

Marginalized Workers in Postindustrial Hong Kong¹

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Introduction

The issues of poverty and unemployment have been attracted extensive attention from the Hong Kong public. In tackling the problems, the Hong Kong Special Administrative Region (SAR) government set up a Task Force on Employment in May 1998 and more than 30 policies and programmes had been launched. The Hong Kong SAR Chief Executive, Tung Chee Hwa announced that 'poverty' would be the main theme of his fourth Policy Speech in October 2000. However, since then the problems have not been solved, the unemployment rate of Hong Kong even surged to 7.9% in 2003.

This paper attempts to analyze how the adverse impacts of globalization on the Hong Kong labour markets create recent severe poverty and unemployment problems. Particularly, the paper is about the marginalization of the Hong Kong working class. It is argued that as Hong Kong establishes itself as a postindustrial global city, deindustrialization, the feminization of the low-wage service sectors, flexible managerial practices and the anti-poor government policies associated with this developmental path destabilize the employment of the working class, jeopardize their job security and stability, make them financially, physically and emotionally vulnerable, and, consequently, trap them into the low-wage labour markets with slim chances of upward mobility, or even into poverty.

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The paper is divided into three parts. Firstly, it will review the current literature about globalization, postindustrialization, the destabilization and defamilialization of work. Then the general situations of Hong Kong working class will be outlined. In particular, the section focuses upon the rising job insecurity and casualization of the lower class' employment. Lastly, three case studies will be presented to illustrate how postindustrialization marginalizes the Hong Kong working class.

Globalization, Unemployment and Poverty

Although it has been repeatedly argued by neoliberal scholars and policymakers that globalization provides opportunities for economic growth and poverty alleviation, urban poverty in advanced cities has not been eradicated. Wilson (1987, 1996) identifies a new group of urban poor or "underclass" emerged because deindustrialization makes jobs disappear. The social polarization thesis, as articulated by a number of students of global cities (Mollenkopf & Castells, 1991; Fainstein & Harole 1992; Sassen 1991, 1998; Lawless & Smith, 1998), postulates that cultural, economic and political polarizations between a comparatively cohesive core of professionals and a disorganized periphery fragmented by race, ethnicity, gender, occupational and industrial location, and the spaces they occupy have turn cities into divided or dual cities.

As Wacquant (1999) summarizes, globalization, coupled with its adverse consequences, produces new social conditions for the disadvantaged groups: (a) the resurgence of social inequality, (b) the deproletarianization (i.e. being expelled from the wage labour market) and casualization of labour, (c) the retrenchment of welfare states, and (d) the spatial concentration and stigmatization of poverty. Consequently, new regimes of urban marginality are established in advanced societies.

Although this new kind of poverty has been reported in various global cities, the actual mechanisms and processes for creating urban marginality are quite different from city to city. Even though the same set of external global forces is bombarding every global city, the impacts on people are different because of the mediation of the specificity of local urban circumstances and state policies. When Wacquant (1999, pp. 1644–5) lists the four structural logics that fuel the new marginality, he also highlights the divergence of how these forces work out between the European and American cities. Indeed, these structural forces are not operating

separately. We attempt to argue that social inequality and poverty are the joint effects of the other three forces, with the destabilization of labour market as the primary factor.

As Esping-Andersen (1993, p. 2) argues, “Traditional class theory tends to be institution-less, assuming that classes emerge out of unfettered exchange relations”. In order to understand the class mobility or how the new urban poor are trapped into a vicious cycle of disadvantages in contemporary global cities, one has to examine in what ways the local institutions mediate against the external global forces. Among the local institutions, labour markets are of paramount importance because labour market attachment or employment is still the most significant determinant of a person’s and her/his family’s life chances.

Though examining US data obtained from the 1988, 1990, and 1996 panels of the Survey of Income and Program Participation, McKernan and Ratcliffe (2002, pp. 16–7) discover that there is no single path into or out of poverty because many events throw people into poverty, and many events help people exit from poverty. But loss of employment by the household head is identified as the event most often associated with poverty entries, while losses of employment by the spouse and other family members have smaller effects. With regard to poverty exits, McKernan and Ratcliffe (2002, pp. 19–20) again find out that employment gain is the most important trigger event: employment gains by the head, spouse, and other household members are of roughly equal importance in helping individuals exit poverty.

With unemployment rate soaring in many advanced cities, urban poverty becomes a salient problem. To make things worse, low-skilled workers face serious challenges because the traditional employment system with advancement routes through seniority has been destabilized and their wages are squeezed downwards by global forces. Through examining data from the 1988–92 period, McKernan and Ratcliffe (2002, pp. 20–1) find that changes in economic conditions affect poverty exits: increases in the unemployment rate reduce poverty exits but increases in GDP help poverty exits. Surprisingly, the results in 1996–99 period are quite different: changes in economic conditions do not affect the likelihood of exiting poverty, but people living in a place with higher unemployment rate do have lower chances of poverty exits. Nonetheless, an increase in GDP unexpectedly reduces the likelihood of exiting poverty. The differences may be the result of the US welfare reform that was implemented between the two periods; or it may reflect the fact that recent

economic growth does not really benefit the poor. Jobless growth becomes prominent because firms are trying to buffer the economic uncertainties created by globalization either through substituting flexible labour inputs for inflexible ones (Schreft & Singh, 2003) or simply being reluctant to create jobs (Grosheh & Potter, 2003). As a result, not only are the unemployed likely to fall into poverty, but also those staying on the job, the so-called working poor, may have difficulty to earn an income that can support a family.

Globalization, Flexibility and the Destabilization of Work

Under globalization, as both transnational and local firms are facing keen competition from one another, they employ different cost reduction and flexibility strategies, like outsourcing, downsizing and automation, to expand or maintain their market shares. Corporations' cost reduction strategies are further facilitated and reinforced by the neoliberal policies adopted by the advanced capitalist states which relax their borders and encourage the transnational flows of people, capital, goods and services. Consequently, the labour markets of global cities are being constantly destabilized under the threats of deindustrialization, nonstandard employment practices, weakening unions, and labour-replacing automation.

The destabilization of labour markets has induced serious employment insecurity among the working classes of global cities that in turn reducing their available resources, thus making their livelihood more vulnerable to risky life events, like sicknesses, accidents, and natural disasters. The destabilization of labour markets operates through various mechanisms directly or indirectly related to globalization. First, deindustrialization caused by the relocation of the labour-intensive production processes to cheaper places deprives manufacturing workers' jobs, and forces them to abandon their skills and take up unfamiliar jobs with less income (Bluestone & Harrison, 1982). The major reason for deindustrialization is that the flows of capital and manufactured goods are much easier than the flows of workers. As a result, a new international division of labour is created: labour-intensive manufacturing processes are moved to developing countries, while the high-value-added production and distribution processes are retained in advanced countries, and most of them are concentrated and centralized in global cities. These high value-

added processes include the so-called producer services like the corporate coordination functions that command and control dispersed manufacturing processes, financial, legal, accounting, and advertising services, and production activities such as R&D and product design.

