

## Unequal Vulnerability to Social Risks: Analysis of Hong Kong's Social Strata (1993–2013)

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### INTRODUCTION

The handover of Hong Kong from the United Kingdom to China was an institutional experiment that unleashed the marriage of capitalism and socialism. The original premise of “One Country, Two Systems” was the continuation of Hong Kong’s capitalism and prosperity under a communist regime. The sovereignty transition of this small city stemmed from the 1980s when people witnessed its transformation from a home to manufacturing plants to a hub of tertiary services. Such an economic miracle derived from an age of upward social mobility thanks to rising income levels as well as increasing educational and employment opportunities. Since then, the eyes of the world have been on Hong Kong and looked forward to its future development after its handover from the UK colonial

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government to the mainland government in 1997. With this background, the handover project of this former British colony thus focused on how to distance the city from China after 1997, so that it could be maintained as a vibrant capitalist pearl under a socialist sovereignty.

However, the handover was not followed by a strong economy. The devaluation of Asian currencies sparked the Asian financial storm and evaporated a substantial chunk of the asset value in Hong Kong. After years of socioeconomic turmoil, Hong Kong was attacked by an epidemic disaster in 2003—Severe Acute Respiratory Syndrome (SARS). This unprecedented health crisis dragged Hong Kong down to the lowest ebb by freezing its economy and social activities. Hong Kong's economy rebounded in post-SARS years, but it was soon engulfed in the financial tsunami initiated by the sub-prime crisis in the United States that began in 2008. This series of global risks resulted in wealth disparity among social groups, downward mobility of those who could not adapt to those global challenges and risky employment opportunities in view of shaky economic fluctuations. The collapsing myth of upward social mobility paved the way for seething resentment and emerging fractures of the rosy "One Country, Two Systems" promise, which once pictured a bright future of post-handover Hong Kong under Chinese sovereignty. Hong Kong's post-handover story vividly echoes the term "risk society," which was coined by Beck (1992, 1999, 2009) to articulate the unintended catastrophes resulting from modernization. While modernization brings with it industrialization, civilization and modern living, it also unleashes less controllable risks on all people regardless of social class, home country or personal background. Nuclear crises and climate changes stemming from industrial pollution, epidemics and terrorism originating from the unexpected mutation of virus and ideologies, as well as financial tumults due to deregulated capital flow, are all indicative of what Giddens (1999) called "modernization risks." These risks are not from external threats but from the inherited instability and reflexivity that are inextricably embedded in the process of modernization. Given the inevitability and less predictability of modernization risks, scholarly discussions regarding a risk society have been focused on its universality. Apart from the have-nots, the haves and better-off cohorts of human societies could hardly be exempted from the less predictable impact in the age of speculative and reflexive modernization (Beck 1992, 2009). For example, personal wealth and social status are unable to free people from the profound impact of climate change, terrorism and global financial irregularities.

The post-handover years of Hong Kong illustrate how a highly modernized society survives the above-mentioned modernization risks. As an international financial hub, Hong Kong has no way to escape the global and regional instability of capital flow and is susceptible to the economic disturbances from other markets. Moreover, the asset markets—stock exchange, properties and other commodities—substantially relate to the fortunes of Hong Kong's people, particularly the middle class and upper social strata, which means the major post-handover financial and socioeconomic crises, namely, the Asian financial storm (1997–1998), SARS epidemic crisis (2003) and financial tsunami (2008–2009), are significant to the analysis of the social development and changing momentum in the era of a risk society. Specifically, this chapter focuses on the vulnerability of various social strata to the social risks described previously. We collected and consolidated Hong Kong's statistics of economic indicators (for instance, income level and unemployment rate) with occupational and industrial breakdowns from 1993 to 2013. The time frame covers these three social risks and allows a tracking comparison of the well-being of various social strata, occupational groups and industries throughout the study period.

While the data show that no occupational cohorts or industries were immune to those regional and global risks, closer scrutiny uncovers varying extents of ups and downs across social groups. The managerial and administrative layer, as well as the professionals of the workforce, experienced relatively less jeopardy vis-à-vis unskilled workers. Furthermore, the knowledge-intensive occupations also exhibited higher levels of resilience to economic tumults than the labor-intensive occupations. Our data therefore indicate an intriguing dialogue with the risk society theory; that is, despite reckoning the universality of modernization risks, we argue that social strata and thus people's socioeconomic status still have notable implications for risk vulnerability. Reflexive modernity and a speculative age of risk society plausibly imply an extension, if not reinforcement, of class differentiation by the distribution and redistribution of social risks among social groups.

