

Box 6.2**An analysis of the low-income employees**

In the current phase of economic recovery between Q3 2003 and Q3 2005, the total number of employees⁽¹⁾ has gone up by about 200 000 or 8%. This increase occurred entirely among employees with monthly income of \$5,000 or above⁽²⁾. Meanwhile, the number of employees earning less than \$5,000 per month⁽³⁾ fell amid the economic upturn. Conceivably, some of the low-income employees (i.e. with monthly employment earnings below \$5,000) might have moved up the income ladder and a certain proportion of the previously unemployed persons might have taken up jobs with income of \$5,000 or more, whereas some others found jobs with lower earnings.

Employees by monthly employment earnings

	<u>Q3 2003</u>	<u>Q3 2005</u>	<u>Difference</u>
Below \$5,000	274 700	267 300	-7 400
\$5,000 - \$7,999	558 100	622 800	64 700
\$8,000 - \$9,999	380 400	422 100	41 600
\$10,000 - \$12,999	390 400	454 300	63 800
\$13,000 or above	974 100	1 010 000	35 900
Total	2 577 800	2 776 400	198 600

Among the 267 300 low-income employees in Q3 2005, 29% were part-time workers (working voluntarily less than 35 hours per week) and 19% underemployed employees (working involuntarily less than 35 hours per week). The remaining 52% or 140 100 comprised full-time workers. Over the period Q3 2003 to Q3 2005, the size of low-income employees working on a full-time or underemployed basis decreased in both absolute and proportionate terms. Concurrently, those employees working voluntarily on a part-time basis, including homemakers, students, etc, showed a considerable increase, along with the pick-up in economic activity and new job opportunities.

Employees with monthly employment earnings below \$5,000

	<u>Full-time</u>	<u>Part-time, of whom :</u>		<u>Overall</u>
		<u>Involuntary or underemployed</u>	<u>Voluntary</u>	
2003 Q3	150 400 (5.8)	62 300 (2.4)	62 100 (2.4)	274 700 (10.7)
2005 Q3	140 100 (5.0)	49 800 (1.8)	77 400 (2.8)	267 300 (9.6)

Note : () Figures in brackets represent percentage shares in all employees.

- (1) Defined here to exclude foreign domestic helpers. In Q3 2005, employees accounted for 87% of total employment, while self-employed persons and employers accounted for 7% and 5% respectively.
- (2) The price levels in Q3 2003 and in Q3 2005 were broadly similar, as the rebound in prices after mid-2004 had been mild.
- (3) The overall median monthly employment earnings (excluding FDHs) stood at \$10,000 in Q3 2005. Hence employees earning less than \$5,000 per month had income less than half of the overall median.

Box 6.2 (cont'd)

A more detailed analysis indicated that among the 140 100 full-time low-income employees in Q3 2005, about two-thirds were female workers, whereas about half were aged 40-59. Analysed by educational attainment, persons with primary education or below accounted for over one-third of the total, while those with lower or upper secondary education accounted for around one-quarter each. Furthermore, around half of the people in this particular group were workers in elementary occupations, and another one-quarter service workers and shop sales workers, as the wholesale, retail and import/export trades, restaurants and hotels, and community, social and personal services were the economic sectors where an overwhelming majority (71%) of the full-time low-income employees were found. As to the 49 800 underemployed low-income workers, their socio-economic characteristics were broadly similar, except that there were comparatively larger proportions of male workers as well as craft and related workers, many of whom were engaged in the construction sector.

A further analysis of employment earnings by decile group showed that for low-income employees in the bottom three decile groups, their average monthly employment earnings, having mostly followed a downtrend during 2003 and 2004, began to bounce up in the early part of 2005. Comparing Q3 2005 with a year earlier, such employment earnings rose by 2-4%. This was the combined result of a rise in the number of full-time employees within those decile groups, as well as a broad-based improvement in the average employment earnings among all the full-time, underemployed and part-time employees concerned.

Average monthly employment earnings of employees at the lowest three decile groups

