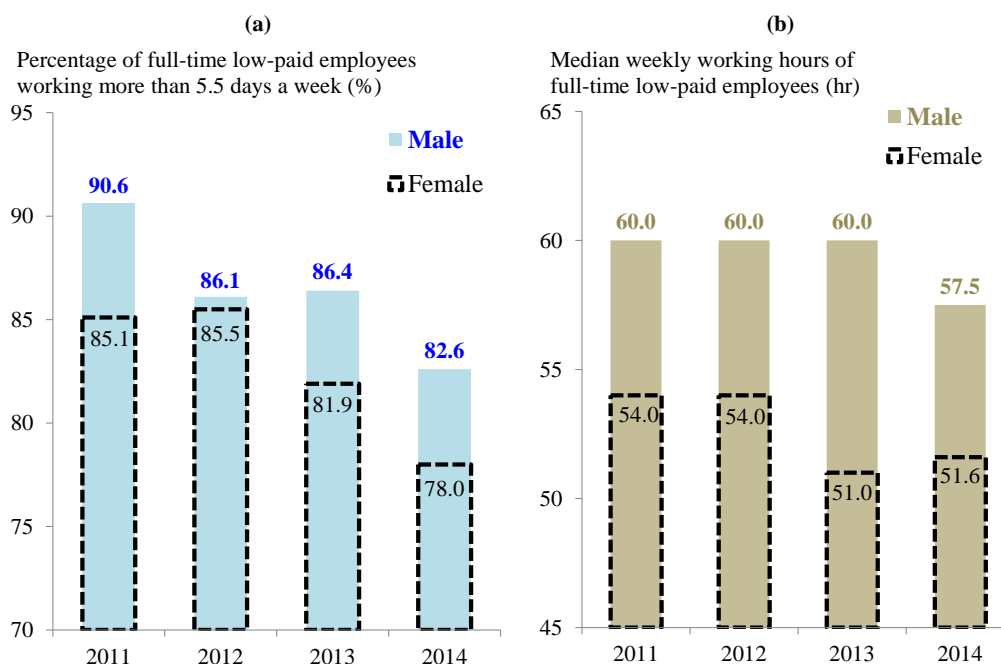


Note: Figures in brackets, computed based on unrounded median monthly wages, denote the differences between the median monthly wages of male and female low-paid employees as percentage of the median monthly wages of male low-paid employees.

Source: AEHS, C&SD.

Further analysing the work pattern of low-paid full-timers probably helped shed some light on the remaining gender wage gap. In overall terms, the median weekly working hours for male full-time employees were generally longer than their female counterparts, at 47.1 and 44.3 hours respectively in 2014. The contrast was even starker among full-time low-paid employees. Between-gender comparison showed that 82.6% of full-time low-paid males worked more than 5.5 days per week in 2014, compared with 78.0% of their female counterparts only (*Chart 4a*). In terms of median weekly working hours, full-time low-paid males worked 57.5 hours per week, roughly 6 hours (equivalent to around 11%) more than the corresponding female group in 2014 (*Chart 4b*).

### Chart 4: Days and hours of work per week for full-time low-paid employees during 2011-2014



Source: AEHS, C&SD.

**Box 5.1 (Cont'd)****Table 1: Median hourly wage differentials for full-time low-paid employees during 2011-2014**

	Full-time low-paid employees		
	Male	Female	Percentage difference*
	Median hourly wage (HK\$)		
2011	28.0	28.0	-
2012	29.0	28.9	+0.4%
2013	30.9	31.0	-0.2%
2014	32.0	32.0	-

Notes: (\*) Percentage difference, computed based on unrounded median hourly wages, denotes the difference between the median hourly wages of male and female full-time low-paid employees over the median hourly wages of male full-time low-paid employees.

(-) Less than 0.05%.

Source: AEHS, C&SD

Hence, after taking into account the difference in working hours between genders, the median hourly wages of the male and female full-time low-paid employees actually had insignificant differences (*Table 1*). While the implementation of Statutory Minimum Wage since 2011 could have played some role in narrowing gender wage gaps at the lower end of the income spectrum, the above statistics had yet to demonstrate any conclusive evidence. After all, as the policy has only been in place for merely four years or so, further investigation into the changes in hourly wage statistics is deemed necessary in this regard when more data become available.

## **Profile of employment in establishments**

5.9 The quarterly statistics collected from private sector establishments on employment, vacancies, wages and payroll are available only up to March 2015. To bring the analysis more up-to-date, attempts have been made wherever possible by drawing reference to information from supplementary sources.