### RISK SOCIETY AND SOCIAL CLASS

Social risk has long been linked with the possibility of jeopardy in the future. To Giddens (1990, 1999), the notion of risk represents the cultural momentum of modernization: people attempt to control the

future by translating uncertainties to the possibility of profit and loss. With the calculation of risk, uncertainties become options for future planning in the midst of capitalist expansion and investment. While Giddens recognized the progressive implication of risk to the historical momentum of modernization, Beck (1992, 2009) portrayed the dark and catastrophic side by highlighting the unintended and less predictable social risks arising from modernization. Specifically, technological advancement, industrialization, urbanization and other forces of modernization are creating a world of greater risks that authorities and social institutions can hardly rein in, such as environmental crises stemming from global warming, financial instability originating from the capitalization of assets and food safety issues due to genetically modified farm products. As vividly captured by Giddens (1999), these unintended consequences of modernization are unleashing a new sort of risk. Instead of the external risks from natural hazards and other external forces, we are increasingly vulnerable to the modernization risks embedded in the process of modernization itself. Such modernization risks can hardly be avoided and exempted because they are not imposed by nature or other external forces but by the built-in elements of human civilization and modern social institutions. The financial risks of capital flow, the asset bubbles of property valuations, the greenhouse effect of urbanization and the health risks owing to population flow are all indispensable parts of our modern lives.

The theory of a risk society inevitably questions the validity of social class as a significant variable of risk vulnerability, as even the rich and powerful are unable to escape global warming, terrorism, financial tumults and other unintended consequences of modernization (Beck 1992; Elliot 2002, 293–315). Conceptualization of class has been inextricably tied with Marxist origins of social inequality and exploitation. Formation of social class implies uneven distribution of economic resources (means of production) and hence political power (relations of production). Social conflicts are fueled by class struggle—in particular, those between the capitalists (including bourgeois) and the proletariat—and are the momentum driving historical evolution toward a utopian communist end where equality and a fair distribution of resources and power are achieved. The deferral, if not failure, of this utopian dream results in a number of extended Marxist ideas that enrich the contemplation of social class. Notably, scholars of the Frankfurt School focus on the ideological front of capitalism, which consolidates the false consciousness of the people for the sake of an unequal status quo. Apart from Marxist scholars, cultural critics also scrutinize the

formation of social classes from perspectives other than the distribution of economic resources and political power. Bourdieu's (1984) notion of cultural capital explicates the power to define and appreciate culture from the analysis of fields, which refer to the formation of cultural cliques that consolidate the class structure. After decades of deliberation, the concept of social class now comprises a complex range of issues, such as the modes of consumption, identity formation, socio-spatial processes of cultural imagination, economic segregation of land uses and even social reactions to hazardous events (Winser et al. 2003; Bourdieu 1984; Duffield 1996, 173–193; Harvey 1990, 418–434). In a word, the notion of social class has been the core consideration for nearly all social formation, including distribution of economic resources, political power, cultural capital, identity politics and social mobility, which are all significant variables in one's vulnerability and affordability to social risks. The haves—for example, the capitalists and bourgeois—theoretically speaking, possess better-off resources, as well as the political and cultural means to avoid and pre-empt social risks vis-à-vis those have-nots at the grassroots level. However, the emergence of a risk society, which highlights the universality, unpredictability and catastrophic nature of modernization risks, is quintessentially challenging to the validity of social class as an effective explication of the risk vulnerability shared by members of societies.

In the first place, modernization risks are characterized by universality across national boundaries, class differentiation, and other sorts of social distinction and identities. In other words, both the haves and have-nots, according to the notion of a risk society, are susceptible to the unintended consequences and less predictable outcomes of modernization because we cannot access and control how risks are distributed across classes, races and nations (Beck 1992). While the have-nots certainly have a scant economic buffer and little political leverage in view of crises and hardships, the relatively affluent middle class and capitalists also show their vulnerability before social risks on a global scale. In his seminal work, Hacker (2008) depicted how the neoliberal economy is bringing new economic insecurity to the American middle class as well as the decline of the American dream. Against the backdrop of deleveraging financial assets, shrinking property values and a credit crunch, Americans are afflicted with job insecurity, a retirement crisis and even the collapse of familial values. Employment conditions became fragile, and both the frontline workers and managerial personnel suffered from layoffs, pay cuts, corporate restructuring and so on.

Similarly, Hong Kong was also rocked by a series of fluctuations stemming from the global market since its handover from the United Kingdom to China in 1997. The Hang Seng Index, which shows the performance of Hong Kong's stock market, plunged from around 16,000 in July 1997 to its lowest ebb at roughly 7300 in August 1998 because of the Asian financial storm that induced tremendous forces of speculative punches on the stability of Hong Kong dollars. The Hang Seng Index reached the level of 17,000 again in 2000, but it dropped gradually and significantly to around 8600 in March 2003, given the bust of asset bubbles surrounding information technologies in 2001 and the later prolonged turmoil and frozen economy brought by the SARS epidemic in 2003. The strong post-SARS rebound, as well as a prosperous Chinese market and its linkage with Hong Kong, took the Hang Seng Index over 30,000 in October 2007. However, the global concern regarding the financial tsunami dragged the index back to around 13,200 in February 2009; since then, it has been fluctuating at a level above 20,000. The volatility of the asset markets and economic conditions inevitably resulted in corresponding tumults in the employment security of employees, and even the better-off stratum of the workforce was unable to escape from such risk vulnerability.

