

SPECIAL REVIEW

THE NEW WAGE SURVEY

Statistics of wage rates are basic data for indicating the well-being of employees and monitoring the functioning of the labour market. The Government has compiled these statistics since 1964. In order to improve the quality of these statistics for Hong Kong, a new Survey of Wages, Salaries and Employee Benefits was launched by the Census and Statistics Department starting from March 1982.

This article outlines the methodology used in this survey. It also provides a summary of the survey findings.

THE NEW WAGE SURVEY

I. Historical background

1.1 The Government has since 1964 conducted a survey entitled "Wage Survey" at half-yearly intervals. On the basis of the results of this survey, indexes of wage rates and statistics on the absolute level of wage rates and establishment practices with regard to pay were compiled and published. However, these statistics suffered from several defects. *Firstly*, there were large gaps in coverage. Economic sectors other than manufacturing and public utilities were largely not covered. Even in the manufacturing sector, many industries that in recent years had become important were left out, while many of those covered were no longer important. *Secondly*, the survey covered only craftsmen and other operatives, excluding other occupations. *Thirdly*, the sample used was not a probability one and covered essentially the large establishments. *Finally*, the statistics were available half-yearly and this is not sufficiently frequent for the purpose of monitoring the short-term changes in the economy.

1.2 To improve the situation, a new quarterly Survey of Wages, Salaries and Employee Benefits (hereafter referred to as the New Wage Survey) was conducted as from March 1982 to replace the old half-yearly Wage Survey and the results were released to the public in January 1983. In the new survey, a number of improvements were made, including the collection of statistics on wage rates at more frequent intervals, the adoption of a probability sampling method, the use of a larger sample (about 2 000 establishments) to achieve a higher degree of precision in the estimates for each industry covered, and an extension in coverage to include the non-manufacturing sectors and non-manual workers so as to make the statistics more representative (employees at the administrative and professional levels have been excluded in the early stage of the survey). The details of these improvements and the features of the New Wage Survey are given in the "Quarterly Report of Wages, Salaries and Employee Benefits Statistics for March, June and September 1982, Volume I".

II. Different wage measures

2.1 There are basically four statistical measures of wages, namely, wage rate, earnings, compensation of employees and labour cost. All four of these measures are expressed in money terms. They differ from one another essentially in the wage elements covered. Data for each of these measures are compiled to serve specific uses.

2.2 The fundamental concept is the wage rate which is usually thought of as the "price" of labour. As such, wage rates are usually expressed as time rates which refer to the amount of money paid for normal time of work and relate to a time-unit such as an hour, day, week or month.

2.3 The statistical measure of earnings is based on the concept of wages as "income" to the employed. It covers more wage elements than the concept of wage rate, but the basic difference between the two is that the concept of earnings relates to the amount of time *actually* worked and not to the *normal* time of work. Apart from changes in wage rates and in the amount of time worked, where the latter fluctuates with the season and with the economic situation, the movements of earnings are also affected by changes in composition of the labour force with respect to sex, occupation, and experience and quality of workers; and the incidence of the payment of bonuses and back-pay. They are therefore inherently more volatile than those of wage rates.

2.4 The third measure, compensation of employees, is used in connection with national accounts. It is a broader concept which covers, in addition to wage elements included as earnings, social security payments. Finally, labour cost is a statistical measure of the cost of employing labour to the employer. It is the broadest statistical measure of wages which covers, in addition to practically all of the wage items included under compensation of employees, the employer's cost of vocational trainings, welfare services and staff recruitment, etc.

2.5 The New Wage Survey (as well as the old one) collects data mainly relating to wage rates. In the new survey, wage rate is defined to include, apart from basic wages and salaries, cost-of-living allowance, meal benefits, commission and tips, good attendance bonus, night shift allowance, year-end bonus and other guaranteed and regular bonuses and allowances.

III. Objectives of the survey

3.1 The main objective of the survey is to compile statistics to measure the changes in wage rates over time. As a by-product, the absolute levels of wage rates are also compiled.

3.2 Wage indexes, both nominal and real, measure the "pure" changes in wage rates by holding the structural pattern of the labour force with respect to industry, occupation, sex and mode of payment the same as that of March 1982, which is the base period of the wage indexes. While the nominal wage indexes measure the changes in wage rates in money terms, the real wage indexes, which are obtained by deflating the nominal wage indexes by the Consumer Price Index (A), measure the changes in the purchasing power of wages. These wage indexes serve as indicators to monitor the short-term changes in the performance of individual industries and in the labour market situation.

3.3 Absolute levels of wage rates (as well as normal hours of work) are useful for a number of purposes. To the trade unions, employers associations and firms, such statistics are useful in wage negotiation. Academic institutions use them for career counselling. Government Branches/Departments use them in formulating policies, settling labour disputes, and determining the level of compensation related to industrial injuries. Private firms use them as a reference in the formulation of pay policy.