Deindustrialization structurally transforms global cities into postindustrial cities in which services constitute the major impetus for economic growth, and traditional blue-collar workers become the losers under globalization. However, not all service workers are the winners because relocating production processes or offshoring does not exclusively happen in the manufacturing sectors, but also in some services that can be digitalized and transferred geographically, like data processing and back-office services. The unaffected services are those place-tied services, like cleaning, catering, and routine security services, consumer services, such as tourism and retailing, professional social services, like health, education and welfare services, and producer services, including legal, financial and accounting services. Moreover, except producer and professional social services, most of the place-tied and consumer services are low-skilled and low-waged. The industrial decline inevitably releases huge number of unemployed manufacturing workers seeking jobs in these service sectors, and, consequently, drives down the already low wages.

The widespread managerial practices based upon the flexible firm model (Atkinson, 1984) constitute the second mechanism of destabilising employment through the casualization of labour. On the one hand, the practices involve creating a peripheral workforce so as to increase numerical flexibility by using nonstandard forms of employment, typically involving lower wages, less union representation, poorer legal protection and fewer fringe benefits. The numerical flexibility enables firms to adjust the amount of workforce according to the fluctuating demand conditions at the expenses of the labour. Firms are now relying more on temporary workers, part-time workers, short-term contract workers, on-call workers and out-workers to fill in the nonessential tasks and production not of the firms' core competencies, or even subcontracting out the whole production. These peripheral workers do not have any job security.

On the other hand, the firms also create a knowledge-based multi-skilled core workforce that can perform a variety of tasks, so that functional flexibility can be obtained to allow firms free to allocate appropriate human resources to meet fluctuating production needs. Since the core workers take care of the firms' key functions, they enjoy full

range of benefits and job security. Therefore, the firms' labour market is segmented into a primary internal labour market and a secondary labour market. However, not all skilled labour constitute the core workforce, because the skilled and professional workers who are not within the firms' core competencies are also "peripheralized" in terms of their nonstandard employment status (Hirschhorn, 1988, pp. 27–9, Kalleberg, 2001). Even though lacking nominal job security, these workers are still highly paid and enjoy the freedom of choosing projects to work with, because their knowledge and skills are still in great demand. They do not belong to the firm-based internal labour market, but remain in the primary professional labour market as depicted by labour market segmentation theory (Doeringer & Piore, 1971; Althausser & Kalleberg, 1981).

The truly peripheral workers are those low-skilled and low-wage contingent employees and those permanent, but substitutable, dispensable and often part-time workers engaged in low-skilled and routine work. These workers are peripheral not only because of their nonstandard employment status, but also due to the fact that they can easily be replaced by technologies and automation. Even the job security of the regular permanent low-skilled workers may be jeopardized, if firms opt for using turnover as a labour utilization strategy to reduce cost. Workers having a longer spell in a firm usually have a higher wage than those newly recruited, because under traditional employment practices they have higher back-loaded compensation that based upon seniority and wage rigidity makes their wages hard to be reduced. Thus firms will have incentives to replace the incumbent workers by recruiting new ones. The turnover strategy is often used when production processes are simple and skill requirement is low (Lane, 2000, p. 187).

The third mechanism destabilising labour markets is technological innovation, especially those labour-replacing ones. Although technological advance has its own development logic, global competition and other global political economic factors do shape its direction. Information revolution has already transformed the nature of work and society just like the industrial revolution that transformed the previous agrarian ones. As the European Commission (1997, p. 16) claims, the general use of low-cost information and data storage and transmission technologies accompanied by organizational, commercial, social and legal changes will profoundly change life both in the world of work and in society generally. The adoption and development of information and communication technologies (ICTs) are regarded as vital to the global

competitiveness of a country's enterprises.

Through using general purpose machineries enhanced with the information technologies, a technological paradigm of flexible specialization that replaced the mass production paradigm enables firms to cut inventories, tailor-make specific products for highly fragmented niche markets, and facilitate just-in-time production (Piore & Sabel, 1984, Smith, 1997). However, flexible specialization predicated the practices of numerical and functional flexibility and employment restructuring, meaning that a huge number of low-skilled workers are being peripheralized while a small number of core workers are constantly being upskilled to perform multi-tasks. Not only does deindustrialization create structural unemployment, flexible specialization that encourages computer-aided production also gives rise to and further reinforces the problems of structural unemployment, in which the high-skilled workers are in increasing demand, but the oversupplied low-skilled workers cannot even find a job in spite of economic growth (Moore, 1995). Although it is often argued that technological development creates more jobs than those destroyed, Rifkin (1995) gives an extremely provocative and disturbing view that sophisticated computers, robotics, and other ICTs are displacing more workers than the new jobs created by these new technologies.

In addition to destroying jobs for the working class, ICTs induce work intensification through enabling and promoting organizational devolution as well as flattening organizational structure. Devolution involves decentralising the authority structure, thus decision making responsibilities, to lower hierarchical layers' workers, and simplifying the occupational division of labour by effectively enlarging the range of production tasks and responsibilities of production and frontline service jobs (Cornfield, Campbell, & McCammon, 2001, p. xvi). Coupled with the growth of the world-wide internet and electronic mail which turns businesses around the clock so as to please customers, the increase of task and decision making responsibilities inevitably intensifies the work of the frontline workers, extends their working hours, and creates continuous pressures that affect employees' health, psychological well being (Wichert, 2002), and even their normal family and everyday life (Nolan, 2002).

The fourth mechanism that destabilizes global cities' workforce is the increasing legal and undocumented employment of migrant workers. Although globalization makes states less able to control their borders with regard to immigration and thus undermines their regulation of labour

markets, states continue to exert a strong influence over global movement of people through various external and internal immigration controls (Brochmann & Hammer, 1999). States devise different migration policies and incentives in responding to economic needs and globalization, though, as Siddique and Appleyard remark, "The state remains powerful in deciding about the domestic market, but the reality about regional and global exchanges of highly skilled workers has become a realm in which global business is perhaps more powerful" (quoted in Appleyard, 2001, p. 14). Nonetheless, Rosewarne (1998) observes that a number of Asian states have pursued different strategies of recruiting and deploying guest workers to further their economic interests: South Korea exported workers to Middle East in the late 1970s and early 1980s; Philippines, Thailand and Indonesia exports female domestic workers for huge amount of remittance, while the South Korea, Taiwan and Hong Kong recruit foreign workers to do the so-called 3D (dirty, difficult and dangerous) jobs which no local people are willing to do. Sassen (1991) also reports that large-scale immigration happens in global cities and increases the income and occupational polarization there. Moreover, chain migration in which migrants' networks determine their timing and places for migration is very common (Moretti, 1999). Consequently, distinctive patterns of transnational employment are structured along different lines of nationality, ethnicity and race, gender, occupations and industries (Rosewarne, 1998, p. 971).

Unlike skilled foreign workers who mostly circulate around the global primary labour market that is dominated by multinational corporations (Peixoto, 2001), low-skilled guest workers lack sufficient protection against contract violation, extortionate agency fees, underpayment, poor working conditions, and discriminatory treatment, from their home as well as the host countries. The situation is even worse for undocumented workers because employers often take advantage of their illegal status to exploit their labour power. The inability of host countries to grant guest workers their labour rights and to protect them against unfair treatment enable employers to use them as levers against local working class and further destabilize the labour markets. First, the employment of foreign workers who are willing to work for lower wages and poorer employment terms sets new bottom-line employment standards for local workers. If local workers do not want to be replaced, they have to accept the worsened employment standard. Consequently, the bargaining power of local working class is seriously reduced. Second,

the guest workers become the scapegoats for declining wages and working conditions. Local working class, instead of fighting against the exploitative employers for bettering employment terms, is diverted to protect against labour importation and socially excludes the migrant workers in workplaces. This makes the migrant workers being doubly marginalized.