Equally important is the individualization of social risks under the era of reflexive modernization. As Giddens (1990, 1991) said, modernization is a reflexive process in which the creation and discovery of social knowledge will result in responses and changes in societies per se. Reflexivity between social knowledge and societies becomes more rapid and less predictable in the speculative age of a risk society thanks to the rising ambiguity of social knowledge itself and the increasingly questionable expert system (Beck 1992, 2009). Because the generation of knowledge is crucial to the public's apprehension of social risks, the making of social risk is eventually manifested in the "politics of knowledge" (Beck 1992); that is, various parties and groups scramble for the definition and interpretation of social risks by creating different sets of knowledge. The result is an alternative and even contradictory assessment of the existence, formation and consequences of social risks within and across various fields of expertise. Subsequently, the social trust of authorities and experts in terms of risk knowledge is subject to challenges and multiple interpretations. Questionable social trust of authorities and experts in risk assessment and management paves the way for the individualization of social risks. People are forced to make choices among varying discourses and

alternative understandings surrounding different kinds of social risks, instead of relying on the protection offered by social institutions. For example, states, unions and corporations can hardly control the employment risks, such as restructuring of business modes, production lines and thus job opportunities, under the new economies arising from the force of globalization. Employees therefore have to make their own choices and decisions in the midst of different forecasts of economic and occupational risks. The sharing of social risks by individual responsibilities implies people are free to make their own way amid less predictable social risk instead of actualizing their genuine willingness and pursuance of an ideal life (Beck and Beck-Gernsheim 2002). This process of individualization—retreating shields from social institutions and rolling back collective protection—is universal to people from all walks of life, regardless of their socioeconomic status and occupational privileges (Beck 1992; Beck and Elisabeth 2002). In this sense, social class, which is substantially indicated by the employment structure, should not be a decisive factor in one's risk vulnerability in the process of individualization.

Unfortunately, a risk society is not an option that can be chosen or rejected in the course of debate, yet the dialogue of a risk society has become a political debate as we often want to enhance societal intervention and to transform incalculable hazards into calculable risks (Elliott 2002). A core concern is whether and to what extent the haves in our societies, notably the upper-middle strata, can trade off the vulnerability to social risks by the wealth and capital they possess. Some social groups have undergone a more serious influence than others because of the distribution and redistribution of risks as a result of the inequalities of social position. As Beck (1992) stated, the wealthy may purchase safety to a certain extent, while the disadvantaged have fewer opportunities to avoid risk because of their comparable lack of resources. However, given the universality, less predictability and individualization of modernization risks, whether social risks can be exempted or traded by one's economic, social and cultural capital posits a question to researchers who are interested in risk society theory.

### POST-HANDOVER HONG KONG: A CASE STUDY OF RISK VULNERABILITY

Post-handover Hong Kong provides an illustrative case study to scrutinize how people with varying statuses of social strata are vulnerable to a series of global and regional crises. As an international hub for financial

management and business activities, Hong Kong is inextricably tied to the rhythm of global and regional economies. Previous paragraphs have mentioned the three hard-hitting crises that Hong Kong has gone through after its resumption of Chinese sovereignty: the Asian financial storm (1997–1998), SARS epidemic (2003) and financial tsunami (2008–2009). These crises originated from places outside Hong Kong, namely, the currency crises of Southeast Asia, the epidemic virus from Mainland China and the debt crisis of America. However, they all resulted in significant risks to Hong Kong, including vigorous ups and downs of the stock market, speculation, and fluctuation of property prices, which mattered substantially to the wealth and well-being of most Hong Kong people from different social strata. Contemplation of their income level and employment situation, which duly indicates the vulnerability of Hong Kong's workforce to the social risks originating from global and regional dynamics, is conducive to the investigation of whether and to what extent class differences exist in terms of risk vulnerability to global and regional crises.

We collected data from the household surveys conducted by the Census and Statistics Department of Hong Kong. Given the huge amount of data, we focused on three clusters of variables to indicate the social strata of Hong Kong, and we scrutinized how different social strata were affected by the series of global and regional crises. First, we studied the occupational categories, which the Census and Statistics Department divided into managers and administrators, professionals, associate professionals, clerical support workers, service and sales workers, craft and related workers, plant and machine operators and assemblers, elementary occupations (unskilled workers) and other occupations. Each type of occupation can be classified into different social strata, including the upper-middle class, working class and working poor. Upper-middle class represents people who work at a higher level of position or possess professional qualifications that earn a higher salary and take up a smaller proportion of the labor force. It comprises managers, administrators and professionals whose monthly salaries are above HK\$20,000 and take up no more than 10% of the workforce. Working class represents people who work in manual-labor occupations that require fewer skills or qualifications. It consists of associate professionals, clerical support workers, service and sales workers, craft and related workers, plant and machine operators, and assemblers. Working poor represents people whose income is below average. It includes elementary occupations and other occupations.



Second, based on the categorization of occupations, we composed the data that illustrate the living standard and employment conditions of the people, namely, income level, unemployment rate, underemployment rate and working hours per week. Changes in these indicators during the study period reflected the well-being of Hong Kong people in various social strata under the Asian financial storm, SARS epidemic crisis and global financial tsunami.