3.4 Wage rates, though defined to cover wage components other than basic wages and salaries, do not make up the entire pay package. Employers also pay their employees partly in the form of housing benefits, transportation benefits, social

security benefits, etc. To put these pay practices of different industries in perspective, statistics are also compiled on employee entitlement to different types of such practices.

IV. Coverage of the survey

4.1 *Industrial coverage* It is not necessary to cover all industries in the economy and in fact it is not possible to do so in the light of the limited resources available. Hence for the present survey, only 41 principal industries spanning the manufacturing, wholesale/retail, import/export trades and restaurants and hotels, transport services, business services and personal services sectors are covered.

4.2 *Occupational coverage* In each selected industry, a number of occupations which have clearly understood and definable duties are surveyed if they are either numerically important or are identified as being of special interest. Occupations included in the new survey are classified according to the following 6 occupational groups:—

Supervisory, technical, clerical and miscellaneous non-production workers (non-manual)

- (i) supervisory and technical workers;
- (ii) clerical and secretarial workers;
- (iii) service workers; and
- (iv) miscellaneous non-production workers.

Craftsmen and other operatives (manual)

- (i) craftsmen; and
- (ii) other operatives.

Employees at the managerial and professional levels are not included for the time being. In each selected industry, a number of representative occupations within each of the above occupational groups, if any, are surveyed.

4.3 Occupational classifications and job specifications are defined in advance of the survey. They are based mainly on the International Standard Classification of Occupations (ISCO). Because of the emphasis on inter-establishment comparability of occupational content, the job specifications may differ significantly from those in use in individual establishments. The primary objective of the job specifications is to identify the essential elements of skill, difficulty and responsibility that establish the basic concept of the job.

4.4 *Employee coverage* The main categories of employee covered in the survey are time-rated and piece-rated workers. Within these categories, workers of both sexes are included. The time-rated employees cover all employees paid on a time basis, whether this be hourly, daily, weekly, fortnightly or monthly.

4.5 The following categories of employees are excluded unless provision for their inclusion is specifically stated in the job specifications:—proprietors and family workers, out-workers, handicapped workers, part-time workers, apprentices, learners, beginners, trainees and workers on probation. Employees whose duties and tasks do not fit in with the scope of the selected occupations are also excluded.

4.6 *Establishment coverage* Establishments of medium to large size are covered in the survey. In very small establishments, workers often have no clearly defined job duties and the job they perform cannot be classified into any particular occupation. There may not always be strict adherence to regular work schedules and normal hours of work. If very small establishments were included, the cost of the survey would increase considerably. On the other hand, small establishments make up the majority and if too many were excluded, the survey results would not be representative. Thus, a balance has to be struck and a minimum size limit for establishments covered is determined for each industry.

V. Survey method

5.1 *Data collection method* At the start of a survey, notification letters are first mailed to the sampled establishments. A field officer then makes an appointment with the respondent during which he assists the respondent in job-matching and filling in the questionnaire.

5.2 *Unit of enquiry* The unit of enquiry for wage rate information is an occupation in an establishment, not the individual workers. To collect wage rate data for individual workers would make the cost of data processing prohibitively high. The unit of enquiry for information on establishment pay practices is an occupational group since such benefits are generally the same for similar occupations.

5.3 *Survey reference period* The survey reference period is fixed at the last month of each quarter, namely, March, June, September and December. All items of information refer to those prevailing and effective in these selected reference months only.

5.4 *Sample design* In each quarter, a total of some 2 000 establishments are covered, an average of about 50 per industry. The sample consists of 4 replicates each of which is stratified by industry and size in terms of employment. Each quarter, one replicate is replaced in order to spread the burden on selected establishments. The Central Register of Establishments maintained by the Census and Statistics Department provides a frame for this survey. Like other statistical frames, changes due to births and deaths are quite frequent. The death cases are deleted from the sample. For the birth cases, a supplementary sample is chosen and incorporated into the main sample in each quarter.

5.5 The survey is designed to estimate both the changes in and the absolute levels of wage rates. In estimating the changes in wage rates, that is, in compiling the wage indexes, only those establishments included in the three overlapping replicates in

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the two consecutive quarters are used. In other words, the sample design for the wage indexes corresponds almost to a 100% overlap, which is ideal for this purpose. On the other hand, the entire sample is used in the estimation of the level of wage rates, amounting only to a 75% overlap with the sample in the previous quarter. As a result, the movement of the absolute levels of wage rates may differ from the movement of the indexes. Where this happens, the wage indexes should always be used as they are designed to measure the "pure" changes in wage rates by holding constant the structure of the labour force.

5.6 *Index formula* The Wage Index (Nominal) is designed to measure the change in wage rates unaffected by changes in occupational and industrial structure. In view of the above, a Laspeyres base-weighted aggregative index is used, so that occupational and industrial structure is held constant. The index formula for a particular industry is shown below:—

$$I_{ot} = \frac{\sum N_j^o R_j^t}{\sum N_j^o R_j^o} \times 100$$

where I_{ot} = wage index for a given industry for time-period t with reference to the base time-period o taken as 100;

N_j^o = total number of employees in the j th occupation during the base time-period o . An occupation is subdivided with respect to sex and mode of payment, and each subdivision is treated as an occupation for the present purposes;

R_j^t = average wage rate of employees in the j th occupation at current time-period t ;

R_j^o = average wage rate of employees in the j th occupation at base time-period o .

