

青年窮忙族能脫離困境嗎？
A study on young working poor in Hong Kong

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A Study on Young Working Poor in Hong Kong

Summary Report

The labour market in Hong Kong has improved in recent years and the unemployment rate continues to decline. Nevertheless, there is still a group of young people who have been unable to cast off poverty even though they work hard. Their income remains low even though they are employed, causing an economic burden in their daily lives and affecting their plans to enhance their employability through further study. Worse still, they find it difficult to find opportunities to improve their income and job prospects significantly in the foreseeable future. This group of young people is called the 'working poor' and they are the focus of this study.

There are significant numbers of young working poor around the world including in developed regions such as Europe and the United States, and in Asian regions such as Japan and Taiwan. These young people are poor even though they work. The in-work poverty rates of young people are usually significantly higher than those of the labour force overall. For instance, in 2013 the rate for young people in the 28 member states of the European Union was 28% higher than that of the overall labour force. This reflects the vulnerable position of young people in the labour market.

This study uses the eligibility criteria for the 'Work Incentive Transport Subsidy Scheme' of the Labour Department of Hong Kong as a basis to estimate the number of in-work young people on low incomes. It is shown that the number of working poor aged 15-34 is 104,300 while the in-work poverty rate is 10.3%. It is therefore apparent that there is a sizeable population of young working poor in Hong Kong.

Furthermore, according to research on social mobility in Hong Kong, while the opportunity to move upward remains, the criteria for mobility are becoming more and more dependent on educational credentials and professional qualifications. Young working poor people whose employability is limited are finding it even harder to improve their situation.

In view of this constraint on mobility, this study focuses on the young working poor. It aims to investigate the reasons why they remain in persistent poverty and the limitations they encounter in daily life, as well as to explore ways of helping them prosper and progress.

A territory-wide telephone survey was designed to understand the views of young people on the issue of the young working poor. In-depth interviews were held with in-work young people whose average individual monthly income did not exceed \$8,315 in order to understand their employment conditions, the limitations of their daily lives and their future plans. Interviews with relevant experts and scholars were also conducted with the aim of understanding their views on the issue of the young working poor and the relevant policies and measures.

The telephone survey was conducted between 23 September and 18 October 2014 among young people in Hong Kong aged 15-34. Using random sampling, 522 eligible young people were successfully polled, giving a response rate of 51.5% and a standard error of $\pm 2.2\%$.

The interviews were conducted between 25 September and 1 November 2014. A total of 20 young people aged between 15 and 34 whose average monthly income did not exceed \$8,315 were interviewed by arrangement with the service units of The Hong Kong Federation of Youth Groups. Equal numbers of men and women were interviewed. The sample included young people with different sorts of 'grassroots' or junior clerical jobs. Most were short-term contract workers, part-time workers, or temporary workers. Only two were on permanent contracts.

The interviews with experts and scholars were conducted between 15 and 30 October 2014. Four such experts with an interest in youth development and employment were interviewed, including an academic, an experienced personnel consultant, a trade union official and a member of a young people's organisation.

The following section summarises the main findings from the analysis of the survey and interviews, followed by a discussion of their significance and recommendations for the future.

Discussion

- 1. Many enterprises around the world use flexible employment strategies as a result of globalisation, which increases the number of low-paid and unstable jobs and hence gives rise to the problem of the young working poor. The number of in-work low-paid young people aged 15-34 in Hong Kong amounts to 104,300 or 10.3% of those employed.**

To cope with the impact of economic globalisation, many enterprises around the world are now using flexible employment strategies to control business costs and improve competitiveness. These strategies include an increase of unstable jobs such as outsourced, temporary and part-time posts, and a reduction in full-time employees. These unstable jobs are usually poorly paid and have very limited development opportunities. Many people with limited employability will remain in such jobs over a long period and finally become the young working poor.

The phenomenon of the working poor is recognised worldwide and is not limited to Hong Kong. This study refers to the assessment criteria of the Hong Kong Special Administrative Region (HKSAR) government for helping those on a low income. It defines in-work poverty for an individual based on the criteria for the Work Incentive Transport Subsidy Scheme; namely having a personal monthly income not exceeding \$8,315 and personal assets worth no more than \$79,500. According to these criteria¹, the number of in-work low-paid young people aged 15-34 in Hong Kong amounts to 104,300 or 10.3% of those employed.

Summing up the analysis, the main causes of working poverty for young people in Hong Kong are the increase in the number of unstable jobs, limited choice of jobs, low educational credentials, lack of a recognised and specialised qualification, lack of career planning and high cost of living.