Third, we also examined the breakdown of data in accordance with the eight industries in Hong Kong categorized by the Census and Statistics Department: (1) manufacturing; (2) construction; (3) import, export, wholesale, transportation and storage; (4) retail, food and accommodation services; (5) communication (called information technologies and communication since 2008); (6) finance, insurance, properties and business services; (7) community, society and individual services (called public administration, society and individual services since 2011); (8) other industries. Distribution of the occupational categories across these eight industries will tell us whether people of the upper-middle class (managers, administrators and professionals), working class and working poor (unskilled workers and others) may concentrate on particular fields of the employment market. We also investigated the standard of living indicators of different industries for further analysis. All data were collected from the Census and Statistics Department of Hong Kong, unless otherwise specified.

### *Polarization of Employment Market*

Table 7.1 shows the distribution of different occupational categories in the workforce from 1993 to 2013 and the general employment situation of Hong Kong throughout the Asian financial storm in 1998, SARS epidemic in 2003 and global financial tsunami from 2008 to 2009. During these two decades, the total working population increased from 2481.7 to 3350.1 million, which shows an increment of nearly 35%. In terms of employment distribution across various occupational categories, the proportion of the upper-middle strata of the workforce (managers, administrators and professionals) increased as the percentage of managers, administrators and professionals rose from 4.4% to 9% and 7.4%, respectively, over the study period. On the contrary, the proportion of working-class workers in the workforce shrunk as the percentage of clerical support workers, craft and related workers, plant and machine

**Table 7.1** Distribution of occupational categories (%)

<i>Occupational categories</i>	<i>1993</i>	<i>1998</i>	<i>2003</i>	<i>2008</i>	<i>2013</i>
Managers and administrators	4.4	5.4	6.6	8.2	9.0
Professionals	4.4	5.6	6.8	7.7	7.4
Associate professionals	12.0	15.4	17.5	18.5	19.1
Clerical support workers	20.7	20.3	18.6	17.3	15.2
Service and sales workers	14.3	13.9	14.6	15.7	16.9
Craft and related workers	13.6	11.7	8.3	7.2	6.7
Plant and machine operators and assemblers	12.5	7.6	6.1	4.7	3.8
Elementary occupations	18.0	19.9	21.5	20.6	21.9
Other occupations	0.2	0.1	0.1	0.1	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0
Total working population (million)	2481.7	2798.9	2786.6	3115.9	3350.1

*Source:* Census and Statistics Department of Hong Kong

operators and assemblers declined from 20.7% to 15.2%, 13.6% to 6.7% and 12.5% to 3.8%, respectively. For the working poor, the percentage of elementary occupations (unskilled workers) increased slightly from 18% to 21.9%, while other occupations fell from 0.2% to 0% over time. The employment distribution indicates a trend of polarization; that is, the expansion of the upper-middle layers of the job market is concomitant to an increment of working poor in the workforce.

To examine whether the trend of employment polarization existed in varying industries in post-handover years, we break down the employment data into the eight industries adopted by the Census and Statistics Department of Hong Kong in [Tables 7.2](#) and [7.3](#).

[Table 7.2](#) illuminates the percentage of the workforce working in the upper-middle strata—managers, administrators and professionals—in the eight industries. An expansion of higher-level positions applies in all industries as the proportion of managers, administrators and professionals surged over the decade. From 1993 to 2013, the percentage of managers, administrators and professionals surged from 6.4% to 16.2% in manufacturing; from 3.8% to 9.2% in construction; from 9.7% to 18.9% in import, export, wholesale, transportation and storage; from 3.4% to 7.7% in retail, food and accommodation services; from 8.7% to 46.8% in communication; from 19.2% to 24.6% in finance, insurance, properties and business services; from 10.7% to 11.9% in community, society and individual services; and from 8.5% to 18.7% in other industries. This expanding echelon of the upper-middle strata in various

**Table 7.2** Distribution of managers, administrators and professionals (%)

<i>Industries</i>	<i>1993</i>	<i>1998</i>	<i>2003</i>	<i>2008</i>	<i>2013</i>
Manufacturing	6.4	10.1	15.3	14.7	16.2
Construction	3.8	5.9	7.9	7.7	9.2
Import, export, wholesales, transportation and storage	9.7	11.3	14.3	17.1	18.9
Retail, food and accommodation services	3.4	3.1	3.1	4.9	7.7
Communication (Information technologies and communication since 2008)	8.7	17.2	19.9	46.4**	46.8
Finance, insurance, properties and business services	19.2	20.8	24.3	24.6	24.6
Community, society and individual services (public administration, society and individual services since 2011)	10.7	12.1	12.8	13.6	11.9
Other industries	8.5*	14.2	18	18.4	18.7
Total population to workforce (%)	8.8	11	13.4	15.9	16.4
Total working population (million)	2481.7	2798.9	2786.6	3115.9	3350.1

*Source:* Census and Statistics Department of Hong Kong

\*Sampling error of “managers and administrators” of “other industries” was too large. Census and Statistics Department did not release such figure. The current figure represents the percentage of “professionals” only

\*\*The drastic increase of percentage in 2008 is plausibly attributed to the change from “communication” to the “information technologies and communication” that year. This may be due to the altering method of classifying industries.

industries plausibly represented an upward social mobility throughout these two decades. The other possible explanation is the restructuring of employment conditions, which implied a shift towards knowledge-intensive production and a higher value-added premium in the industries. This shift is a way to enhance the competitiveness in the midst of uncertain risks and keen global competition, resulting in more employment demand for managers, administrators and professionals who are presumably more qualified for the jobs that require knowledge-intensive and high-value-added production.