The fifth mechanism is the retreat of welfare states and the deregulation of labour markets. Globalization and its associated ease of capital mobility have driven states to deregulate their markets so as to woo inward direct investment and prevent capital outflows. As a result, a “competitive deregulation” among states happens. The liberalization and deregulation of labour markets are reinforced by an ideological shift from Keynesianism to a neoliberal framework in many advanced countries. The neoliberalism is further strengthened and accepted by most countries after the collapse of communism in 1989. Deregulated markets, no matter policymakers like it or not, have been regarded as the best mechanism to determine the allocation and pricing of economic resources. In addition to the ideological shift to market-oriented neoliberalism, increasingly limited sources of state revenue and the need of low taxes and social overheads to attract global capital generate pressures for the retreat of welfare states (Pinch, 1997, pp. 21–26). The deregulation and retreat of welfare states destabilize labour markets through increasing labour market risks and reducing social insurances, which mitigate the risks, of workers (DiPrete, 2002).

Postindustrialization and the Defamilialization of Work

Iversen and Wren (1998) invoke postindustrialization or what they called “the trilemma of the service economy” as an alternative to globalization for explaining rising social polarization and unemployment in advanced economies. They argue that advanced countries can only achieve two of the three objectives for economic policies: fiscal discipline, earning equality, and employment growth. If fiscal discipline has to be selected, then countries face with a trade-off between earning equality and employment growth. In other words, an advanced country can only choose between an unequal growth and a jobless growth.

The major reason for creating this trilemma is that service sectors suffer Baumol’s cost disease in which productivity growth in most service

sectors is stagnated and lagged behind that of manufacturing sectors. Once manufacturing employment is declining due to industrial relocation and automation, high growth in market-provided services is needed to compensate for the lost jobs. However, if wages in services are coupled with wages in manufacturing, employment in less productive service sectors will be inhibited because of the relatively high labour costs (Iversen & Wren, 1998, p. 512).

Esping-Andersen (1999, pp. 111–4) lists out three possible responses to this cost disease problem. The first one is to allow wages adjusting to productivity differentials that pushes down the wages of the more stagnant services and makes huge number of people employed at very low wages. In effect, a country can achieve fiscal discipline and employment growth, but not earning equality. The second is to allow service earnings to follow the general wage developments in the economy and price the labour-intensive and low value-added service jobs out of market. This will achieve fiscal discipline and earnings equality but sacrifice employment growth or produce jobless growth. Finally, a country can subsidize services so as to maintain employment growth and earnings equality, but this will give a heavy fiscal burden to the state. Indeed, Esping-Andersen's responses highlight the trilemma of a service-oriented postindustrial economy.

Postindustrialization and globalization are not incompatible to explain earnings inequality. Globalization "simplifies" the trilemma by tying up the hands of states in spending and forcing them to exercise, at least a certain degree of, fiscal discipline. The Keynesian demand management policies may be outdated in the globalization era. Therefore, the trilemma is simplified as a dilemma: either earnings equality or employment growth, but not both. For pursuing earnings equality among the employed, an outsider group who cannot get employment and has to rely on state welfares will be created. This may result in deep insider-outsider divide and create a lot of social cleavages (Esping-Andersen, Assimakopoulou & Van Kersbergen, 1993, pp. 41–42). For pursuing employment growth, most of the jobs created in service sectors are low-wage jobs with poor working conditions.

In addition to the cost-disease problem, the low-skilled and labour-intensive service sectors confront with defamilialization via market which makes these sectors expand with declining wages. Defamilialization refers to "the degree to which households' welfare and caring responsibilities are relaxed — either via welfare state provision, or via market provision"

(Esping-Andersen, 1999, p. 51). The main relevance of defamilialization via market to labour-intensive and low-skilled services is that most of these services in principle can be self-provided by household rather than purchased from market. These services include cooking, cleaning, childcare, looking after the old and the sick, running the household, which are traditionally provided by women's unpaid labour. Therefore the expansion of the service economy is in large part contingent upon households' make-or-buy decisions; and whether households will self-serve or buy the services in turn depends on the market prices of the services. The main factors affecting household market purchase are levels of income, relative prices and time constraints. For those time-strapped households with adequate disposable income, they constitute a counterweight to the forces that repress labour-intensive services. Accordingly, the rise in female participation in the labour market, especially for those married and with children, may reduce the importance of servicing cost which offset the growth of service economy. From the German case Esping-Andersen (1999, p. 109) observes, "High labour costs crowd out private social services; low levels of female participation make them less demanded". Hence, the lower the cost of the low-skilled services, the bigger the service economy will be.

These features explain why urban postindustrial economy necessarily perpetuates a large low-wage service sector to serve directly or indirectly the transnational capitalist class. In order to attract and retain the transnational "elites", high-end services which fit their classy consumption tastes set up a whole chain of demands to the low-end services. The service sector for the transnational capitalist class is definitely very small. However, with their great amount of disposable incomes, relative prices do not constitute any constraint for them to consume expensive services. Indeed, they deliberately purchase position goods and services (Hirsh, 1977), so as to reflect their status. As a result, a medium size of the so-called middle class population is drawn and employed to support this luxury service sector.

Most often these middle class families are either dual working families or single families. Time constraint becomes salient for them. Since the services that they provide are high value-added, their amount of disposable incomes allows them to trade self-servicing for market purchase. Thus a larger, but smaller value-added service sector is created because the middle class families do matter relative prices. The lower class people are the one who serve the middle class. When more and more

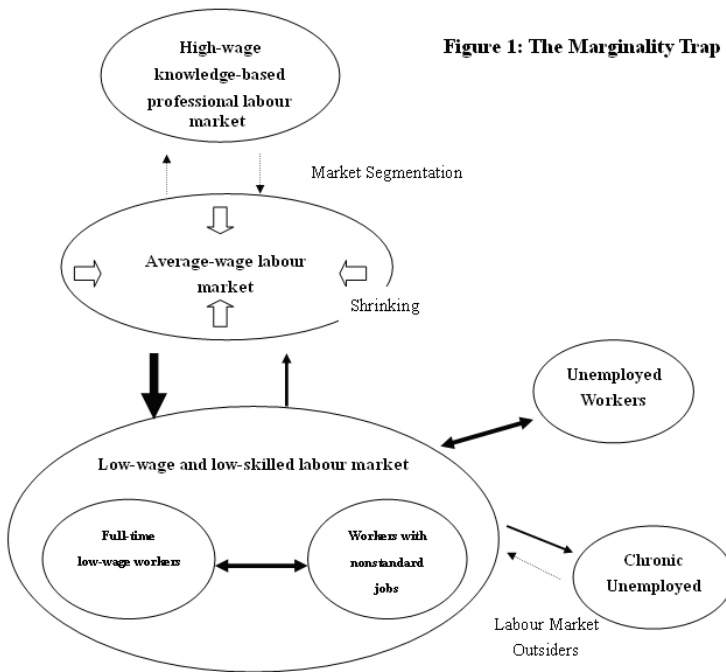
lower class families become dual working families, they need to purchase services from the market. Since they are severely concerned with the time and relative price factors, thus a much bigger service sector with very low added value has to be created to maintain the everyday living for the lower class families. In order to drive the labour cost even lower, just like what has been happening in the manufacturing sectors, migrant workers from the developing countries are recruited. To some extent, this low value-added service sector is self-expanding up, along with lowering relative prices, to an equilibrium that no more low-income families can trade self-servicing for market purchase.