For computational purpose, the same formula is expressed as:

$$\begin{aligned} I_{ot} &= \frac{\sum N_j^o R_j^o \frac{R_j^t}{R_j^o}}{\sum N_j^o R_j^o} \times 100 \\ &= \frac{\sum W_j \frac{R_j^t}{R_j^o}}{\sum W_j} \times 100 \end{aligned}$$

where $W_j = N_j^o R_j^o$ = total wage bill paid to all employees in the j th occupation in the base time-period o .

$\frac{R_j^t}{R_j^o}$ = wage rate relative for the j th occupation.

Thus the index becomes a weighted average of wage rate relatives, where the weight $\frac{W_j}{\sum W_j}$ for the j th occupation, and

$$\sum \frac{W_j}{\sum W_j} = 1$$

VI. Wage movements

6.1 So far, five rounds of the survey have been conducted. The analysis given in this article is based on statistics available up to December 1982.

6.2 Taking March 1982 as 100, the overall *Nominal Wage Index* was 105 for December 1982, representing increases of 2% when compared with September 1982, of 3% when compared with June 1982, and of 5% when compared with March 1982. The following table gives the Nominal Wage Indexes for June, September and December 1982 for individual economic sectors covered:—

NOMINAL WAGE INDEXES (MARCH 1982=100) BY SELECTED MAJOR ECONOMIC SECTORS

Selected major economic sectors	June 1982		Sept. 1982		Dec. 1982	
	Index	% change over last quarter	Index	% change over last quarter	Index	% change over last quarter
Manufacturing	102	+2	103	+1	105	+2
Wholesale/retail, import/export trades and restaurants and hotels	100	—	102	+2	104	+2
Transport services	106	+6	110	+4	110	—
Business services	102	+2	103	+1	103	—
Personal services	102	+2	103	+1	104	+1
All sectors above	102	+2	103	+1	105	+2

6.3 The increase was quite even for most sectors, ranging from no change to an increase of 2% between March and June 1982, from 1% to 2% between June and September 1982, and from no change to 2% between September and December 1982. An exception was the transport services sector where the Nominal Wage Index registered increases of 6% and 4% for June 1982 and September 1982 respectively. There was no change in the Nominal Wage Index between September and December 1982 for this sector as this was not their usual period for salary revisions.

6.4 Taking March 1982 as 100, the overall *Real* Wage Index was 99 for December 1982. The index remained the same when compared with both June 1982 and September 1982, and declined by 1% when compared with March 1982. The following table gives the Real Wage Indexes for June, September and December 1982 for individual economic sectors covered:—

REAL WAGE INDEXES (MARCH 1982=100) BY SELECTED MAJOR ECONOMIC SECTORS

Selected major economic sectors	June 1982		Sept. 1982		Dec. 1982	
	Index	% change over last quarter	Index	% change over last quarter	Index	% change over last quarter
Manufacturing	99	-1	98	-1	98	—
Wholesale/retail, import/export trades and restaurants and hotels	98	-2	97	-1	98	+1
Transport services	103	+3	105	+2	103	-2
Business services	99	-1	98	-1	96	-2
Personal services	99	-1	98	-1	98	—
All sectors above	99	-1	99	—	99	—

6.5 It can be seen from the above table that apart from the transport services sector, the Real Wage Index declined in all other economic sectors for both June and September 1982, ranging from 1% to 2%. Between September and December 1982, the Real Wage Indexes for both the business services sector and the transport services sector declined by 2%. During the same period, the Real Wage Index for the wholesale/retail, import/export trades and restaurants and hotels sector increased by 1% and that for the manufacturing sector and the personal services sector remained unchanged.

VII. Wage levels

7.1 Whilst the main objective of the New Wage Survey is to compile and publish wage indexes, both nominal and real, for measuring the changes in wage rates over time, statistics on the absolute levels of wage rates are also compiled and published for purposes such as career counselling and salary determination.

7.2 The results show that there are considerable variations in the wage rates in different occupational groups and economic sectors. To observe wage pattern by occupational group by sector, "wage relatives" are compiled. Wage relatives are the average wage rates of individual occupational groups in different sectors expressed as a percent of the overall average for all industries. Since wage rates are quoted in monthly rates for supervisory, technical, clerical and miscellaneous non-production workers, and in daily rates for craftsmen and other operatives, analysis is performed separately for these two types of workers.