¹ Calculated using the closest statistical data available, namely personal monthly income of \$8,500 or less.

2. Forty percent of the respondents who were employed thought that they were among the working poor. Most were in service, sales and associate professional jobs. Most of the overall sample thought that a monthly income of \$10,000 would not be enough to maintain a basic standard of living.

The results of the territory-wide survey show that 37.8% of working respondents thought that they were among the working poor (meaning that they were still on low incomes even though they worked hard). There were significantly more self-defined working poor in service, sales and associate professional jobs than in other roles. Most had received a low level of education.

Looking at the respondents overall, the majority believed that a monthly income of \$10,000 would still be insufficient to maintain a basic standard of living. Respondents thought that the median monthly income required was between \$11,000 and \$11,999 if one lived with parents. If one also had to meet independent housing expenses, the median monthly income required went up to \$16,000-\$19,999.

3. Interviewees not only valued the short-term income from a job, but also the long-term development opportunities. However, the vast number of unstable jobs in the current labour market makes it hard for these young employees to enhance their employability by accumulating experience. Therefore, it is not only necessary to enhance individuals' competitiveness but also to develop more job opportunities with genuine career prospects.

Summarising the results of the survey and interviews, the respondents did not consider their jobs as solely a tool to earn money in the short term. They hoped to use the job to build the foundations of their lives, to plan for their futures and to establish their social status. They even hoped to broaden their horizons and express their talents. However, jobs in the retail and service industries, where there is great demand, may provide young people with an income only slightly higher than the minimum wage. They are unlikely to find development prospects in such posts.

The results of the survey showed that more than half (52.5%) of respondents had found it difficult to fulfil the basic requirement of finding a long-term and stable job, let alone a suitable job (68.2% said this was difficult) or a job with development prospects and a career path (70.5% said this was difficult).

There are more and more unstable jobs in the current labour market, such as temporary, part-time, freelance and outsourced roles. In the long term, it is difficult for young people who are in such jobs to obtain recognised experience and improve their salaries and seniority. This affects their long-term career development. This situation cannot be altered by solely enhancing individual competitiveness, it is necessary to develop more job opportunities with career prospects.

4. The vicious cycle of poverty has become the greatest difficulty faced by the young working poor. On the one hand, they become working poor because they lack specialised qualifications. On the other, they are unable to afford the expensive tuition fees for further study. To improve the situation, it is necessary to provide them with training as well as fostering a positive and motivated attitude.

Theoretically, the interviewees should be able to improve their problem of low educational credentials, lack of specialised qualifications and low employability by engaging in further study. Though many of them understood the importance of doing so, they had been unable to follow through because of the problem of affording high tuition fees.

In fact, many young working poor come from working-class families and face real economic pressures. More than half of the interviewees said that their families were in financial need. Some were even the main breadwinner. Hence they had had to think carefully when considering whether or not to embark on further study.

On the one hand, some young people become working poor because they lack specialised qualifications. On the other, they cannot afford expensive tuition fees. It is difficult for them to break out of poverty by enhancing their employability. This vicious cycle is deemed to be the greatest difficulty faced by the young working poor.

To break this cycle, it is necessary to provide training and to enhance their motivation to undertake further study which will improve their employability. At the same time, the young working poor need to maintain a positive and motivated attitude. They need to take the initiative to further their education in order to improve their own situation.

5. The problem of limited choice of job types not only limits the employment options of young people with limited education, but also makes it difficult for them to fulfil their potential at work, leading to discouragement in the long run. Such a mismatch of human resources also further reduces the choice of jobs available to young people.

This study has also shown that the limited choice of job types is one of the important factors affecting the young working poor.

Hong Kong's economy is mainly led by the four pillars of the economic sector, namely financial services, trading and logistics, professional services and tourism. Many jobs in these sectors require higher education and a professional qualification. There are also fewer and fewer junior clerical jobs available. Young people with little education therefore tend to remain in low-level positions in catering, retail and storekeeping.

Some respondents pointed out that they had been enthusiastic in developing careers based in their interests and specialties (e.g., music, art and literature). However, in practice such opportunities are limited since these sectors are underdeveloped in Hong Kong. The respondents therefore also had to take low-level jobs to make a living. If the problem of limited choice of job types continues, it will not only limit the development of young people in the workplace, it will also discourage them over the long term.