5.10 Total employment in private sector establishments grew solidly by 1.9% in March 2015 over a year earlier to a new record high of 2 793 700. Job gains were seen across most industries, in particular construction sites (covering manual workers only) (up 16.9% year-on-year), education (up 5.0%), and human health services (up 4.6%). Nonetheless, employment growth in accommodation and food services (up 0.9%), and retail trade (up 0.6%) softened visibly, conceivably affected by the slowdown in tourism-related sectors during the period. Meanwhile, employment in the manufacturing sector (down 3.1%) continued its secular downtrend. The import/export trade and wholesale sector also posted a mild job loss (down 0.7%) amid the unsteady external environment. Analysed by establishment size, the pace of job creation in large enterprises (up 2.6%), contributing around 71% of the total gain in March 2015, continued to outstrip that in small and medium-sized enterprises (SMEs)<sup>(7)</sup> (up 1.2%). Employment growth in the civil service remained modest, at 0.5% year-on-year in March 2015.

### **Vacancies**

5.11 Job vacancies in the private sector stood at a relatively high level of 78 070 in March 2015. While the figure remained virtually flat as compared to its year-ago level, diverse movements were observed across major economic sectors.

**Table 5.6 : Employment by major economic sector**

	<u>2014</u>					<u>2015</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	554 400 (§)	552 900 (-0.9)	554 100 (-0.1)	554 400 (0.5)	556 200 (0.6)	549 200 (-0.7)
Retail	270 800 (2.2)	270 000 (2.8)	271 900 (2.7)	269 800 (1.9)	271 600 (1.4)	271 500 (0.6)
Accommodation <sup>(a)</sup> and food services	283 200 (2.5)	281 200 (2.0)	283 200 (2.5)	283 000 (2.6)	285 600 (2.8)	283 700 (0.9)
Transportation, storage, postal and courier services	174 600 (2.7)	171 700 (2.1)	174 500 (3.1)	175 400 (2.6)	176 600 (2.9)	176 600 (2.8)
Information and communications	104 100 (2.7)	102 900 (4.6)	103 500 (2.4)	104 800 (2.2)	105 200 (1.9)	104 000 (1.2)
Financing, insurance, real estate, professional and business services	696 500 (1.9)	693 300 (2.5)	694 000 (2.3)	694 600 (1.4)	704 200 (1.5)	711 400 (2.6)
Social and personal services	482 200 (4.3)	475 600 (3.7)	480 000 (4.1)	482 500 (4.0)	491 000 (5.3)	494 100 (3.9)
Manufacturing	102 500 (-1.2)	103 500 (-0.5)	102 200 (-1.1)	102 600 (-1.2)	101 500 (-2.1)	100 300 (-3.1)
Construction sites (manual workers only)	82 800 (4.4)	78 600 (1.0)	79 700 (-3.4)	86 500 (12.7)	86 300 (7.8)	91 900 (16.9)
<i>All establishments surveyed in the private sector<sup>(b)</sup></i>	2 762 200 (2.1)	2 740 700 (1.9)	2 754 200 (1.9)	2 764 700 (2.2)	2 789 200 (2.2)	2 793 700 (1.9)
		<0.5>	<0.5>	<0.6>	<0.6>	<0.2>
<i>Civil service<sup>(c)</sup></i>	163 000 (1.0)	162 800 (1.4)	162 800 (1.2)	163 000 (0.9)	163 400 (0.6)	163 600 (0.5)

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.

§ 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.



5.12 Analysed by economic sector, more visible increases in vacancies were observed in the social and personal services (up 34.3% year-on-year), information and communications (up 14.3%), financing and insurance (up 13.5%), and real estate (up 10.3%) sectors in March 2015. On the other hand, for the first time since 2009, the food and beverage services (down 14.4%), and retail trade (down 11.7%) sectors saw noticeable year-on-year dips in vacancies alongside the slackened performance of inbound tourism. Vacancies in construction sites (covering manual workers only) likewise plummeted (down 45.8%), but it was accompanied by a notable employment gain, signifying that some vacancies had been gradually filled. Mirroring the sectoral profile of vacancies, higher-skilled vacancies rose further by 11.3% amid a pick-up in demand for managers and administrators, and associate professionals on entering 2015. In contrast, lower-skilled vacancies dropped by 3.1%, more visibly among service and sales workers. Analysed by the size of establishments, the vacancies in large enterprises increased by 3.9%, whereas that in SMEs dropped by 4.1%. As for the civil service, the number of job openings grew considerably further by 23.3% year-on-year to 7 820.