The Marginality Trap of Urban Workers

As a result of deindustrialization, flexible managerial practices, the expanding low-wage service sectors, and the reduction of welfare and social insurance measures, urban labour markets in advanced economies are segmented into a three-tiered system: a high-wage knowledge-based professional labour market, a shrinking average-wage labour market, and a low-wage and low-skilled labour market (as shown in figure 1). For the unemployed, some of them can occasionally go back to the low-wage labour market, either through their own efforts or compelled by workfare requirement of the state, but there is an outsider group of the permanently unemployed who are socially excluded from the society.

Since the average-wage labour market is shrinking even when the economy is growing, the chances for upward job and earnings mobility are slim, but those for downward mobility are higher. Consequently, more and more working class people are trapped into a vicious cycle in which their mobility is restricted to circulating among low-wage fulltime jobs, nonstandard employment and unemployment with very few opportunities to escape beyond the low-wage labour market. The most desperate group is the so-called labour market outsiders (Esping-Andersen, Assimakopoulou & Van Kersbergen, 1993, pp. 41–42) or the chronic unemployed who rely on spouse's earnings or social welfare.

The marginalized workers who suffer from globalization and postindustrialization, thus, consist of those trapped in the low-wage labour market, the underemployed and the chronic unemployed. Their marginalized labour market position makes their livelihood vulnerable.



Their vulnerability is manifested in two ways: lacking bargaining power in negotiating better terms with regard to salary and working conditions, and lacking capacities in dealing with negative life-course events, like sickness and unemployment. The marginalized workers' bargaining power vis-à-vis employers declines because the employers can easily displace the "troubled" workers through automation or recruit others from the oversupply labour market. Consequently, for the workers, neither "voice" nor "exit" can be an effective negotiating strategy, but remaining "loyal" to the employers.

In general, the marginalized workers have to work for long hours, with very low pay, uncompensated over-time work, appalling working conditions and under strict employers' surveillance. All these increase the workers' life-course risks or the chances of getting negative life-course events. In the past, these risks could be mitigated by state welfare or social security. But, today, most states adopt the neoliberal ideology, cut back their spending and advocate workfare. Most often, workers are forced to deal with the risks themselves. Nonetheless, job insecurity coupled with low income makes the marginalized workers unable to save

enough resources to insure against or cope with life-course risks.

In the following sections, we will describe the situation of Hong Kong's marginalized workers in term of job insecurity. Then, three case studies will be used to illustrate how the marginalized workers are trapped and become vulnerable in their livelihoods.

Job Insecurity in Hong Kong: Unemployment and Nonstandard Employment

In the past, Hong Kong had been portrayed as an open society in which lower classes had great chances of upward mobility. However, as Hong Kong manufacturing firms relocate northwards to the Southern China, and Hong Kong becomes a service economy, workers are increasingly marginalized. In a telephone survey about Hong Kong workers' subjective feeling about job insecurity, Tam and Lee (2002) find that among the 500 respondents, almost half of them worry about losing their current jobs, though only 12% think that they have great chances losing their jobs in the coming year. However, over 70% of them express difficulties of finding another job with comparable salary and benefits as their current ones. The workers who are in a declining industry, like manufacturing, with low skill level, and with previous unemployed experiences are more likely to feel job insecurity.

A commonly used objective indicator of job insecurity is unemployment rate. From Table 1, we can see that the Hong Kong unemployment rates² were below 4% till 1997 when the Asian Financial crisis occurred. From then on, the unemployment rate remains high. Although the direct effects of the financial crisis cannot be ignored, the crisis simply exposed the long-term underlying structural transformation of the Hong Kong economy, namely, postindustrialization. Postindustrialization is manifested in two aspects with regard to unemployment: the above average unemployment rate in manufacturing and in low value-added industrial sectors, like low-skilled service and construction, before and after the financial crisis. The above average

² According to the Hong Kong government, a person aged 15 or over is classified as unemployed when that person have not performed any work for pay or profit during the 7 days before enumeration, have been available for work during the 7 days before enumeration, and have sought work during the 30 days before enumeration.

unemployment rate implies that the job insecurity in these industries is higher than in other industries, no matter how the Hong Kong economy declines or booms. The manufacturing jobs are seriously hit by deindustrialization, while the due to deindustrialization, and low-skilled jobs are hurt by automation, the cost disease effect and employment of legal or illegal migrant workers. The only sectors that can maintain a below par unemployment rate are those with high added value, like finance and professional services.

Table 1:
Unemployment Rate by Previous Industry (%)*

Period	Manufacturing	Construction	Wholesale, retail and import/export trades, restaurants and hotels	Transport, storage and communications	Financing, insurance, real estate and business services	Community, social and personal services	Overall
1984	3.3	7.6@	3.5	3.9	1.8	1.6	3.9
1985	2.8	5.0	3.0	3.2	1.6	1.4	3.2
1986	2.3	4.0	2.9	2.8	1.6	1.4	2.8
1987	1.4	2.0	1.7	2.0	1.0	1.0	1.7
1988	1.2	1.3	1.4	1.4	0.7	0.7	1.4
1989	1.0	1.0	1.2	0.9	0.8	0.5	1.1
1990	1.4	1.4	1.4	1.4	0.8	0.6	1.3
1991	1.8	2.4	1.9	1.8	1.2	0.8	1.8
1992	2.4	2.7	1.9	1.6	1.2	0.7	2.0
1993	2.4	2.8	1.9	1.2	1.1	0.8	2.0
1994	2.5	2.8	1.9	1.3	1.0	0.7	1.9
1995	4.2	5.7	3.1	2.4	1.4	1.1	3.2
1996	3.7	3.8	2.9	2.3	1.4	1.1	2.8
1997	2.9	2.9	2.3	2.1	1.2	0.9	2.2
1998	5.5	8.4	4.9	3.7	2.9	1.7	4.7
1999	7.1	12.5	6.4	5.3	3.3	2.2	6.2
2000	5.4	10.2	5.3	4.0	2.6	1.8	4.9
2001	5.3	10.7	5.5	4.4	3.0	2.0	5.1
2002	7.3	15.8	7.8	5.4	4.7	3.2	7.3
2003	7.6	19.0	8.2	6.5	5.2	3.5	7.9

* Statistics are not reported for the "Others" category due to large sampling error.