In addition, there is a problem with the mismatch of human resources. Since the image of certain jobs is not attractive, some young people have misunderstandings about them or are biased against them, further narrowing their choices. One root cause of the problem therefore lies in the failure of young people to recognise their personal vocation and interests as early as possible.

6. Young people hope to improve their situation by their own efforts. They do not want to rely on the government. However, they think the government also has a responsibility to improve their labour market opportunities through policies and measures given the limitations of real life. The government, the industrial and commercial sectors and social service agencies need to collaborate more to devise and implement such measures to help these young people.

This study has indicated that young people recognise the key influence of individual effort in improving one's employment situation. For instance, although nearly all those interviewed were eligible to apply for the Work Incentive Transport Subsidy Scheme, many of them had not done so because they wanted to make a living on their own instead of relying on the government. As for the role of solving the problem of in-work poverty, most respondents agreed that this responsibility falls mostly on the individual (41.9%).

Nevertheless, the situation of the young working poor is in reality restricted by systemic problems including the limited choice of jobs, the unaffordability of tuition fee for recognised courses and the limited number of stable jobs. On that basis, 37.0% of the respondents thought the government should bear the main responsibility for solving the problem of in-work poverty. They expected the government to implement policies which would improve their opportunities in the labour market.

As reflected by our own previous studies, most young people wish to make a living by their own efforts. They feel able to find their own way out of

poverty with just a little assistance. However, publicity about the services and measures intended to help young people is not reaching them, and those in need are not receiving assistance. To improve this situation, the government, the industrial and commercial sectors and social service agencies need to collaborate more effectively in order to identify young people in need and implement services and measures to assist them.

7. Career-planning services can help the young working poor identify career goals so that they can plan their way out of unstable jobs. However, services for working young people are still insufficient and need further improvement.

At the individual level, the young working poor need to get out of unstable employment in the secondary labour market. They need to find stable jobs and treat this as a platform to improve their remuneration and status. The experts and scholars interviewed in this study recommended that young people should plan their careers. They should try to find stable jobs and then aim to improve their qualifications by means such as further study. Only in this way can they escape from in-work poverty.

Some respondents who had previously received career-planning counselling said that this service had helped them set career goals and maintain relatively stable employment. The positive effect of such services should be recognised.

The government has allocated \$500,000 per year to every government and subsidised secondary school to offer career-planning education, starting in 2014. The positive aim of this measure should be recognised. However, the career-planning counselling available to the young working poor to help them choose appropriate jobs is still insufficient. This situation needs to be improved.

Recommendations

Based on the above findings and discussion, we propose the following recommendations in order to help the young working poor escape from the vicious cycle of poverty:

- 1. The government should subsidise the tuition fees of low-income working young people for recognised part-time courses.**

To overcome the problem of unaffordable tuition fees, which restricts young people's opportunities to improve their employability, the government should consider subsidising fees for those in need. This would enable them to take part-time courses leading to recognised qualifications through the Community Care Fund. Such a subsidy should cover specific courses for obtaining specialised or professional qualifications such as culinary arts, accounting, health care and early childhood education. It should also include courses that can further develop employability such as professional certificates in the creative industries and information technology.

- 2. Collaboration should be encouraged between commercial chambers and enterprises to implement large-scale internship programs in order to provide opportunities for young people to try a wider range of job types.**

In response to the challenge faced by young people in unstable jobs seeking to enhance their employability by accumulating work experience, the government should encourage the commercial chambers to take the lead to collaborate with enterprises and provide different types of internship. In this way, young

people with poor employability will be able to widen their vision and to accumulate and enrich experience through involvement in different types of job. These programs can make reference to the Youth Employment and Training Program of the Labour Department and a training subsidy for six months to one year can be provided by the government.

- 3. The government should make more effort to support the diversified development of different industries in order to provide more career choices for young people.**

To deal with the problem of limited choice of job types induced by putting too much emphasis on the four pillars, the government should make more effort to foster the diversified development of different industries in order to provide more employment choices for young people. For instance, the government urgently needs to address the planning and promotion of the development of the creative industries as young people have high levels of interest and potential in this sector.

- 4. Career-planning services should be extended to low-income working young people.**

Since such services have been shown to be useful in helping low-income young people to maintain relatively stable employment, they should be continued and extended to the young working poor or young people in low-level jobs. Those in need of such counselling can be approached by the service providers via industrial and commercial enterprises or government departments. For example, events such as workshops for the young applicants to the Work Incentive Transport Subsidy Scheme could be organised for young low-level employees in order to help them plan their own careers.