

Box 5.1

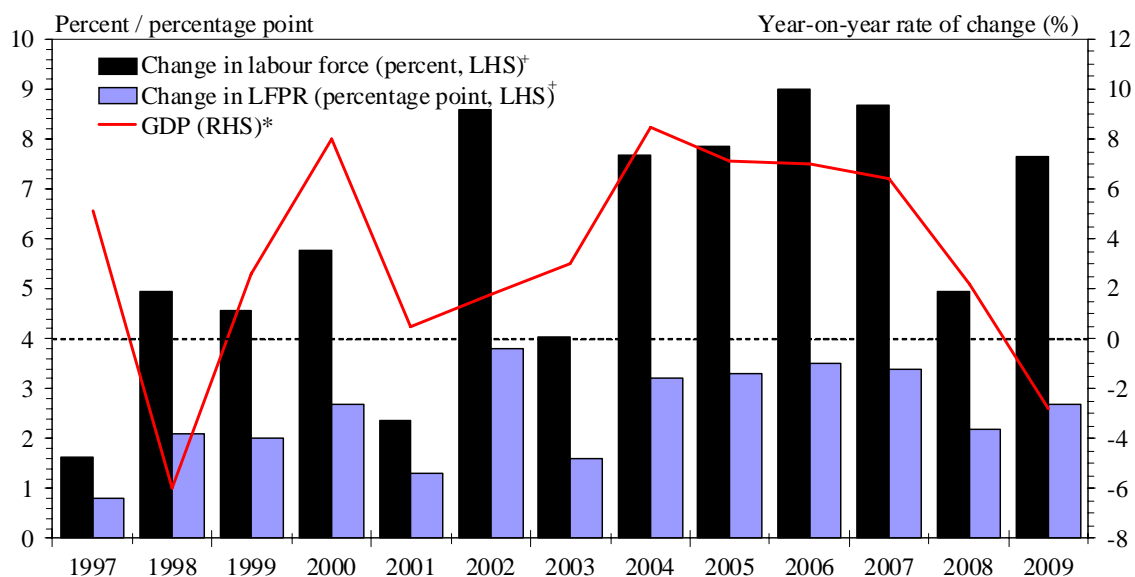
Seasonal pattern of youth workers¹

Influx of young graduates and school leavers during summer has been a regular feature of labour markets worldwide, and Hong Kong is no exception. By applying the X-12 ARIMA method to perform seasonal adjustment on the labour force data between 1997 and 2009, it is observed that labourers aged 15-24 typically posted notable seasonal upsurges between March – May and June – August, before decreasing steadily afterwards as some of these youth workers returned to school.

Seasonality versus cyclicality

During 1997 to 2009, the youth labour force (comprising people aged 15-24) grew by an average of 6.0% between March – May and June – August in each year (translating into an average increase of 2.5 percentage points in their labour force participation rate (LFPR)). Yet growth fluctuated widely between individual years. In particular, the growth in this particular labour segment experienced visible slowdowns during 1997 to 1999, 2001, 2003 and 2008, when the increase in LFPR was relatively tame amid the anaemic economic performance and weaker labour market conditions.

Chart 1 : Youth labour supply typically expands during summer months



Notes : (+) Changes in labour force and LFPR between March - May and June - August.
 (*) GDP figures on an annual basis.

Labour supply versus unemployment

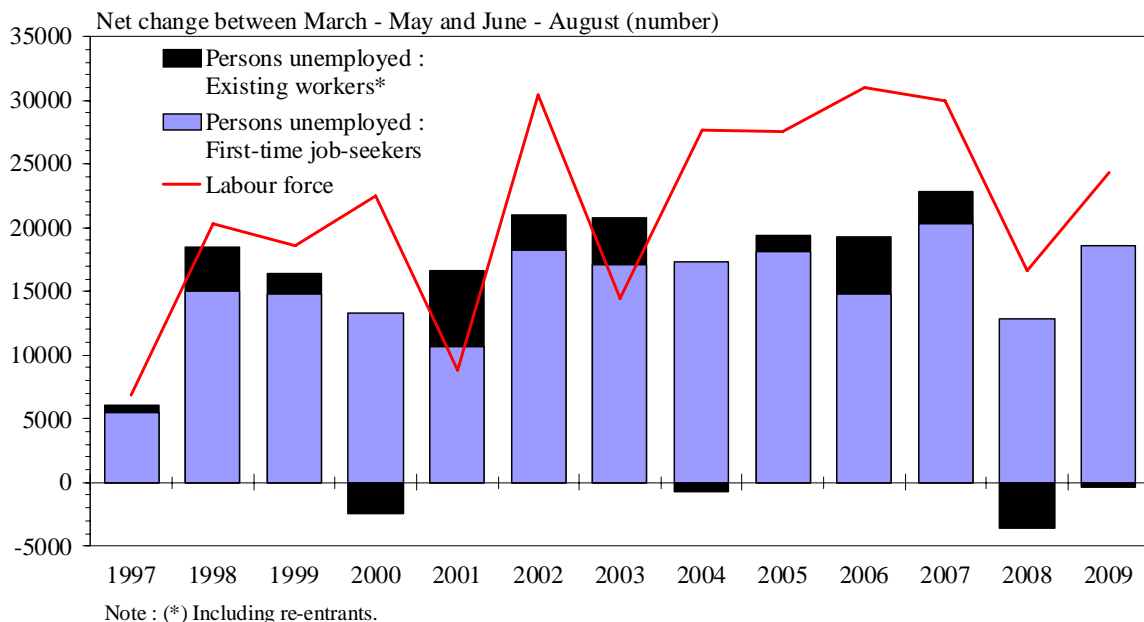
Given that these new entrants into the labour force are largely inexperienced, in terms of both on-the-job know-how and job-hunting process, it is not inconceivable that many of them would remain unemployed at least in the short term. Reflecting this, there was a high

¹ Youth workers are defined as those in the labour force who are aged 15-24.

Box 5.1 (Cont'd)

correlation of 0.80 between changes in the labour force and the number of first-time job-seekers during March – May to June – August each year for persons aged 15-24. For the whole period of 1997 to 2009, the increase in first-time job-seekers between March – May and June – August on average contributed to 76.1% of the expansion in labour force for this age group. Also worthy of note was that the growth in youth labour supply would more readily translate into higher unemployment when the economy underwent cyclical downturns and job creation was slow. An estimation showed that over the period 1997-2009, the increase in the number of unemployed youth between March – May and June – August on average corresponded to 86.0% of the increase in labour force.

Chart 2 : The increase of youth labour supply in summer largely reflected a surge in first-time job-seekers



Conclusion

The discussion above provides a quantitative perspective on the impact of youth workers entering the labour force during the summer months of 1997-2009. While similar seasonal effects can be expected for the coming years, the actual outturn will depend on such factors as the youth's perception of labour market conditions and the number of new jobs to be created by employers. The Government will closely monitor developments on this front.