While observing flourishing upper-middle strata in the workforce, [Table 7.3](#) presents the other side of the employment structure of post-handover Hong Kong. The proportion of working poor increased in some industries during the study period. From 1993 to 2013, the

**Table 7.3** Distribution of elementary occupations (%)

<i>Industries</i>	<i>1993</i>	<i>1998</i>	<i>2003</i>	<i>2008</i>	<i>2013</i>
Manufacturing	13.5	14.1	12.4	14.9	16.6
Construction	12.2	16.3	13.6	16	18.5
Import, export, wholesales, transportation and storage	13	11.7	10.8	10.2	10.4
Retail, food and accommodation services	13.3	13.2	13.2	9.8	11.6
Communication (Information technologies and communication since 2008)	6.1	13.6	15.6	2.7*	2.1
Finance, insurance, properties and business services	15.1	16.5	20.8	27.7	26.9
Community, society and individual services (public administration, society and individual services since 2011)	35.6	39.3	40.2	37	38
Other industries	13.4	13.3	11.5	11.5	10.8
Total population to workforce (%)	18.0	19.9	21.5	20.6	21.9
Total working population (million)	2481.7	2798.9	2786.6	3115.9	3350.1

*Source:* Census and Statistics Department of Hong Kong

\*The drastic increase of percentage in 2008 is plausibly attributed to the change from “communication” to the “information technologies and communication” that year. This may be due to the altering method of classifying industries

percentage of elementary occupations (unskilled workers) rose from 13.5% to 16.6% in manufacturing; from 12.2% to 18.5% in construction; from 15.1% to 26.9% in finance, insurance, properties and business services; and from 35.6% to 38% in community, society and individual services. In particular, the financial and business industry (including finance, insurance, properties and business services) got the greatest increment of jobs for unskilled workers. The expansion of upper-middle and working-poor positions indicated a polarized structure in the employment market.

### *Changes of Income Level*

To investigate how the series of global and regional crises left their footprints on the employment market of Hong Kong, we consolidated data of the income levels of the people who worked for various occupational categories. The relevant data are shown in [Tables 7.4](#) and [7.5](#).

**Table 7.4** Indicators of Hong Kong's economy

	1993	1998	2003	2008	2013
Consumer price index	76	104.4 (37.4%)	89.7 (-14.1%)	97.8 (9.0%)	115.1 (17.7%)
Private residence Rental index	97.4	112.6 (15.6%)	73.6 (-34.6%)	115.7 (57.2%)	154.5 (33.5%)
Private residence Selling price	93	117.1 (25.9%)	61.6 (-47.4%)	120.5 (95.6%)	242.4 (101%)
Gross domestic products(HKD billion)	931	1308 (40.5%)	1256.6 (-3.9%)	1707.4 (35.9%)	2125.3 (24.5%)

Source: Census and Statistics Department of Hong Kong

**Table 7.5** Monthly median income level of employees (HKD)

<i>Occupational categories</i>	1993	1998	2003	2008	2013
Managers and administrators	20,000	30,000 (50%)	30,000 (0%)	30,000 (0%)	36,800 (22.7%)
Professionals	19,800	30,000 (51.5%)	30,000 (0%)	30,000 (0%)	35,600 (18.7%)
Associate professionals	10,500	16,000 (52.4%)	16,000 (0%)	16,000 (0%)	19,200 (20%)
Clerical support workers	7,000	10,000 (42.9%)	9,500 (-5%)	9,800 (3.2%)	12,000 (22.4%)
Service and sales workers	7,000	9,500 (35.7%)	8,000 (-15.8%)	8,500 (6.3%)	10,500 (23.5%)
Craft and related workers	7,200	10,000 (38.9%)	9,000 (-10%)	10,100 (12.2%)	13,000 (28.7%)
Plant and machine operators and assemblers	6,500	10,000 (53.8%)	9,500 (-5%)	10,000 (5.3)	12,500 (25%)
Elementary occupations	4,800	6,000 (25%)	4,800 (-20%)	5,000 (4.2%)	6,200 (24%)
Other occupations	6,000	8,000 (33.3%)	6,500 (-18.8%)	7,500 (15.4%)	9,500 (26.7%)
Total workforce	7,000	10,000 (42.9%)	10,000 (0%)	10,500 (5%)	12,500 (19%)

Source: Census and Statistics Department of Hong Kong  
The percentages refer to changes per five years

Table 7.4 exhibits indicators that demonstrated the socioeconomic situation of Hong Kong during the study period. The Consumer Price Index (CPI) and private residence rental index reflected the general cost of

living, while the Gross Domestic Products (GDP) and private residence-selling price showed the general income and asset values, respectively. These indicators reflected the impact of the Asian financial storm, SARS epidemic and global financial tsunami on Hong Kong's economy, and they provided a benchmark for comparing the income level and its changes on different occupations. Obviously, thanks to the hard-hitting Asian financial storm and SARS epidemic, 2003 was the worst year of the local economy as the four indicators fell drastically, especially the rents and prices of private residential flats. In 2003, rents and prices of private flats declined by 34.6% and 47.4%, respectively, from the levels of 1998, while the CPI and GDP fell by 14.1% and 3.9%, respectively. However, Hong Kong experienced a strong post-SARS rebound, and the economy continued to be prosperous in spite of the global financial tsunami from 2008 to 2009. This data illuminated the fact that the continuous economic growth of China in the midst of the financial tsunami saved Hong Kong from the plausible crisis of economic recession.