@ The shaded cells represent the unemployment rate of that particular industry is equal to or above the overall unemployment rate

Source: HKSAR Government, Census and Statistics Department

Retrieved August 29, 2004 from http://www.info.gov.hk/censtatd/eng/hkstat/fas/labour/ghs/unemp_by_p_ind.xls

Table 2 further substantiates the fact that low-skilled and manufacture-related workers are the victims of postindustrialization. The unemployment rates for managers, administrators, professionals, and associate professionals are considerably lower than the average unemployment rate. This reflects the skill and knowledge requirement in a postindustrial economy. Although Hong Kong has transformed itself into a service economy, the scope of the labour-intensive low-skilled service sector depends on whether people would trade their self-servicing for market purchase. When the Hong Kong economy experiences economic downturn, the middle classes are badly affected. Consequently, they prefer self-servicing to market purchase, and their reduced consumption subsequently deflates the service sector serving by the lower classes. Moreover, many labour-intensive service jobs are related to handling information routinely, or what Reich (1991) calls routine production services, and they are subject to automation through the employment of IT. These are the reasons why low-skilled service workers confront with an above average unemployment rate.

Table 2:
Unemployment Rate by Previous Occupation (%)*

Period	Managers and administrators	Professionals	Associate professionals	Clerks	Service workers and shop sales workers	Craft and related workers	Plant and machine operators and assemblers	Elementary occupations	Overall
1993	0.4	0.7	1.2	1.5	2.4@	2.5	2.0	1.8	2.0
1994	0.5	0.7	1.1	1.4	2.2	2.5	2.5	1.7	1.9
1995	1.1	0.7	1.7	2.2	3.9	4.8	3.5	3.0	3.2
1996	0.9	0.8	1.8	2.0	3.7	4.0	3.3	2.3	2.8
1997	0.8	0.6	1.3	1.8	3.0	2.8	2.3	2.2	2.2
1998	1.6	1.1	3.0	3.7	5.9	7.3	4.2	4.5	4.7
1999	2.3	1.5	3.4	4.3	7.7	10.9	6.0	6.1	6.2
2000	1.7	1.1	2.4	3.5	6.9	8.9	4.2	4.9	4.9
2001	1.9	1.9	2.9	3.7	6.5	9.3	4.6	5.2	5.1
2002	2.7	2.4	4.3	5.3	9.1	14.0	5.9	7.7	7.3
2003	2.4	2.4	4.4	5.4	10.3	16.0	7.0	8.7	7.9

* Statistics are not reported for the "Others" category due to large sampling error.

@ The shaded cells represent the unemployment rate of that particular occupation is equal to or above the overall unemployment rate.

Source: HKSAR Government, Census and Statistics Department.

Retrieved August 29, 2004 from http://www.info.gov.hk/censtatd/eng/hkstat/fas/labour/ghs/unemp_by_p_occ.xls

Unemployment represents the most devastated situation of marginalized workers. In particular, the chronic unemployed are miserably repelled outside the Hong Kong society. As previously mentioned, nonstandard employment, operationalized here as casual³ and part-time employment,⁴ also seriously reduces workers' bargaining power, imposes job insecurity and worsens their livelihoods. From table 3, we note that over 80% of the casual workers are male in all time periods. The unbalanced gender ratio reflects that there is a sectoral difference in hiring casual labour. Most casual workers are engaged in the construction industry which alone employed 69.3% of the casual workers in 2003.⁵ Among these employees, 98.8% were males who were craft and related workers or workers in elementary occupations. The construction sector has the highest rate of employees taking up casual employment because of its traditional employment practices. In contrast, only 26.9% casual workers were engaged in service industries, which comprised about three

Table 3:
Casual Employees by Sex

Period	Number ('000)	As % of all Employees	Male (%)	Female (%)
Oct to Dec 1999	102.5	3.6	83.9	16.1
July to Sept. 2000	122.9	4.3	83.1	16.9
April to June 2001	93.8	3.3	82.0	18.0
April to June 2002	65.6	2.4	81.9	18.1
Oct to Dec 2002	80.7	2.9	84.0	16.0
April to June 2003	72.1	2.6	87.7	12.3

* Casual employees are those employed by an employer on a day-to-day basis or for a fixed period of less than 60 days.

Sources: HKSAR Government, Census and Statistics Department, Special Topics Report No. 26, 27, 30, 33, 34 and 36.

3 According to the Hong Kong government, casual employees are those employed on a day-to-day basis, or for a fixed period of less than 60 days.

4 According to the Hong Kong government, part-time employees referred to employees who work less than 5 days per week, or less than 6 hours per day or less than 30 hours per week. However, persons who usually worked 24 hours per shift and full-time students taking up a summer job are excluded. It should be noted that a casual worker can also be a part-time worker, once he or she fulfils both definitions.

5 The following statistical figures are drawn from: HKSAR Government, Census and Statistics Department. (2004). Special Topics Report No. 36.

fifth of males and two fifth of females. The reason why male workers outnumber female workers in the service industries is that males are often employed as temporary employees in the transport, storage and communications sector. If concentrating on the figures of the sectors covering only wholesale, retail and import/export trades, restaurants and hotels, female workers comprise 60% of the casual employment.

The casual workers are normally lowly educated and mid-aged. Of those 72,100 casual employees in 2003, 63.7% were aged 30–49, 20.8% were aged 50 and over and 15.5% were aged below 30. Furthermore, 37.7% of those casual employees had primary education and below, as against 14.6% for all employees.

In Hong Kong, the number and proportion of casual workers are not rising, but declining. It seems to contradict the prediction of postindustrialization theories. However, the declines can be attributable to the economic downturn right after the Asian financial crisis. The declining figures are mainly due to the reduction of casual employment in the construction sector and services sectors. Firstly, there is a significant reduction of construction projects and services-related economic activities because of the economic downturn. This is not unsurprising because one of the major merits of using casual employment is its disposability (i.e. numerical flexibility) during economic hard time.

Table 4:
Part-Time Employees by Sex

Period	Number ('000)	As % of all Employees	Male (%)	Female (%)
Nov 1994 to March 95	67.8	2.7	38.1	61.9
Oct to Dec 1997	82.0	2.8	–	–
Jan to Feb 1999	116.2	4.1	43.9	56.1
July to Sept. 2000	122.0	4.3	42.9	57.1
April to June 2002	130.9	4.7	40.6	59.4

Sources: HKSAR Government, Census and Statistics Department, Special Topics Report No. 13, 24, 27 and 33.

Secondly, employees try to turn the casual workers into the self-employed through subcontracting arrangement so that they can increase their operation flexibility, reduce their own risks and circumvent the labour protection legislation. This arrangement was reflected in the changes of employment figures between 2001 and 2002: the total number

of employed persons in the construction sector and the services sectors fell by 18,200 and 26,300 respectively, while the number of self-employed persons increased by 10,200 and 23,500 respectively.⁶

From table 4, there is an increasing trend of numbers of part-time employment in which females comprise a larger proportion, as predicted by the postindustrialization theories. The size of part-time workers almost doubles from 1994–95 to 2002. Similar to the profile of casual workers described above, most part-time employees are mid-aged, married, and with low educational qualification. For instance, in 2002,⁷ there are 130,900 part-time employees, in which 57.3% were aged 30–49, 22.7% aged 50 and over, and merely 20.0% were aged below 30. The median age of all part-time employees taken together was 42. Among the part-time workers, 67.6% were married and 31.6% of them had primary or lower education as against 59.5% and 15.2% for all employees respectively. Most of the part-time employees worked in the services sectors: 31.1% in the community, social and personal services sector, 29.3% in the wholesale, retail and import/export trades, restaurants and hotels sector, 15.9% in the construction sector, and 11.6% the transport, storage and communications sector. Why do the workers take up a part-time job instead of a full-time one? In 2002, among 77,800 female workers, 46.8% of them took up part-time jobs because of their responsibility of taking care of housework or take care of children and other family members. Among 53,100 male workers, 39.3% cite the main reason is due to the traditional practices of the industrial sectors or companies.

