Box 5.1

Characteristics of Low-paid Employees in Hong Kong

The 2011 Annual Earnings and Hours Survey (AEHS) conducted by the Census and Statistics Department (C&SD) provides comprehensive data on employees in Hong Kong regarding the level and distribution of their wages, employment details and demographic profile after the implementation of the initial statutory minimum wage (SMW) rate, which came into effect on 1 May 2011. Based on the survey results, we can identify the socio-economic characteristics of low-paid employees and examine whether their employment characteristics have undergone notable changes since SMW implementation. For the purpose of discussion, employees with hourly wages within the lowest 10% of the overall hourly wage distribution are described as low-paid. Under this definition, there were 279 400 low-paid employees (i.e. with hourly wage less than $29.3) in 2011, of whom 180 600 (64.6%) were minimum wage earners (i.e. with hourly wage at $28).

Chart 1: Demographic characteristics of low-paid employees in 2010 and 2011

Chart 1 shows the demographic characteristics of low-paid employees. In 2011, most of them were females (61.4%); workers with lower educational attainment (72.2%); and middle-aged/elderly workers (aged 45 and above) (61.9%). While the situation was largely similar to that in 2010, the proportion of low-paid younger workers (aged 15-24) actually fell in 2011. Specifically, only 10.8% of all low-paid were younger employees in 2011, visibly down from 13.6% in 2010.

Notes: (*) Low-paid employees in 2010 and 2011 were defined as employees with hourly wages within the lowest 10% of the overall hourly wage distribution in the respective year.
(‘) The reference period of 2011 AEHS was May – June 2011, while that of the 2010 survey round was the second quarter (i.e. April – June 2010).
(#) Individual figures may not add up exactly to the total due to rounding.

Sources: 2010 and 2011 AEHS, C&SD.

(1) The 2011 AEHS covers all employees but excludes employees in the Government as well as student interns, work experience students and live-in domestic workers as exempted by the Minimum Wage Ordinance. According to the results of AEHS, there were 2 807 000 employees in 2011, up by 14 000 from 2 793 000 employees in 2010.
Box 5.1 (Cont’d)

_Chart 2_ compares the employment characteristics of low-paid employees over the past two years. Three distinctive observations are outlined below:

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**Chart 2 : Employment characteristics of low-paid employees in 2010 and 2011**

<table>
<thead>
<tr>
<th>Proportion among all low-paid employees</th>
<th>Observation (I)</th>
<th>Observation (II)</th>
<th>Observation (III)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-paying sectors (LPS)</td>
<td>84.3%</td>
<td>91.5%</td>
<td>73.0%</td>
</tr>
<tr>
<td>Elementary and service and shop sales workers</td>
<td>82.8%</td>
<td>90.1%</td>
<td>91.3%</td>
</tr>
<tr>
<td>Part-time workers</td>
<td>21.1%</td>
<td>16.0%</td>
<td>21.8%</td>
</tr>
<tr>
<td>Casual and fixed-term contract workers</td>
<td>15.9%</td>
<td>13.6%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Monthly-rated</td>
<td></td>
<td>33.8%</td>
<td>21.8%</td>
</tr>
<tr>
<td>Hourly-rated</td>
<td></td>
<td></td>
<td>33.8%</td>
</tr>
</tbody>
</table>

Sources: 2010 and 2011 AEHS, C&SD.

(I) Over 80% of low-paid employees worked in the low-paying sectors (LPS). Of all elementary, and service and shop sales workers in Hong Kong, 67.2% were employed in LPS. Conceivably, most of the low-paid were also engaged in these occupations (90.1% in 2011). Among LPS, low-paid employees were mainly concentrated in estate management, security and cleaning services (Chart 3a). In fact, over half (52.3%) of the employees in this sector were low-paid, and 41.3% were minimum wage earners, as compared to only 10.9% in retail and 14.5% in restaurants. Although low-paid employees in elderly homes only accounted for 2.4% of the low-paid group, the incidence of minimum wage earners in the sector was particularly high at 25.8% (Chart 3b).

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(2) For the coverage of the low-paying sectors, please refer to Note (6) in Chapter 5 of this economic report.
Box 5.1 (Cont’d)

(II) While most of the low-paid employees worked full-time or on a permanent basis, the incidence of part-time, causal or fixed-term contract(3) workers being low-paid was typically more pronounced. However, with the thriving economy and buoyant labour market, workers who were employed to meet seasonal or temporary demand became less likely to be low-paid in 2011. More specifically, 30.6% of part-time employees were low-paid in 2010, whereas the corresponding figure was only 22.7% in 2011. Similarly, there were 15.5% of casual and fixed-term contract workers who were low-paid in 2010, while only 13.2% of their counterparts were found to be low-paid in 2011.

(III) Like the majority of employees in Hong Kong, most of the low-paid workers were monthly-rated before the implementation of SMW. Yet the proportion of low-paid employees being hourly-rated after SMW implementation was noticeably higher, amounting to 33.8% in 2011 as compared to 21.8% in 2010. The proportion of daily-rated low-paid employees likewise went up slightly from 3.6% to 4.2% (Chart 4a). Among all low-paid employees in LPS, for example, 37.4% were hourly-rated in 2011, up quite visibly from 23.8% in 2010. The most dramatic change was seen in estate management, security and cleaning services, with merely 1.1% of low-paid employees in the sector being hourly-rated in 2010 but surging to 29.5% in 2011 (Chart 4b).

So far, the statistics indicated that the demographic composition of low-paid employees remained by and large stable after SMW implementation. Thanks to the robust economic growth over the past two years, the incidence of low-paid jobs among part-timers and temporary employees improved. The basis of wage rate demonstrated some visible changes, partly reflecting employers’ responses to the new statutory requirement. Nevertheless, the effects on whether and how these adjustments will gradually accumulate and in turn affect local employment practices will have to be evaluated over a longer period of time.

(3) Casual workers refer to individuals employed on a day-to-day basis or for a fixed period of less than 60 days. Fixed term contract workers refer to individuals with a contract of employment for a fixed period of 60 days or more, and is due to end when a specified date is reached.