Table 7.5 displays the income level in terms of Hong Kong dollars (HKD) gained by various occupational categories from 1993 to 2013. The average income of the entire employment market improved from HK\$7,000 to \$12,500 over the decade. As expected, the upper-middle layers of the job market (managers, administrators and professionals) earned an above-average salary of around HK\$30,000, the working class earned close to the medium wage of around HK\$10,000, while the working poor were underpaid with an average income that never exceeded HK\$10,000 in the past two decades. Therefore, in terms of risk vulnerability, the upper-middle strata were more resilient to recession, as the monthly salaries of managers, administrators and professionals had no change despite the lackluster economy from 1998 to 2003. On the contrary, the working class was vulnerable to recession, especially the service and sales workers, and the craft and related workers. The average income levels of these two occupational categories declined by 15.8% and 10%, respectively. Clerical support workers and plant and machine operators and assemblers also encountered a wage cut as the average income dropped by 5%, respectively. The working poor suffered the most from the economic downturn as the monthly salaries of elementary occupations (the unskilled workers) and other occupations plunged by 20% and 18.8%, respectively.

Apart from the "bad days" between 1998 and 2003, the "good days" from 1993 to 1998 and the years after 2003 also demonstrated varying risk vulnerability across social strata. Table 7.4 shows that the economic growth

before 1998 and after 2003 was impressive—with hikes in the general income level (GDP), the rental value of properties and the CPI. In particular, the selling price of residential flats increased drastically during these periods. While demonstrating a bullish economy, such indexes also implied rising living costs for people in Hong Kong in general. As a result, even though the workers' income level may ride on the economic boom or recovery, they may still be subject to eroding real income by climbing living costs. Comparisons between [Tables 7.4](#) and [7.5](#) underscore such social risk to all social strata in varying extents and periods of time. From 1993 to 1998, apart from managers, administrators, professionals and associate professionals, the proportion of income rise of all other occupational categories was lower than the average percentage of the whole workforce and the rising percentage of GDP. Their extra earnings during these five years were also entirely offset by the floating price index throughout the same period. Among them, the unskilled workers (elementary occupations) suffered the most. In fact, except for the period from 2008 to 2013, the increase in pay of the unskilled workers could hardly catch up with the incremental proportion of the income level of the whole workforce as well as the growth rate of the GDP. On the other hand, the post-SARS period (years after 2003) data show a boost in the income level of the workforce in general, except for the zero growth of the top layers (managers, administrators, professionals and associate professionals) from 2003 to 2008. These occupational categories regained their income growth from 2008 to 2013. However, factoring in their relatively immunity to the decreasing income level during the Asian financial storm and SARS epidemic from 1998 to 2003, we could hardly conclude that they were the most vulnerable groups to social risks in the study period.

A point to note is the skyrocketing property prices that occurred from 2003 to 2013. The extent of the increments in flat price greatly exceeded the pay increases of workers from all social strata. In addition, the increase of rental costs from 2003 also obviously superseded the income hikes of the same period. It seemed that the people of Hong Kong, regardless of their social strata, were generally afflicted by the rising costs of accommodation.

### *Employment Security and Working Conditions*

Apart from income level, unemployment and underemployment rates indicate the vulnerability of different social strata to the layoffs during

recession. The highest unemployment and underemployment rates were recorded in 2003 as 7.9% and 3.5%, respectively, because of the outbreak of SARS. The rates were also as high as 4.7% and 2.5%, respectively, in 1998 after the Asian financial crisis. In 2008, the employment market was less affected by the global financial tsunami of which the unemployment rate was 3.5% and the underemployment rate was 1.9%.

In terms of risk vulnerability, the working class and working poor were less immune to layoffs because the unemployment and underemployment rate of certain occupations were over the average. According to [Tables 7.6](#) and [7.7](#), in 1998, the unemployment rates of service and sales workers, craft and related workers, and plant and machine operators and assemblers were 5.9%, 7.3% and 4.2%, respectively. The underemployment rates of craft and related workers, plant and machine operators and assemblers were 8.9% and 4.2%, respectively, which were far beyond the average. In 2003, the unemployment rates of service and sales workers, craft and related workers, and plant and machine operators and assemblers were 10.3%, 16.1% and 7.1%, respectively, while the underemployment rates of craft and related workers and plant and machine operators and assemblers were 8.9% and 4.2%. In 2008, unemployment was still acute in these two occupations, of which the rates were 4.5% for service and sales workers and 5.6% for craft and related workers, while the underemployment rates were 8.9% for craft and related workers and 4.2% for plant and machine operators and assemblers. For the working poor, the same situation also applied. In 1998, the unemployment