According to Esping-Andersen (1993, 1999), the employment structure of an economy is shaped by both state policies and social institutions, particularly the family. Hong Kong employers can effectively use part-time employment as their flexible management strategy through exploiting the traditional Chinese family values and the loopholes in Hong Kong's labour protection legislation. The ideal traditional Chinese family, similar to the male-breadwinner-female-homemaker family model depicted in the Western literature (e.g. see Crompton, Gallie & Purcell, 1996; Pfau-Effinger, 2004), prescribes a gender division of labour that women are mainly responsible for social reproductive activities. For

6 HKSAR Government, Census and Statistics Department. (2002). Special Topics Report No. 33, p.4.

7 The following statistical figures are drawn from: HKSAR Government, Census and Statistics Department. (2002). Special Topics Report No. 33.

marginalized workers' families, the males are barely able, if not unable, to support subsistence living. Thus females are required to participate into the labour market so as to improve family livelihood. Although the rising level of women's employment has destabilized the male breadwinner family model (Crompton, 2001), women still have to shoulder the housework and caring tasks, even when their husbands are unemployed. Since the Hong Kong government does not provide caring services to poor families, women have to take part-time instead of full-time jobs which are close to their home,⁸ so that they can fulfil their domestic duties. Consequently, a large supply of part-time female workers who lack bargaining power can be exploited by employers.

Alongside with the traditional family ideology, Hong Kong labour legislation also provides incentives for employers to employ part-time and casual workers. According to the Hong Kong employment ordinance, employees who are employed under a continuous contract are entitled to the benefits including rest days, paid annual leave, sickness allowance, severance payment and long service payment, etc. Continuous contract of employment refers to an employee who has been employed continuously by the same employer for four weeks or more, with at least 18 hours worked in each week is regarded as being employed under a continuous contract.⁹ Thus, employers have great incentives to avoid employing workers under continuous contract.

Market Segmentation in Hong Kong

All in all, the above official statistics show that lowly educated and low-skilled workers are being marginalized in terms of job insecurity. The figures highlight the situation of the low-wage and low-skilled labour market. From table 5, we can see that the average-wage labour market is and will be shrinking. According to the human resources projection made by the HK government, the demands of the traditional average workers, like clerks, craft and related workers, and plant and machine operators, are declining. Besides decreasing demands, these workers also confront with

8 In this case, a modified dual-earner family model in which the males work full-time while the females work part-time (Gottfried and O'Reilly, 2002) emerges.

9 A concise guide to the employment ordinance of Hong Kong can be found at the Labour Department website at <http://www.labour.gov.hk/eng/public/wcp/EOConciseGuide/index.htm>

serious wage cuts, as reported in a government survey about employment concerns and training needs of the labour force.¹⁰

In a recent HK government press release about wage and payroll statistics for December 2004, it is reported that “45% of the companies recorded some increase in average wage rates”. However, the increase was “mainly due to retrenchment of lower-paid clerical staff and operatives, leading to a rise in the proportion of relatively higher-paid workers”.¹¹ This clearly indicates that the traditional average-wage labour market is disappearing. Although there are increases in the demands of service workers and elementary occupations, as previously illustrated, these employments lack job security and subject to downward pressures on wages. Hence, the increase of these employments cannot replace the loss of the traditional average-wage jobs. In other words, we are witnessing an expanding low-wage, low-skilled labour market dominated by services and a contracting traditional average-wage labour market.

However, with regard to the knowledge-based professional labour market, there are increasing demands for managers and administrators, professionals and associate professionals. From table 5, the demands for professionals and associate professionals will increase from 6.3% and 19.2% of total employment in 2001 to 22.5% and 26.5% in 2007 respectively. The projected requirement of associate professionals will become the highest among different occupation categories. As predicted by Esping-Andersen’s observations on the “expansion of the service economy”, all these projected figures suggest that Hong Kong has been becoming a postindustrial global city in which services constitute the major economic activities for economic growth.

The Hong Kong labour markets are segmented into a three-tiered system as depicted in figure 1: the knowledge-based professional labour market becomes the growth momentum of the Hong Kong economy; the traditional average-wage labour market which composes of mainly manufacturing jobs and traditional white-collar workers in an industrial economy is shirking; and the low-wage low skilled labour market is growing as a result of postindustrialization.

10 See HKSAR Government, Census and Statistics Department. (2003). Thematic Household Survey Report No. 13, p.3.

11 HKSAR Government, Press Release: Wage and Payroll Statistics for December 2004, retrieved March 21, 2005 at http://www.info.gov.hk/censtatd/eng/press/labour3/lb3b_latest_index.html

Table 5:
Projected Employment Requirement by Occupation Category

Occupation category	Actual Employment in 2001		Projected Requirement in 2007		Change in 2001 over 2007		
	Number	%	Number	%	Number	% change	Average Annual % Change
Managers and administrators	283,900	9.4	314,600	9.8	30,800	10.8	1.7
Professionals	191,500	6.3	234,500	7.3	43,000	22.5	3.4
Associate professionals*	583,000	19.2	737,200	22.9	154,300	26.5	4.0
Clerks	586,500	19.4	515,100	16.0	-71,400	-12.2	-2.1
Service workers and shop sales workers	430,800	14.2	461,700	14.3	31,000	7.2	1.2
Skilled agricultural and fishery workers	9,700	0.3	6,600	0.2	-3,100	-31.7	-6.2
Craft and related workers	291,800	9.6	278,900	8.7	-12,900	-4.4	-0.8
Plant and machine operators and assemblers	235,100	7.8	225,500	7.0	-9,600	-4.1	-0.7
Elementary occupations#	417,100	13.8	448,300	13.9	31,200	7.5	1.2
All occupation categories	3,029,400	100.0	3,222,700	100.0	193,300	6.4	1.0

* Associate professionals are known to straddle a wide range of occupation categories. These include technicians, supervisors, survey interviewers, electrical draughtsmen, sales representatives, insurance brokers, merchandisers, marketing officers and assistants, state officers, quality controllers, computer graphic designers, credit analysts, Chinese medicine practitioners, dispensers, nurses, etc.

Examples are cleaners, messengers, watchmen and general labourers.

Source: HKSAR Government, *Report on Manpower Projection to 2007*

Livelihood Vulnerability and Mobility Trap: Three Illustrative Cases

Although some scholars have emphasized that contemporary society is no longer a “work society” but “consumer society” (Bauman, 1998), work is still important to ensure one to be a competent consumer. If people cannot get a decent job, they will be doubly excluded, both as worker and consumer, from the society. Unemployment deprives people a source of stable income and makes their lives vulnerable to various kinds of life-course risks. Long-term unemployment can easily lead people to adopt ineffective, conservative, risk-averse livelihood strategies when facing various kinds of risks and accidents. As a result, they are trapped into a vicious circle because their risk-averse livelihood strategies reduce their chances of escape from poverty and gradually deplete their already small physical, human and social capital stocks (Mosley & Verschoor, 2003).