7.3 The following table gives the wage relatives for supervisory, technical, clerical and miscellaneous non-production workers:—

WAGE RELATIVES FOR SUPERVISORY, TECHNICAL, CLERICAL AND MISCELLANEOUS NON-PRODUCTION WORKERS

December 1982

Economic sectors	Occupational groups			
	Supervisory and technical workers	Clerical and secretarial workers	Service workers	Miscellaneous non-production workers
Manufacturing	126	86	—	64
Wholesale/retail, import/export trades and restaurants and hotels	157	92	94	77
Transport services	157	95	74	78
Business services	196	107	—	84
Personal services	127	96	52	81
All sectors above	145	94	88	69

Note: The above wage relatives are the average wage rates for individual cells expressed as a percent of the overall average of \$2,557 a month for supervisory, technical, clerical and miscellaneous non-production workers in all sectors.

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By looking horizontally across the above table, it can be seen that supervisory and technical workers, as expected, receive the highest wage rates for all the sectors surveyed. Clerical and secretarial workers receive the second highest wage rate. Miscellaneous non-production workers receive the lowest wage rate in sectors where no service workers are employed; otherwise, service workers receive the lowest wage rate. An exception to the above observed pattern is the wholesale/retail, import/export trades and restaurants and hotels sector. Whilst supervisory and technical workers still receive the highest wage rate, service workers in this sector receive the second highest wage rate. An analysis of the distribution of workers in different sectors reveals that service workers (such as cooks, waiters/waitresses, bell boy and dishwashers) in the wholesale/retail, import/export trades and restaurants and hotels sector constitute the majority of workers in this sector as well as the service workers in all sectors. This explains the exceptionally high wage rate of service workers in this sector, and its effect on the ranking of these four groups of workers for all sectors combined.

7.4 By looking vertically down the table, it can be seen that wage rates for supervisory and technical workers, clerical and secretarial workers and miscellaneous non-production workers are the highest in the business services sector. On the other hand, wage rates for these three groups of workers are the lowest in the manufacturing sector. As for service workers, wage rate is the highest in the wholesale/retail, import/export trades and restaurants and hotels sector and lowest in the personal services sector.

7.5 Unlike supervisory, technical, clerical and miscellaneous non-production workers who are employed in all economic sectors, craftsmen and other operatives are employed mostly in the manufacturing sector. Consequently, the analysis of the wage pattern for these workers is performed only for the five major manufacturing industries, namely, garments, textiles, plastic products, electronics, metal products instead of for economic sectors. The following table gives the wage relatives for craftsmen and other operatives in these five manufacturing industries:—

WAGE RELATIVES FOR CRAFTSMEN AND OTHER OPERATIVES
December 1982

Industries	Occupational groups	
	Craftsmen	Other operatives
Garments	147	103
Textiles	112	97
Plastic products	100	76
Electronics	109	89
Metal products	125	85
Manufacturing sector	129	95

Note: The above wage relatives are the average wage rates for individual cells expressed as a percent of the overall of \$75 a day for craftsmen and other operatives in the manufacturing sector.

It can be seen from the above table that wage rates of craftsmen are always higher than those of other operatives in these five major manufacturing industries as well as in the manufacturing sector as a whole. Amongst these five major industries, wage rates of craftsmen as well as other operatives are the highest in the garments industry. On the other hand, wage rates are lowest in the plastic products industry (in fact, it is also the lowest paying manufacturing industry for craftsmen and other operatives as compared with all the manufacturing industries covered).

7.6 It should be noted that the occupational groups in different economic sectors do not cover identical occupations. Also, some occupations are more heavily represented in some sectors than others. In order to remove the difference in wage rates due to such compositional factors, an attempt has been made to compare the wage rates of different economic sectors and occupational groups by controlling as far as possible the composition of different occupational groups.

7.7 For each occupational group, a number of common occupations (i.e. those occupations found in all economic sectors) are picked out for the analysis. The common occupations picked are shown below:—

Supervisory and technical workers

store/godown supervisor
office supervisor
accounting supervisor

Clerical and secretarial workers

stock/purchasing clerk
bookkeeper/accounting clerk
general office clerk
personal secretary/stenographer
typist
receptionist/telephone operator

Miscellaneous non-production workers

general worker
messenger/office assistant
watchman/guard
driver
delivery man

There is no common occupation for service workers. As for craftsmen and other operatives, they are found mainly in the manufacturing sector. Consequently these occupational groups are not included in the analysis. In order to control the difference in proportions of workers in the above occupations among sectors, the wage rates of these occupations are combined to form the averages for individual occupational groups, assigning equal weights to each occupation in an occupational group in all economic sectors. The wage relatives computed by this method are given in the table below:—

WAGE RELATIVES FOR SUPERVISORY, TECHNICAL, CLERICAL AND MISCELLANEOUS NON-PRODUCTION WORKERS (USING COMMON OCCUPATIONS AND EQUAL WEIGHTS)

December 1982

Economic sectors	Occupational groups		
	Supervisory and technical workers	Clerical and secretarial workers	Miscellaneous non-production workers
Manufacturing	147	88	73
Wholesale/retail, import/export trades and restaurants and hotels	150	103	82
Transport services	168	94	72
Business services	206	114	89
Personal services	165	89	71

Note: The above wage relatives are the average wage rates for individual cells expressed as a percent of the overall average of \$2,557 a month for supervisory, technical, clerical and miscellaneous non-production workers in all sectors.