5.13 On entering 2015, the overall manpower resource balance stayed tight. The ratio of job vacancies per 100 unemployed persons edged up from 60 in December 2014 to 61 in March 2015, mainly attributable to the higher-skilled segment. On a year-on-year comparison, however, the vacancy-to-unemployed ratio went down from its year-ago level of 65, dragged by the declines in vacancies among service and sales workers, and elementary occupations in the lower-skilled segment. Analysed by economic sector, even though the manpower resource balances in the tourism-related sectors showed some signs of easing, manpower shortages were still apparent in accommodation and food services, as well as sectors like human health services, residential care and social work services, real estate, and financing and insurance in March 2015.

5.14 The vacancy rate, measured in terms of the percentage of job vacancies to total employment opportunities, rose marginally from 2.6% in December 2014 to 2.7% in March 2015 for private sector establishments. Nevertheless, it was 0.1 percentage point lower than its year-ago level. More noticeable year-on-year declines in vacancy rate were seen in the construction sites (covering manual workers only), food and beverage services, retail trade, and professional and business services (excluding cleaning and similar services) sectors.

**Table 5.7 : Vacancies by major economic sector**

	Annual average	<u>Number of vacancies</u> 2014					2015	Vacancy rate in Mar 2015 (%)
		<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>		
Import/export trade and wholesale	8 460 (-13.7)	9 210 (-11.8)	8 150 (-19.4)	8 450 (-16.7)	8 040 (-5.9)	9 000 (-2.3)	1.6	
Retail	9 110 (4.0)	9 680 (2.9)	8 810 (8.4)	9 240 (0.6)	8 710 (4.9)	8 550 (-11.7)	3.1	
Accommodation <sup>(a)</sup> and food services	16 060 (11.1)	17 600 (13.2)	15 800 (21.8)	15 550 (8.2)	15 300 (2.3)	15 470 (-12.1)	5.2	
Transportation, storage, postal and courier services	3 680 (-1.8)	4 180 (15.7)	4 040 (-1.6)	3 380 (-7.1)	3 120 (-14.2)	3 960 (-5.4)	2.2	
Information and communications	2 560 (-4.6)	2 570 (-4.2)	2 650 (-13.1)	2 360 (-21.8)	2 670 (33.9)	2 930 (14.3)	2.7	
Financing, insurance, real estate, professional and business services	17 910 (1.2)	17 820 (1.8)	18 210 (1.4)	17 810 (-3.5)	17 800 (5.3)	18 360 (3.0)	2.5	
Social and personal services	14 110 (-12.9)	11 620 (-32.9)	16 600 (-6.1)	13 930 (-10.8)	14 280 (1.0)	15 620 (34.3)	3.1	
Manufacturing	3 040 (17.4)	3 200 (23.2)	3 580 (33.7)	2 880 (6.6)	2 500 (4.9)	2 990 (-6.6)	2.9	
Construction sites (manual workers only)	1 390 (32.4)	1 630 (75.1)	1 540 (49.8)	1 530 (73.1)	850 (-37.1)	880 (-45.8)	1.0	
<i>All establishments surveyed in the private sector<sup>(b)</sup></i>	<i>76 600 (-0.7)</i>	<i>77 790 (-3.0)</i>	<i>79 720 (2.4)</i>	<i>75 360 (-3.8)</i>	<i>73 530 (1.6)</i>	<i>78 070 (0.4)</i>	<i>2.7</i>	
		<i>&lt;-5.2&gt;</i>	<i>&lt;4.0&gt;</i>	<i>&lt;-2.7&gt;</i>	<i>&lt;5.7&gt;</i>	<i>&lt;-6.2&gt;</i>		
<i>Civil service<sup>(c)</sup></i>	<i>7 160 (9.9)</i>	<i>6 350 (2.0)</i>	<i>7 270 (4.2)</i>	<i>7 430 (11.4)</i>	<i>7 610 (22.8)</i>	<i>7 820 (23.3)</i>	<i>4.6</i>	

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.