Having a job does not necessarily mean having enough resources to mitigate life-course risks and accidents. Savings and upward job mobility are important to build up an individual or family buffer for risks. Nonetheless, low-wage work just leaves nothing for a family to save, but maintain a subsistence living. Neither do casual work and part-time work provide surpluses for savings, nor enhance upward mobility chances, because they typically have shorter tenure, less training, very few, if not none, non-wage benefits.

We will use three case studies to illustrate how marginalized workers are trapped in a vulnerable livelihood. The cases come from the 69 job histories separately collected from June to August, 2000 and from April, 2003 to May, 2004. Due to limited space, the detailed discussion and comparison of the cases will not be presented here. The three cases three types of marginalized workers: a female worker trapped in the low-wage labour market, a male chronic unemployed, and a male worker circulating between unemployment and low-wage employment. These cases are used to demonstrate how the marginalized are trapped in immobility and hardship, and certainly not to make any generalizations about the general situation of Hong Kong’s marginalized workers.

The first case is about Mrs Ng and her family. Native-born Mrs Ng is 42 and has three children. She is now working part-time as a supermarket worker. Previously she was a sewer and kept working full time even after getting married in 1983 and giving birth to her first child because her

mother came to look after her baby when she and her husband were out to work. However, when her second child was born in 1989, most of the local clothing factories had relocated to the Mainland. In addition, the health condition of her second child was not good, and her mother could no longer take care of two grandchildren. She decided to withdraw from work and be a housewife. Meanwhile, her third child was born.

At the early 1990s, the jewellery industry her husband worked in gradually moved away from Hong Kong. Her husband became unemployed in the mid 1990s and could not find a full time job with sufficient income to support the whole family. As a result, Mrs Ng had to work again. From then on, her husband has switched jobs several times, mainly in the low-skilled and labour-intensive services sectors because his craftsmanship in jewellery is no longer useful. Now he is unable to find a full-time job due to his age, but works in a restaurant four hours a day as part time at night. After going back to work, Mrs Ng became a part-time helper in a kindergarten and then switched to work as a part-time cleaner in a nearby supermarket until now. In the first three years of her current employment, her employment status was a casual worker rather than a part-time one because the management found this arrangement more flexible to lay off employees without too many legal responsibilities. Moreover, in compliance with the Hong Kong employment ordinance, each casual worker was limited to work at most 17 hours per week.

After working for three years in the supermarket, the management decided to change three of the casual workers into permanent part-time staffs, including Mrs Ng, while at the same time reduced the other casual employees' working hours from 17 to 10. It was an improvement for her in terms of stable income, but her work responsibilities were also enlarged. Now, her duties are not only cleaning but also water boiling, sweeping, tea making and even goods arranging. Although her official working hours are from 7:00 am to 12:30 pm, everyday, she has to work overtime till 1 pm. Despite this, her manager does not report her overtime work every time. She feels really angry about this, but she can do nothing because she needs the job and lacks any bargaining power.

The case of Mrs Ng illustrates how the deindustrialization of Hong Kong has led to structural unemployment that renders previously skilled labour find their skills useless, force them into low-wage and insecure service jobs, and makes their lives vulnerable. Mrs Ng's unpleasant story started with the loss of stable employment of her husband. Bounded by the male breadwinner family ideology, she has to find first a part-time job,

then a casual job, close to home so that she can take care of her children, even her husband is also working part-time.

However, deindustrialization is only part of the story. The imperfect labour legislation coupled with flexible managerial practices further pushes marginalized workers' families into devastated situation. The reason why the management of the supermarket turns Mrs Ng from a casual worker to a part-time one is to further exploit her labour. Although Mrs Ng and her family can still survive, one may wonder whether they can still manage once they encounter any other life-course risks; for instance, what if Mr Ng becomes unemployed again? In sum, deindustrialization, state labour policies, and flexible managerial practices in combination create and shape Mrs Ng's and her family life chances by trapping Mrs Ng in a part-time and casual employment pendulum and her husband in a chain of part-time jobs.

The second case we are going to talk about is Mr Li, who is now 50 and remains single. He illegally migrated to Hong Kong in the mid 1970s. Since he had learnt some skills about metalwork, equipment operation and machine repairs in the Mainland, he did not have difficulties in finding a job. He successively worked for a number of factories with different occupations: metalworker, welder, machine operator in a cloth-dyeing factory, sample tester and courier in a clothing export company. His last job was being a machine operator in a battery factory. Since then, he has been unemployed for twelve years.

Unlike the general situation attributing to marginalized workers, Mr Li quit his job voluntarily, even for his last job. Possessed with skills and experiences in various fields, he used to believe that he could change jobs easily. Thus, once he found his employer not treating him reasonably, he quit and got another job. However, this did not happen twelve years ago. At that time, Mr Li quarrelled with his boss about the shortening of his paid vacation. He felt very angry and resigned because his boss did not recede. With the Hong Kong economy was still booming in the mid 1990s, he had never thought he could not find another job because he did not recognize most of the manufacturing firms had been relocated northwards to Southern China.

Relying on savings and frequently going back to the Mainland to stay with his family, he was able not to take up any jobs which salary was below that of his last job. Being unemployed for four years, his skills had become obsolete due to deindustrialization. Later on when the Hong Kong economy was seriously hit by the Asian financial crisis, he could no

longer find a job. After using up his savings, he had to apply social assistance, which is known as Comprehensive Social Security Assistance (CSSA). Nonetheless, CSSA recipients are stigmatized as lazy by the Hong Kong media and the general public. This further makes Mr Li hard to find a job. After twelve years of unemployment experiences, Mr Li has lost confidence, dignity, and momentum to seek a job. In addition, he has become very negative, pessimistic and fatalistic, and avoids meeting his friends and relatives.

In recent years, in line with the neoliberal ideology around the world, the Hong Kong government has introduced the Support for Self-reliance (SFS) Scheme which forces the CSSA recipients to prove themselves to be making substantial efforts to participate in all activities designed by the Social Welfare Department that lead them to full-time employment. As a result, Mr Li is forced to find jobs. Lacking confidence and old age, he is further frustrated by the failures of job-seeking attempts.

Receiving about HK\$3,000 per month, Mr Li has difficulties in maintaining his life because the rental for a small room has cost him \$1,300. In order to escape the high cost of living in Hong Kong, Mr Li goes back to the Mainland and stays with his family, though he is reluctant to do that. However, the Hong Kong government requires that the maximum temporary absence from Hong Kong for a CSSA recipient is only 60 days. This requirement seriously limits Mr Li's livelihood strategy. Consequently, Mr Li's CSSA payments have been stopped for several times either because of Mr Li's failure to comply with the residential requirement or the SFS scheme. In our last interview with Mr Li, he desperately, with tears falling from his eyes, told us,

Future? What's future? I even don't know what to do now! With merely \$1,700, how can I live till the end of this month? . . . They (Social Welfare Department) have stopped my (CSSA) payment several times. Once they don't pay me, I go back (to the Mainland). . . Then, they tell me I can't stay in China for more than 60 days, if I want to get the payment. What can I do? . . . To find a job. . . (sobbing) How can I? . . .

