

Collecting Redundancy Data from Employers

Background

At the meeting of LegCo Panel on Manpower held on 24.2.2000, Hon LEE Cheuk-yan proposed that the Administration should require employers to report the number of employees made redundant and requested the Education and Manpower Bureau (EMB) to look into his suggestion with the Census and Statistics Department (C&SD).

Administration's Response

The EMB has consulted the C&SD and on the basis of its advice, our response to the above proposal is as follows:

- (a) The feasibility of collecting redundancy data from a survey on employer has been considered but this is found **impracticable** from the technical point of view due to the following reasons:
- redundancy data can only be collected using a retrospective approach (i.e. after redundancy has occurred). Since the establishments concerned no longer exist following closedown of businesses, redundancies will unavoidably be omitted. Given that redundancy arising from business shutdowns would form an important part of the total number of employees made redundant, this approach may lead to serious under-estimation of the overall level of redundancy;
 - according to the Employment Ordinance, employees who have worked for the same employer for less than 24

months are not entitled to severance payment when they are dismissed by reason of redundancy. In the circumstances, many employers would not keep records on redundancy of this kind. The data provided by the employers are thus bound to be subjected to under-reporting errors.

- (b) Some useful information on the subject of redundancy can be collected through the special topic enquiries (STE) attached to the General Household Survey (GHS). The C&SD has conducted STEs on “worker displacement” in Selected Quarterly GHS of 1992, 1995 and 1998. These STEs showed the number and characteristics of employees who had ever been displaced during a 12-month period owing to such reasons as “company closed down”, “slack work in company” and “post abolished”, irrespective of whether such persons could find (promptly or with some time lag) another job subsequent to displacement. These statistics help to throw light on the number of employees made redundant during the 12-month period.
- (c) For the purpose of facilitating the monitoring and analysis of the situation of staff redundancy in the labour market, the next STE has been scheduled for later this year.
- (d) C&SD has also studied the practices of statistical authorities in USA and UK regarding the collection of redundancy statistics. It is found that relevant statistics on the number of employees made redundant in these countries are also collected from households and not from the employers.