7.8 It can be seen that more or less the same wage pattern as in the table given in paragraph 7.3 exists, showing that comparison of wage level by industry and by occupational group, though not ideal, is still useful. Supervisory and technical workers again receive the highest wage rates in all sectors, clerical and secretarial workers the second highest and miscellaneous non-production workers the lowest. Furthermore, wage rates (for supervisory and technical workers and clerical and secretarial workers) are again the highest in the business services sector and the lowest in the manufacturing sector. The only difference in wage pattern observed is for miscellaneous non-production workers—the manufacturing sector no longer has the lowest wage relatives. An analysis of the distribution of these workers in different sectors reveals that there is a large number of general workers, who receive a low wage rate, employed in the manufacturing sector. This pulls down the wage rate of miscellaneous non-production workers when the difference in proportion of workers in different occupations is not controlled.

7.9 To give a more detailed analysis of the wage patterns of individual occupational groups, wage relatives are computed for individual industries and given in the table below:—

WAGE RELATIVES ANALYSED BY OCCUPATIONAL GROUP BY INDUSTRY

December 1982

Supervisory and technical workers		Clerical and secretarial workers		Craftsmen		Other operatives	
Industry	Wage relative	Industry	Wage relative	Industry	Wage relative	Industry	Wage relative
Banks	207	Technical consultancy firms	124	Jewellery	183	Boatyards and shipyards	143
Insurance	186	Import/Export	109	Wooden furniture and fixtures	149	Jewellery	129
Technical consultancy firms	184	Banks	108	Boatyards and shipyards	149	Footwear	121
Import/Export	170	Motor vehicle repairing	99	Garments	147	Paper boxes	119
Jewellery	168	Insurance	99	Footwear	137	Wooden furniture and fixtures	†
Boatyards and shipyards	167	Boatyards and shipyards	98	Paper boxes	136	Bleaching and dyeing	111
Restaurants, exclusively Chinese	166	Hotels	97	Wrist watch bands	129	Printing	108
Printing	154	Wholesale	95	Gloves	†	Garments	103
Bleaching and dyeing	152	Wooden furniture and fixtures	94	Metal products	125	Knitting	96
Air freight forwarder/Travel agency	152	Air freight forwarder/Travel agency	94	Printing	125	Cotton spinning and weaving	93
Restaurants, other than Chinese	151	Photographic and optical goods	93	Bleaching and dyeing	123	Photographic and optical goods	92
Wholesale	147	Restaurants, other than Chinese	89	Watches and clocks	120	Bakery products	91
Motor vehicle repairing	146	Jewellery	89	Electrical appliances	119	Electronics	89
Wooden furniture and fixtures	141	Metal products	89	Bakery products	115	Handbags	89
Cotton spinning and weaving	140	Handbags	89	Knitting	113	Watches and clocks	88
Photographic and optical goods	134	Garments	88	Electronics	109	Gloves	85
Paper boxes	131	Bleaching and dyeing	88	Handbags	†	Metal products	85
Bakery products	130	Restaurants, exclusively Chinese	87	Cotton spinning and weaving	100	Wrist watch bands	85
Retail	129	Plastic products	87	Photographic and optical goods	100	Electrical appliances	79
Metal products	127	Wrist Watch banks	87	Plastic products	100	Plastic products	76
Hotels	124	Printing	87				
Electronics	122	Knitting	86				
Plastic products	122	Retail	86				
Knitting	119	Electrical appliances	86				
Garments	118	Paper boxes	85				
Wrist watch bands	118	Electronics	84				
Watches and clocks	117	Footwear	83				
Electrical appliances	117	Cotton spinning and weaving	82				
Footwear	113	Gloves	79				
Handbags	104	Sanitary and similar services	77				
Sanitary and similar services	93	Watches and clocks	76				
Gloves	87	Bakery products	70				

†Data suppressed for confidentiality reasons.

Note: Wage relatives for supervisory and technical workers and clerical and secretarial workers are the average wage rates for individual industries expressed as a percent of the overall average of \$2,557 a month for supervisory, technical, clerical and miscellaneous non-production workers in all industries; whereas those for craftsmen and other operatives are the average wage rates of individual industries expressed as a percent of the overall average of \$75 a day for craftsmen and other operatives in the manufacturing sector.

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Since service workers are found only in a few industries, and the number of miscellaneous non-production workers is relatively small, wage relatives are not computed for these two occupational groups in order to simplify the analysis.

7.10 It can be seen that wage rates for supervisory and technical workers are highest in the banks industry, followed by the insurance industry, technical consultancy firms industry, import/export industry and jewellery industry. On the other hand, wage rates for this type of worker are lowest in the gloves industry. Those for the sanitary and similar services industry, handbags industry, footwear industry and electrical appliances industry are just slightly higher. The wage spread for this type of worker is quite large, ranging from 87 (13% lower than the wage rate for an average supervisory, technical, clerical and miscellaneous non-production worker) for the gloves industry to 207 (107% higher than the overall average) for the banks industry.

