

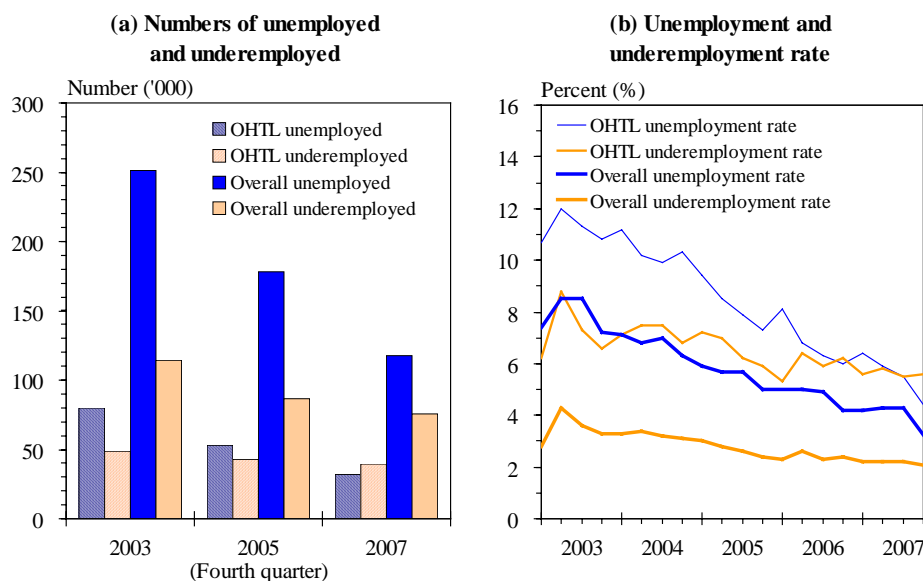
Box 6.2**An analysis of the One-High-Two-Low group⁽¹⁾****What is the One-High-Two-Low group?**

Strong and sustained economic expansion over the past few years has led to a broad-based improvement in the labour market conditions. Workers in virtually all segments have benefited, including those who belong to the One-High-Two-Low (OHTL) group. The OHTL group consists of workers aged 40 or over, with lower secondary education or below who are engaged in lower-skilled occupations. These workers are often perceived to be vulnerable and under-privileged as they tend to experience greater difficulties in finding and holding jobs, and hence to face greater risk of long-term unemployment. This note aims to provide a detailed analysis of this group, especially the question of whether the individuals concerned would be able to share the fruits of the current economic expansion.

Unemployment and underemployment situation of the OHTL group

In tandem with the robust job creation during the economic upswing, employment in the OHTL group rose from 659 300 in Q4 2003 to 687 400 in Q4 2007, an average of 1.0% per annum. This figure is significantly lower than the corresponding increase of 2.3% in total employment. Nevertheless, given the decrease in the OHTL labour force from 739 400 to 718 900 over the same period, the numbers unemployed in the OHTL group fell significantly from 80 100 to 31 500, and the unemployment rate from 10.8% to 4.4%. As a result, the unemployment gap between the OHTL group and the total labour force (including FDHs) narrowed considerably over the years. Employment gains in the OHTL group was particularly notable since late 2006, reflecting that even workers in the lower segment have also been able to enjoy more job opportunities as the economic recovery becomes full-fledged and entrenched.

Over the same period, underemployment in the OHTL group also improved, though by a lesser extent, with the number and rate declined respectively from 49 100 and 6.6% to 39 900 and 5.6%. However this favourable trend conceals the fact that the OHTL underemployment rate has remained persistently high and well above the economy-wide average in the past two years (5.6% vis-à-vis the overall average of 2.1% (including FDHs) in Q4 2007).

The OHTL group has also benefited from the economic upturn⁽²⁾

(1) Unless otherwise stated, this analysis excludes foreign domestic helpers (FDHs).

(2) The overall unemployment and underemployment figures here include FDHs.

Box 6.2 (cont'd)**OHTL labour force by age and sex**

Compared to the overall labour force aged 40 or over (the One-High or OH group), the OHTL group comprises a greater proportion of older persons, i.e. those aged 50 or over, and also exhibits a more notable ageing trend in recent years. In Q4 2007, the size of OHTL labour force aged 50 or over was 409 600, up from 345 700 in Q4 2003 with increases observed in both sexes. The respective proportion of older persons in the OHTL labour force likewise rose from 46.8% to 57.0%, significantly faster than that observed in the OH labour force, from 38.7% to 44.0%.

The gender mix of the OHTL labour force has also changed. With a decline in male workers aged 40-49 which more than offset the increase in older males, the OHTL male labour force shrank by 7.3% from 460 200 to 426 600 between Q4 2003 and Q4 2007. In contrast, the OHTL female labour force increased by 4.7% from 279 200 to 292 400 over the same period, although a dip in the number of females aged 40-49 was also observed. As a result, the share of females in the total OHTL labour force rose from 37.8% to 40.7%. Analysed by major economic sector, notable declines in OHTL male labour force were found in the manufacturing, retail trade, and restaurant sectors. While a portion of these male workers may have exited the labour force for reasons such as retirement or discouragement over employment prospects, some of them have conceivably upgraded their skills through further study, training or retraining, thereby moving out of the OHTL group. In comparison, the increase in OHTL female labour force occurred mostly in such service sectors as sanitary and similar services, import and export trade, and business services.