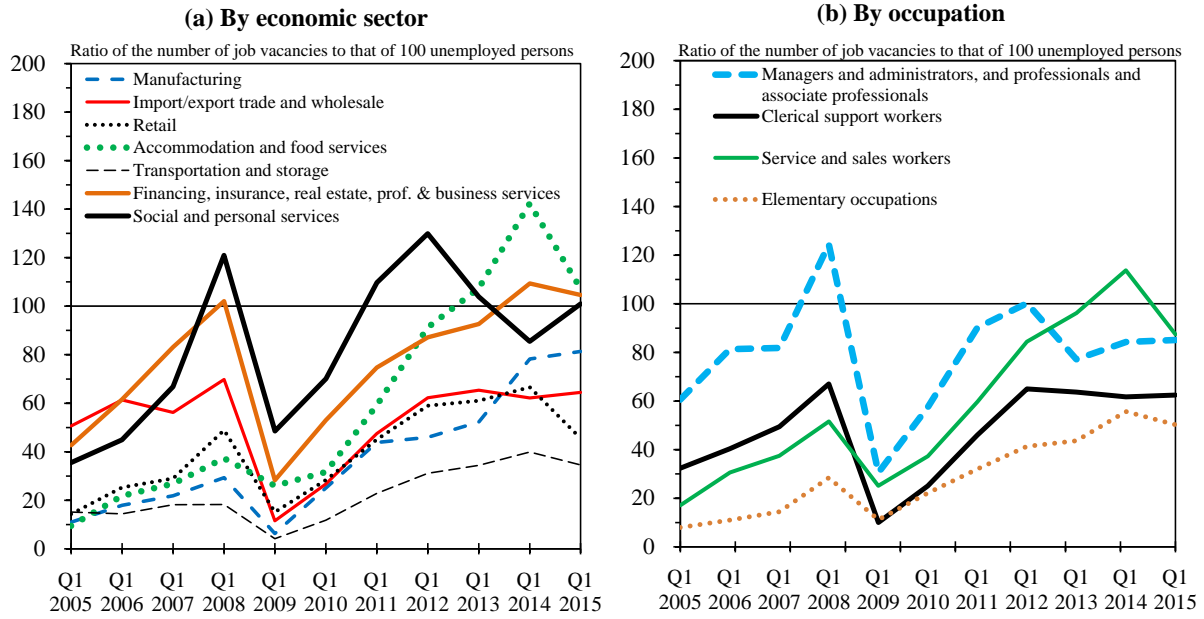
(c) These figures cover only vacancies for those staff to be employed on civil service terms of appointment.

( ) % 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 : Overall manpower resource balance stayed tight despite the easing in the tourism-related sectors and the lower-skilled segment**



5.15 The vacancy registration figures compiled by the Labour Department (LD), notwithstanding its smaller sample size, may provide some hints on the latest developments in the labour market. The average number of private sector job vacancies went up by 9.2% year-on-year to around 107 700 in the second quarter of 2015, suggesting that hiring sentiment remained largely steady.

## Wages and earnings

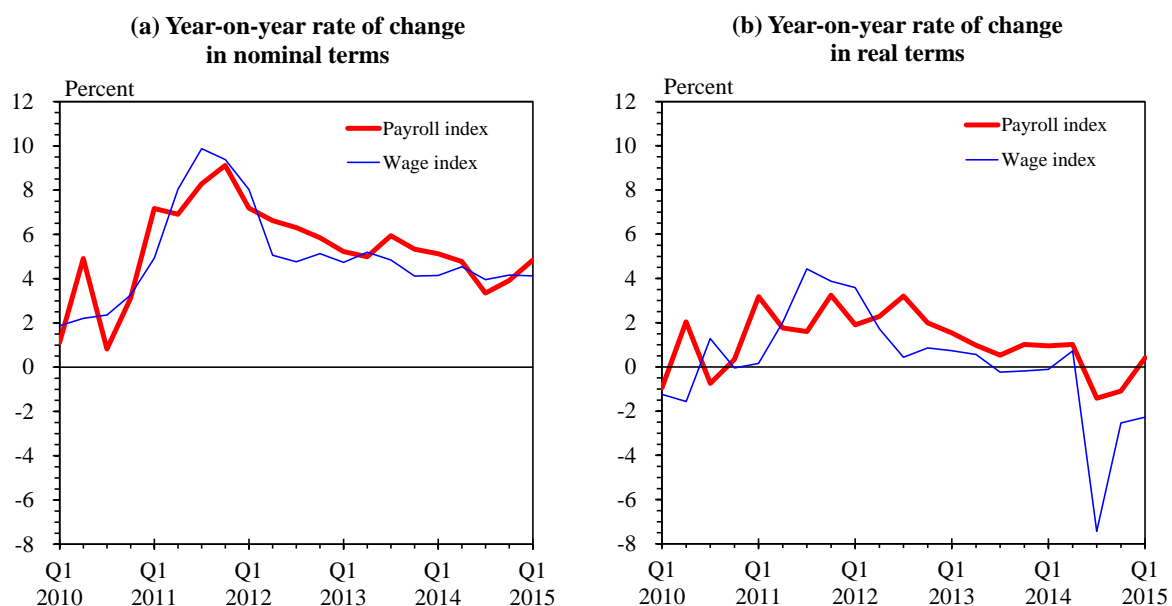
5.16 Wages continued to see steady and across-the-board increases on entering 2015, echoing the still largely tight manpower situation. *Wage index*, which covers regular payment to employees at the supervisory level or below, rose by 4.1% year-on-year in March 2015, broadly in line with the growth pace observed over the course of 2014. After adjusting for inflation<sup>(8)</sup>, real wages registered a decline of 2.3%, yet this was entirely due to a distinctly high headline inflation in March 2015 arising from the distortions of the Government's one-off relief measures.