7.11 As for clerical and secretarial workers, the five highest paying industries are, in descending order, the technical consultancy firms industry, import/export industry, banks industry, motor vehicle repairing industry and insurance industry; the five lowest paying industries are, in ascending order, the bakery products industry, watches and clocks industry, sanitary and similar services industry, gloves industry and cotton spinning and weaving industry. The wage spread for this type of worker is smaller, ranging from 70 for the bakery products industry to 124 for the technical consultancy firms industry.

7.12 The findings of the above 2 paragraphs are consistent with the earlier findings that wage rates for supervisory, technical, clerical and miscellaneous non-production workers are highest in the business services sector (represented by the banks industry, insurance industry and technical consultancy firms industry) and lowest in the manufacturing sector.

7.13 Turning to manual workers, it can be seen that wage rates for craftsmen are highest in the jewellery industry. The wooden furniture and fixtures industry, boatyards and shipyards industry, garments industry and footwear industry are also high-paying industries for this type of worker. On the other hand, wage rates for craftsmen are lowest in the plastic products industry, just exceeded by those of the photographic and optical goods industry, cotton spinning and weaving industry, handbags industry and electronics industry. The wage spread for this type of worker is quite large, ranging from 100 for the plastic products industry to 183 for the jewellery industry.

7.14 As for other operatives, wage rates are highest in the boatyards and shipyards industry, followed by the jewellery industry, footwear industry, paper boxes industry and wooden furniture and fixtures industry. The lowest paying industry for other operatives is the plastic products industry (which is also the lowest paying industry for craftsmen). Wage rates for this type of worker are also low in the electrical appliances industry, wrist watch bands industry, metal products industry and gloves industry. The wage spread for other operatives is smaller than that for craftsmen, ranging from 76 for the plastic products industry to 143 for the boatyards and shipyards industry.

7.15 To summarize, wage rates for craftsmen and other operatives are high in the jewellery, wooden furniture and fixtures, boatyards and shipyards, footwear and paper boxes industries. Wage rates for these two types of workers are low in the plastic products industry on the other hand.

VIII. Methods of payment

8.1 Apart from basic wages and salaries, some employers also provide their workers with cost of living allowance, free or subsidized meal, meal allowance, commission and tips, good attendance bonus, night shift allowance, year-end bonus etc. All these wage components are defined as wage rate in the New Wage Survey. Statistics of wage rates are published separately for "total" wage rates (including all the above wage components) and basic wages and salaries.

8.2 A comparison has been made of the percentage share of other wage components in the total wage rate for individual occupational groups in different sectors. The following table gives these percentages for different occupational groups and economic sectors:—

PERCENTAGE SHARE OF THE AMOUNT OF OTHER WAGE COMPONENTS OUT OF TOTAL WAGE RATE ANALYSED BY OCCUPATIONAL GROUP BY ECONOMIC SECTOR

December 1982

Economic sectors	Occupational groups					
	Supervisory and technical workers	Clerical and secretarial workers	Service workers	Miscellaneous non-production workers	Craftsmen	Other operatives
Manufacturing	15	14	—	17	15	15
Wholesale/retail, import/export trades and restaurants and hotels	31	24	28	27	—	—
Transport services	22	17	31	14	†	†
Business services	13	14	—	15	—	—
Personal services	18	18	3	17	27	—
All sectors above	19	17	26	19	23	16

†Data suppressed for confidentiality reasons.

8.3 It can be seen from the above table that apart from service workers (mainly those cleaners in the sanitary and similar services industry) in the personal services sector, at least 13% of the total wage rate is paid in the form of wage components other than basic wages/salaries. Year-end bonus is the most common wage component which is paid to workers in all occupational groups in all sectors, and accounts for a percentage share ranging from about 3% to 10% of the total wage rate (except for service workers in the personal services sector who receive virtually no year-end bonus).

8.4 Other wage components (apart from basic wages/salaries) account for more than 20% of the total wage rate for workers in all occupational groups in the wholesale/retail, import/export trades and restaurants and hotels sector, supervisory and technical workers and service workers in the transport services sector, and craftsmen in the personal services sector. Meal benefits, commission and tips are very common in the wholesale/retail, import/export trades and restaurants and hotels sector. Supervisory and technical workers in a number of public transport utilities companies of the transport services sector are paid a significant amount of special bonus whilst service workers (mainly tourist guides) in the air freight forwarder/travel agency industry of the same sector are paid a large proportion of their wage rate in the form of commission and tips. Finally, craftsmen in the motor vehicle repairing industry of the personal services sector receive a large proportion of their wage rate in terms of a production/incentive bonus (this bonus is also commonly paid to other types of workers in this industry).

8.5 In the manufacturing sector, meal benefit is quite common for all types of workers whilst good attendance bonus is also quite common for craftsmen, other operatives and miscellaneous non-production workers, especially for other operatives. As for the business services sector, year-end bonus accounts for almost 10% of the total wage rate for all types of workers whilst other wage components are not common.