Employment status of the OHTL group

Concomitantly with the expansion of OHTL female labour force, the number of employed OHTL females registered a larger increase of 23 000, as against 5 100 for their male counterparts between Q4 2003 and Q4 2007. Also noteworthy is the significant compositional change in the employment status of these females. While a notable decline in underemployed females was found, this was more than offset by the increases in those working on full-time and voluntary part-time basis. Many of the originally underemployed OHTL female workers may have been able to switch to full-time employment amid the economic upswing, while numerous part-time jobs have also been created for OHTL females who voluntarily choose to work shorter hours to supplement family income. In contrast, the composition of employment status of OHTL males was fairly stable over the same period. Specifically, the number of underemployed OHTL males remained high, which in turn contributed to the persistently high underemployment rate for the whole OHTL group. A significant portion (67%) of the underemployed OHTL males in Q4 2007 were engaged as craft and related workers or in elementary occupations in the construction sector.

Employed OHTL workers by sex and employment status*

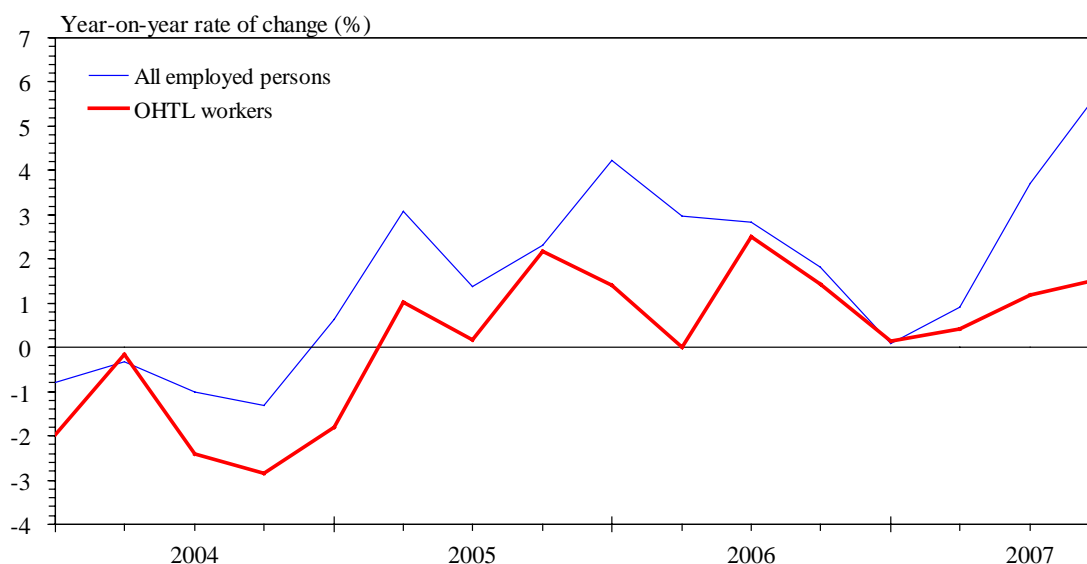
	Male			Female		
	Q4 2003	Q4 2007	Change	Q4 2003	Q4 2007	Change
Full-time	355 000	356 300	+1 300	208 100	224 100	+16 100
Underemployed	30 700	31 100	+400	18 400	8 800	-9 600
Voluntary part-time	16 600	20 000	+3 400	30 600	47 000	+16 400
Total	402 300	407 400	+5 100	257 000	280 000	+23 000

Note: (*) Full-time workers refer to those working 35 hours or longer during the 7 days before the enumeration, whilst voluntary part-timers are those working less than 35 hours but not underemployed (involuntarily working shorter hours).

Box 6.2 (cont'd)**Earnings trend of the OHTL group**

Benefiting from the general uptrend in labour wages and particular the improving unemployment and underemployment situation among the OHTL group, OHTL workers have enjoyed earnings increase since mid-2005. In Q4 2007, average employment earnings of the OHTL group rose by 1.5% over a year earlier. Nevertheless, as depicted by the diagram below, earnings growth of OHTL workers has been persistently below the overall average. In addition to the higher proportion of underemployed and voluntary part-time workers in this group who tend to have lower earnings, the ongoing structural transformation towards a knowledge-based economy, which has led to greater demand for better educated and higher-skilled professional and managerial staff and hence a faster increase in their salaries, is also a contributing factor.

**Average employment earnings of OHTL workers also on the rise,
though at a relatively modest pace**

**Conclusion**

The robust economic expansion and improvements in the labour market in the past few years have benefited workers from all walks of life, including the OHTL group. Given this outcome, it is believed that the most effective and fundamental way to improve the livelihood of lower end workers is to stimulate economic growth and create more employment opportunities. The relatively modest earnings growth of OHTL workers vis-à-vis the overall average points to the importance of investment in education, training, retraining and employment assistance measures to enhance the abilities of the disadvantaged, so as to better equip them to adapt to economic restructuring.