**Table 7.6** Unemployment rate (%)

<i>Occupational categories</i>	<i>1993</i>	<i>1998</i>	<i>2003</i>	<i>2008</i>	<i>2013</i>
Managers and administrators	0.4	1.6	2.4	0.9	1.6
Professionals	0.7	1.1	2.4	1.3	1.5
Associate professionals	1.2	3.0	4.3	2.1	2.2
Clerical support workers	1.5	3.7	5.4	3.1	3.1
Service and sales workers	2.4	5.9	10.3	4.5	4.4
Craft and related workers	2.5	7.3	16.1	5.6	4.8
Plant and machine operators and assemblers	2.0	4.2	7.1	2.9	1.9
Elementary occupations	1.8	4.5	8.7	3.8	3.1
Other occupations	*	*	4.2	*	*
Total workforce	2.0	4.7	7.9	3.5	3.4

*Source:* Census and Statistics Department of Hong Kong

\*Census and Statistics Department of Hong Kong did not release the figures owing to unacceptable sampling error



**Table 7.7** Under-employment rate (%)

<i>Occupational categories</i>	1993	1998	2003	2008	2013
Managers and administrators	*	*	0.2	*	*
Professionals	*	0.3	0.6	0.2	0.3
Associate professionals	0.2	0.4	1.2	0.6	0.5
Clerical support workers	0.1	0.5	1.4	0.6	0.5
Service and sales workers	0.3	1.6	3.6	1.6	1.5
Craft and related workers	6.3	8.9	11.7	8.2	6.5
Plant and machine operators and assemblers	2.7	4.2	5.4	2.4	1.6
Elementary occupations	2.2	4.0	5.1	3.4	2.6
Other occupations	*	*	*	5.0	*
Total workforce	1.6	2.5	3.5	1.9	1.5

*Source:* Census and Statistics Department of Hong Kong

\*Census and Statistics Department of Hong Kong did not release the figures owing to unacceptable sampling error

**Table 7.8** Median working hours per week

<i>Occupational categories</i>	1993	1998	2003	2008	2013
Managers and administrators	44	44	45	45	44
Professionals	40	40	44	44	40
Associate professionals	44	44	44	44	42
Clerical support workers	44	44	44	43	40
Service and sales workers	50	48	52	51	48
Craft and related workers	48	48	45	45	48
Plant and machine operators and assemblers	48	48	48	48	48
Elementary occupations	48	48	54	53	50
Other occupations	48	48	48	48	42
Total workforce	48	44	48	45	45

*Source:* Census and Statistics Department of Hong Kong

and underemployment rates of elementary occupations were 4.5% and 4%, respectively. In 2003, this group of unskilled workers recorded its highest unemployment rate of 8.75% and underemployment rate of 5.1%. In 2008, the rates were still above average at a 3.8% unemployment rate and a 3.4% underemployment rate. We therefore conclude that the employment security of the upper-middle strata of the workforce had been relatively stable in the midst of a series of regional and global crises, while the working poor and the working class in general were more susceptible to the employment risks of layoffs or underemployment.

In addition to the employment risks, duration of working hours also indicates whether workers have to sacrifice their well-being for the sake of employment security. Table 7.8 delineates that the average working hours in general ranged from 44 to 48 hours. The number dropped from 48 to 44 hours from 1993 to 1998, rebounded in 2003 to 48 hours and dropped again to 45 hours in 2008. However, certain occupations of the working class and working poor recorded particularly long working hours. For the working class, the average working hours of service and sales workers were particularly long with employees needing to work 48 to 52 hours a week. For the working poor, the problem of long working hours has been acute in elementary occupations in which unskilled workers had to work for 48 to 54 hours a week.

### *Discussion*

The findings unravel the employment structure of post-handover Hong Kong, which exhibits a tendency to polarization between the upper-middle strata and the working poor of the workforce when Hong Kong was hit hard by a series of global and regional crises (Asian financial storm, SARS epidemic and global financial tsunami). Undoubtedly, the scale and impact of these crises were extensive and drastic, yet the upper echelon of the workforce, represented by the managers, administrators and professionals, demonstrated resilience to the fluctuation of income level and better employment security than their counterparts from the working poor. Their income level was relatively stable throughout the ups and downs of Hong Kong's socioeconomic conditions. The unemployment and underemployment rates of such top layers of the workforce remained low throughout the study period. Comparatively speaking, the working poor, who consisted mainly of unskilled workers, received severe pay cuts during the "bad days" from 1998 to 2003. Even for the "good days" when economic performance was strong, their pay increases were mainly offset by rising living costs or were not able to catch up with the hike in the general income level. Moreover, they suffered from higher unemployment and underemployment rates than those of the upper-middle strata, in particular from 1998 to 2003 when Hong Kong was hit by regional financial and epidemic crises. Substantial differences in earnings and employment security between the "haves" and the rest (in particular, the working poor) amid a series of global and regional crises illustrate that social strata still play a significant role in the analysis of risk society.