IX. Establishment pay practices

9.1 As mentioned before, the wage rate is the amount of money paid for normal time of work, and therefore can be taken as the "price" of labour. However, the wage rate does not make up the entire pay package and therefore does not reflect the full price of labour. Employers also pay their employees partly according to establishment pay practices giving such benefits as housing, transportation, social security, etc. To put these pay practices of different industries in perspective, statistics are also compiled on employee entitlement to different types of benefit.

9.2 Establishment pay practices as regards benefits collected in the New Wage Survey can be classified into the following types:—

- (i) paid holidays and leave;
- (ii) payments in kind, such as meal benefits, transportation benefits and housing benefits;
- (iii) social security benefits such as provident fund scheme, pension scheme, accident insurance other than employee's compensation and medical benefits;
- (iv) profit-sharing bonus; and
- (v) overtime premium.

Information is collected in terms of percentages of employees *currently* entitled to each type of benefit. If entitlement varies with length of service, the actual entitlement as in the survey reference month is recorded.

9.3 Statistics of establishment pay practices available so far are for the manufacturing sector as in December 1982. Such statistics are broken down by supervisory, technical, clerical and miscellaneous non-production workers (non-manual workers in short) and craftsmen and other operatives (manual workers in short). The entitlement of manufacturing workers are briefly described below:—

9.4 *Paid holidays and leave* Paid holidays and leave include those statutory and public holidays and annual leave granted by the employer with pay (full or partial), but exclude paid sick leave, maternity leave and rest days such as weekends. The results show that most of the manufacturing workers, either manual or non-manual workers, are entitled to fewer than 22 days of paid holidays and leave per annum. However, non-manual workers in the jewellery industry (29% of workers are entitled to 22 days or more of paid holidays and leave per annum) and those in the boatyards and shipyards industry (43% entitled to 22 days or more) do better than the others.

9.5 *Payments in kind* Housing benefits include free company-provided housing, subsidized company-provided housing, house-rent allowance and housing loan. The results show that these benefits are not common in this sector.

9.6 On the other hand, meal allowance is quite common for workers in this sector as about 20% of both manual and non-manual workers are entitled to it, and 30% of non-manual workers in this sector enjoy a free meal. Workers in the bakery products, bleaching and dyeing, paper boxes and photographic and optical goods industries enjoy better meal benefits than those in other industries, as shown in the following table:—

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Industry/type of workers	% of workers entitled to:	
	Free meal	Meal allowance
Bakery products		
Manual workers	87	10
Non-manual workers	76	20
Bleaching and dyeing		
Manual workers	45	41
Non-manual workers	54	36
Paper boxes		
Manual workers	37	57
Non-manual workers	42	50
Photographic and optical goods		
Manual workers	4	81
Non-manual workers	10	72

9.7 Free company-provided transport is also quite common for both manual workers (28% are entitled) and non-manual workers (26% are entitled) in this sector. On the other hand, only 12% of manual workers in this sector are entitled to transportation allowance. Relatively better transportation benefits in the form of free transport and/or transportation allowance are found in the cotton spinning and weaving, bleaching and dyeing, and electronics industries, as shown in the following table:—

Industry/type of workers	% of workers entitled to:	
	Free transport	Transportation allowance
Cotton spinning and weaving		
Manual workers	67	3
Non-manual workers	61	4
Bleaching and dyeing		
Manual workers	20	36
Non-manual workers	21	31
Electronics		
Manual workers	38	30
Non-manual workers	35	21

9.8 *Social security benefits* Pension schemes are practically non-existent in this sector. Employers provide provident fund schemes for only about 10% of non-manual workers and an insignificant number of manual workers. Accident insurance other than employee's compensation is also rare in this sector.

9.9 On the other hand, medical benefits in the form of either medical insurance, free or subsidized medical consultation with company doctors/nurses, or full or partial reimbursement of medical expenses are quite common as 32% of non-manual workers and 26% of manual workers in this sector enjoy such benefits. Workers in the cotton spinning and weaving, plastic products and electronics industries enjoy relatively better medical benefits than those in other industries, as shown in the following table:—

Industry/type of workers	% of workers entitled to:			
	Free medical consultation with company doctors/nurses	Subsidized medical consultation with company doctors/nurses	Partial reimbursement of medical expenses	Non-contributory medical insurance
Cotton spinning and weaving				
Manual workers	52	13	—	—
Non-manual workers	47	10	—	—
Plastic products				
Manual workers	3	32	3	—
Non-manual workers	7	18	6	—
Electronics				
Manual workers	25	8	12	8
Non-manual workers	19	9	18	20

9.10 *Profit sharing bonus* Some employers pay their workers a lump sum of money once a year according to the profit earned during the year. This is defined as profit-sharing bonus in the New Wage Survey. On the other hand, some employers call this a year-end bonus because it is usually paid at the end of the year. In the New Wage Survey, the distinction between year-end bonus and profit sharing bonus is based on whether the payment is guaranteed regardless of profit or loss. If it is guaranteed, it is classified as a year-end bonus. Otherwise, it is classified as a profit sharing bonus even if it is paid for several years due to sustained profits.