5.17 Increases in nominal wages were observed across all economic sectors and occupations in March 2015, most discernibly in personal services (up 7.9% year-on-year), and accommodation and food service activities (up 5.4%). Wages of lower-skilled workers such as service workers (up 5.7%) and craftsmen (up 4.8%) also saw further appreciable growth.

5.18 *Labour earnings*<sup>(9)</sup>, as measured by the index of payroll per person engaged in the private sector, posted a faster year-on-year increase of 4.8% in the first quarter of 2015. After adjusting for inflation, real earnings improved by 0.4%.

5.19 Rises in nominal payroll were seen across major sectors in the first quarter of 2015, with more prominent growth in social and personal services (up 8.4%), sewerage, waste management and remediation activities (up 7.4%), and professional and business services (up 6.7%).

**Diagram 5.6 : Nominal wages and earnings saw across-the-board increases on entering 2015**



Note: The real wages and earnings in the recent few quarters were affected by the larger year-on-year increases in the headline Consumer Price Indices, which in turn reflected the distortion arising from the Government's one-off relief measures.

5.20 More recent statistics compiled from the General Household Survey, though not strictly comparable to those from the business establishment surveys, revealed that the average monthly employment earnings<sup>(10)</sup> of full-time employees (excluding foreign domestic helpers) engaged in elementary occupations recorded appreciable year-on-year growth of 6.3% in the second quarter of 2015, conceivably benefiting from the upward adjustment of the SMW rate since May 2015. After discounting inflation, there was a real improvement of 2.0%. For the overall income situation, the median monthly household income (excluding foreign domestic helpers) recorded respectable year-on-year growth of 7.9% in the second quarter of 2015, or 4.7% in real terms.

## **Highlights of recent labour-related measures and policy developments**

5.21 LD regularly organises large-scale job fairs in different locations, canvassing vacancies from various industries for application by job-seekers on the spot. From January to July 2015, LD organised ten large-scale job fairs in North District, Mong Kok, Tsuen Wan, Wan Chai and Tuen Mun. 345 participating organisations offered over 26 100 vacancies from the retail, catering, property management, transport and other industries. There were also 17 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.

5.22 Besides, LD continues its efforts in 2015 in launching pilot projects with employers of selected industries/ trades under the Youth Employment and Training Programme to enhance the employability and employment opportunities of young people with different backgrounds. The first two initiatives were collaborations with the hospitality industry and cultural enterprises. The third initiative, “『Y Worker』 YWCA Summer Workplace Attachment Training Program 2015”, aims to offer workplace attachment vacancies for young people with no or scanty work experience.

5.23 The SMW rate was raised by 8.3% from \$30 to \$32.5 per hour with effect from 1 May 2015. LD has organised extensive publicity activities to enhance public awareness of the revised rate. Targeted enforcement actions have also been undertaken to monitor employers' compliance with the new requirement.

5.24 The Standard Working Hours Committee (SWHC), with reference to the findings of the dedicated working hours survey, and the public engagement and consultation on working hours, agreed in principle to recommend a legislative approach to mandatorily require employers and employees in general to enter into written employment contracts specifying terms related to working hours of employees, and in parallel to explore whether there is a need for other suitable measure(s) to protect grassroots employees with lower income, lower skills and less bargaining power. SWHC aims to submit its report to the Government in the first quarter of 2016.

## 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. The statistics of the three-month periods of November 2013 – January 2014 to October – December 2014 have been revised to take into account the final end-2014 population estimates and those of November 2014 – January 2015 to December 2014 – February 2015 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 (including supermarkets and convenience stores, and other retail stores);
  - (ii) restaurants (including Chinese restaurants, non-Chinese restaurants, fast food cafes, and Hong Kong style tea cafes);
  - (iii) estate management, security and cleaning services (including real estate maintenance management, security services, cleaning services and membership organisations);
  - (iv) other low paying sectors, including
    - 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) 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.
- (9) 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.
- (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.