The case of Mr Li illustrates how deindustrialization, postindustrialization and state welfare policies affect the chronic unemployed. Like the case of Mr Ng, Mr Li's various skills are rendered obsolete by deindustrialization and postindustrialization. Because of his single marital status and sufficient savings, Mr Li was able to save his ego

from unfair treatment of his employees for four years without getting a job. However, once he decided to do whatever he could get, unfortunately, the economic downturn made him find nothing even in the service sector. Long-term unemployment continuously deteriorated his ego and confidence. He told us that as his family in the Mainland getting better off in recent years, he was afraid of going back to China even when absolutely necessary because he felt so ashamed. In fact, not only is he trapped in chronic unemployment, he also gradually trap himself into self-isolation.

In particular, the case shows how state policies intertwine with postindustrialization in creating social exclusion for the chronic unemployed. On the one hand, the Hong Kong “workfare” policies stigmatize the chronic unemployed, especially the mid-aged ones, and further deteriorate their confidence and dignity. On the other hand, the policies hamper the personal livelihood strategies used by the unemployed to mitigate economic hardship and trap them into hopeless situation.

The last case is about Sim. Sim is in his late fifty and now works in a construction site. He has three children, but after separating with his wife, he is now living with his youngest son. His daughter is married, but his two sons, being unemployed for a while, also work in the low-wage labour market. Sim started working at 13 as an electronic apprentice. Afterwards, he worked in a manufacturing factory as machine repairer for two years. Then, he worked in the construction sector as a tradesman and as a plumber for twenty years. In the 1990s, as his children were all grown up, he decided to find a less moiling job and worked in a hotel for air-conditioning maintenance. After ten years, Sim’s monthly salary was raised to \$10,500. Unfortunately, the Asian financial crisis made the hotel adopt some harsh policies towards the workers. Sim’s salary was first heavily cut. Then the manager suggested Sim to take no-pay vacation leave. Later, during the outbreak of Severe Acute Respiratory Syndrome (SARS), the manager reduced Sim’s salary to \$2,300, and finally laid him off.

Unfortunately, both of his sons were also unemployed at the time. Sim felt very desperate and worried about his sons, especially the elder son, because his elder son had been out of job for two years. Thanks to the SARS-related employment packages, Sim was able to get a temporary 3-month home renovation job with \$7,000 per month. After that, he became unemployed again. Being unemployed for half a year, Sim, with helps from his friends, finally picked up his old skills and worked in a

construction site as a plumber. However, the contractor treated him like a heavy load labourer rather than a tradesman. He had to work 9 hours per day, and usually more than that. The job is difficult for him because he is already 58, and his health is getting weaker. Despite dissatisfaction, Sim dared not quit or complaint because of the unpleasant unemployment experiences. Moreover, his boss always threatens him, "Don't tell me I treat you worse. You know, I can hire an illegal migrant worker who can work longer and with less pay".

In our last meeting, Sim seemed fine because his two sons had gotten jobs and could earn their livings. Sim showed great anger towards the Hong Kong government, blaming it for ignoring the low-wage labour markets, but concentrating on developing the high value-added industries, like finance and real estate. He also cast doubts on the government's retraining programs and queried about the usefulness of his own skills. When talking about the future, Sim expressed,

Live is hard. The construction job is lowly paid, and the payment is sometimes delayed. Anyway, it's still a steady job I need. I don't want to get CSSA; it's too shameful. . . I hope my sons will not lose their jobs again. Otherwise, who gonna feed me after I am unable to work anymore. . . Hah! Hah! (in quite a bitter manner)

Sim's case reveals another type of the mobility trap of Hong Kong's marginalized workers: circulating between the low-wage labour market and unemployment. Sim's situation is mainly shaped by state policies and economic instabilities induced by globalization, namely the Asian financial crisis and the SARS incident. The Hong Kong government take a reactive, if not passive and inactive, stand toward the structural transformation of the Hong Kong economy. Similar to or even worse than the liberal welfare regime discussed by Esping-Andersen, the welfare and social security measures in Hong Kong are unable to buffer the lower classes from the negative impacts caused by the economic structural transformation. This is why Sim shows great anger towards the Hong Kong government, despite the fact that Sim relied on the temporary employment measure for three months.

Moreover, it shows the fact that the living standard of the Hong Kong working class is deteriorating and this makes them increasingly vulnerable to life-course risks, especially for the old workers. Sim's family is a typical lower class family with his two sons working in the

low-wage labour market too. Although Sim is old, he still has the energy and a healthy body to work for his living. However, his and his son's unemployment experiences force him to worry about his later life. In his reaction to our question about his future, his bitter laugh may metaphorically represent the general response of the Hong Kong lower class towards a reactive state and a fluctuating global economy.

Conclusion

In this paper, we first outline the current discussion about the relationships among globalization, postindustrialization, flexible management, state policies and work. Then we introduce a mobility trap model to dissect the Hong Kong situation. It is argued that low-skilled and lowly educated workers in postindustrial economy are being marginalized and trapped in a vicious cycle of circulating between the low-wage labour market and unemployment. Besides, a chronic unemployed group emerges and being socially excluded. The mobility chances for the marginalized workers are scant because the traditional average-wage labour market, which was the main source of upward mobility in an industrial economy, is shrinking. Moreover, the education and skill levels required for the development of the knowledge-based professional labour market in a postindustrial economy are far beyond the reach of the marginalized workers.

By examining the official statistics of unemployment, part-time and casual employment, and the human resources projection in 2007, the trends of job insecurity of Hong Kong's low-skilled and lowly educated workers are exhibited. These figures clearly reveal that a three-tiered labour market system exist in Hong Kong: the knowledge-based professional labour market becomes the growth momentum of the Hong Kong economy; the traditional average-wage labour market which composes of mainly manufacturing jobs and traditional white-collar workers in an industrial economy is shrinking; and the low-wage low skilled labour market is growing as a result of postindustrialization.

Using three cases, we attempt to show how the interplay of deindustrialization, flexible managerial practices and state policies marginalizes the workers, forces them to accept lower living standards, and causes them gradually unable to deal with their life-course risks as their job insecurity worsening. Principally, the cases are selected to

illustrate three types of workers trapped in marginality. Mrs Ng represents the marginalized workers circulating within the low-wage, low skilled labour market, Mr Li characterizes those who are labour market outsiders, and finally Sim stands for the ones that switch between unemployment and the low-wage labour market.

Without aiming at generalising the cases to all marginalized workers in Hong Kong, the case studies highlight the role of state policies in creating the distressed situation of the Hong Kong lower class. The Hong Kong state takes a very passive and reactive position towards the lower class when the economy is undergoing structural transformation that is induced by globalization and postindustrialization. Just like other neoliberal states, on the one hand, the Hong Kong state tightens its expenditure on social welfare and social security without providing a safety net for marginalized workers. On the other hand, the state ignores the negative effects of the flexible management on workers. This further worsens the bargaining power of the Hong Kong marginalized workers and makes their lives harsh.

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