9.11 The results show that 43% of non-manual workers and 21% of manual workers in this sector are entitled to profit-sharing. In the plastic products industry, 55% of non-manual workers and 51% of manual workers are entitled to this bonus, whilst 52% and 65% of non-manual workers are entitled to it in the garments industry and knitting industry respectively.

9.12 *Overtime premium* Usually if a worker is asked to work overtime, he will receive the normal-time wage rate plus an additional amount called overtime premium. In the New Wage Survey, the method of collecting information on overtime premium is as follows:—

- (i) if a worker does not receive overtime premium (i.e. if he receives only the normal-time wage rate, less than that amount or even no money) for overtime work, overtime premium is defined as “100% or less”;
- (ii) if a worker receives overtime premium for overtime work, overtime premium is defined as “over 100%”; and
- (iii) if a worker is not required to work overtime at all, he is classified into the “not applicable” category.

9.13 For monthly-rated and daily-rated manual workers in the manufacturing sector, more than 70% receive overtime premium for overtime work, the rest being either those who do not receive overtime premium or are not required to work overtime. As for piece-rated manual workers, more than 60% do not receive overtime premium for overtime work.

9.14 For daily-rated non-manual workers in the manufacturing sector, more than 69% receive overtime premium for overtime work. As for monthly-rated non-manual workers, more than 40% receive overtime premium for overtime work, whilst most of the remaining ones do not.

X. Normal hours of work

10.1 The wage rate is defined as the amount of money paid for normal time of work. Consequently, the corresponding normal hours of work relating to these wage rates are required to supplement the wage rate data. In the New Wage Survey, data on normal hours of work are collected for (1) normal working hours per day, and (2) standard working days per month. In collecting standard working days per month, a method is used such that standard working days per week can be easily deduced. In the following analysis on normal hours of work, these two types of data are combined in order to simplify the analysis, and the concept of “normal weekly hours” is introduced. Normal weekly hours are defined here as the product of number of normal working hours per day and number of standard working days per week.

10.2 The following table gives the normal weekly hours for different occupational groups in different economic sectors:—

NORMAL WEEKLY HOURS ANALYSED BY OCCUPATIONAL GROUP BY ECONOMIC SECTOR

December 1982

Economic sectors	Occupational groups					
	Supervisory and technical workers	Clerical and secretarial workers	Service workers	Miscellaneous non-production workers	Craftsmen	Other operatives
Manufacturing	47	46	—	49	48	47
Wholesale/retail, import/export trades and restaurants and hotels	54	49	61	57	—	—
Transport services	45	43	45	46	†	†
Business services	39	39	—	40	—	—
Personal services	48	45	51	46	46	—
All sectors above	48	45	60	50	48	47

†Data suppressed for confidentiality reasons.

For supervisory and technical workers, clerical and secretarial workers, and miscellaneous non-production workers, normal weekly hours are the shortest in the business services sector. They work about 40 hours per week. Coupled with the findings mentioned earlier that wage rates in this sector are also the highest, it can be seen that wage rate per hour or “hourly wage rate” is also the highest in this sector. Although wage rates in the wholesale/retail, import/export trades and restaurants and hotels sector are higher than those in the manufacturing sector (which has the lowest wage rates), normal weekly hours in the former sector are the highest for all occupational groups (ranging from 49 hours to 61 hours). Service workers in this sector have the longest normal weekly hours (61 hours), which further explains the exceptionally high wage rate of these workers as pointed out earlier. Normal weekly hours for the manufacturing sector, transport services sector and personal services sector

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are quite similar, with those in the transport services sector being slightly shorter. Service workers in the personal services sector work a relatively large number of hours (51) per week because most of them are cleaners who also have to work outside normal office hours. Finally there does not appear to be a difference in the normal weekly hours between craftsmen and other operatives and supervisory, technical, clerical and miscellaneous non-production workers.

XI. Future development

11.1 This article has outlined the main features of the New Wage Survey and the summary findings. After this survey has been firmly established, it is intended to introduce further improvements, some of which are highlighted below.

11.2 Given a capability to carry out job research, it will be possible to extend the coverage of the wage surveys. *Firstly*, the industrial coverage can be extended, particularly to the service industries which are becoming more important to the Hong Kong economy. *Secondly*, small establishments can also be covered so that the wage statistics will be more representative of the industries covered. The main problem in covering small establishments is that the division of labour in small establishments is not as fine as in large establishments and their employees perform a wider range of duties than their counterparts in the large establishments. The job specifications in use, based on large establishments, are thus not suitable. The problem may be overcome by drawing up separate job specifications for small establishments. *Thirdly*, more jobs can be covered in the industries concerned, especially those at the managerial and professional levels.

11.3 The above improvements, coupled with the collection of more information and an increase in sample size, will also make possible the publication of more detailed statistics.