Certainly, it is hard to conclude that the better-off cohorts of the workforce can be exempted from the modernization risks. As shown by the data in this chapter, the income level of the managers, administrators and professionals was frozen during the lowest ebb of Hong Kong's economy in this study period. In addition, the percentage of their increase of revenue was not able to meet the skyrocketing property prices from 2003 to 2013. Nevertheless, they are still relatively better off than others even in times of financial turmoil and economic uncertainties.

Varying resilience and hence vulnerability of different employment strata to social risks leads to the second part of the discussion: the social implications of a widening division between the "haves" and the "have-nots" in the midst of global and regional crises. The flourishing size of the managers, administrators and professionals group in the workforce suggests the plausible rise of a knowledge-based economy in which the production process becomes more knowledge-intensive. This is coupled with an increasing population who receives higher education and professional training. On the other hand, we also see another intriguing change of the employment structure: the shrinking pool of manufacturing jobs (craft and related workers, plant and machine operators and assemblers) and an expanding layer of frontline services laborers (service and sales workers) and unskilled workers (elementary occupations). This observation echoes the shift of Hong Kong from a secondary production economy to a tertiary production society, which means the flagging of manufacturing industries and the dominance of the services sector. However, from the data on income levels and employment security, workers of such frontline services and elementary positions were highly vulnerable to the fluctuating economic performance and less predictable global environment. Against the backdrop of a knowledge-based economy, it seems that the managers, administrators and professionals who possess expertise and specialized knowledge are more resilient and adaptable to the social risks—at least the economic risks stemming from trans-border financial turmoil—while the working class and working poor who rely on labor-intensive jobs are less fortunate.

While the findings of this chapter underscore varying risk vulnerabilities across the social strata, other observations generated from this study are also worth further examination. First, the data in this chapter mainly focus on the income level, employment structure and security of Hong Kong's workforce. While those data substantially exhibit people's vulnerability to the socioeconomic crises, risk vulnerability could be

manifested in indicators other than employment security and income level. For example, our study revealed that the upper-middle class in the workforce (managers, administrators, and professionals) should be more resilient to the social risks when compared with the working class and working poor. However, if we factor in the social momentum behind the wealth accumulation and household savings of the upper-middle class, the risk vulnerability of this group of people may have to be re-examined. Chamon and Prasad (2010, 93–130) argued that rapidly rising burdens, such as education, healthcare and the like, are the key factors in the rise of household saving. Certainly the employment factors are crucial to one's wealth accumulation. But if we consider the individualization of social risks—particularly to those who are less likely to be covered by the protection of the social security system (public housing, social welfare and all kinds of transfer payments for redistributing social wealth by public administration)—earning more from employment and wealth accumulation may not necessarily be less vulnerable to social risks. Therefore, apart from the income level, employment structure and security of varying social strata in the workforce, other variables that are also illustrative of one's risk vulnerability, such as the sharing of social costs of healthcare, housing and education between the public sector and individuals, should be included in future analysis of a risk society.

Another observation from our study that deserves further investigation is the unintended consequences of asset bubbles resulting from global financial tumults. From our data, the global financial tsunami from 2008 to 2009 seemed to exert limited impact on Hong Kong's employment market. In fact, a profound effect of the financial tsunami is shown in [Table 7.4](#)—the skyrocketing price and rental value of residential properties in Hong Kong. Due to collapsing confidence in US dollar-denoted bonds, assets and the credit crunch during that period, the American monetary authority (later joined by central banks around the world) drastically enhanced the money supply and liquidity of the global market, which led to an abundant supply of hot money for speculation on assets and commodities. While property revaluation balloons the wealth of the property owners, it also causes heavy housing costs to the people. Apparently, the percentage of pay increases for all employees—whether for managers, administrators, professionals or the occupations of the working class and working poor—could hardly meet the incremental rate of the flat price and the rental cost. As Wang and Wen (2010) mentioned, the rapidly rising housing prices pose not only a challenge to socioeconomic development

but also have become a key source of political controversy. Public outcry about increasing the supply of subsidized housing, disputes over land uses and regulation over speculation of property markets have been hot issues in Hong Kong in recent years. The unintended consequences of the global financial tsunami once again show the universality of modernization risks across national borders as well as social strata.

Finally, while we concentrated on the employment market and conditions in this study, the analysis of social strata and risk vulnerability could be broadened to other social institutions, especially the familial structure and networks. Theoretical and empirical research on social inequalities or stratification has long been one of the hallmarks of sociology as it burgeoned as an academic discipline after the Second World War (Pevalin and Rose 2002). Central to this field is the recognition that the employment structure is an important foundation for the main dimension of social stratification (Blau and Duncan 1967). The importance of the input of social stratification into our analytical process is obvious. In addition to the employment structure, another significant yardstick is that individuals can insure against social risks through a network of family and friends or other informal channels to reduce their need for precautionary savings (Lusardi 1998, 449–453). This structural difference, which is not yet covered by our present study, could be illustrative of seeing the unequal vulnerability to social risks across various social classes.

## CONCLUSION

While reckoning the universality and less predictability of modernization risks, we empirically demonstrated the varying risk vulnerability across social strata in the Hong Kong workforce. The study primarily focused on the employment structure and conditions as the apprehension of social class. Results show that the upper echelon of the job market is relatively more secure and stable than the working class and working poor in the midst of global and regional financial crises and economic tumults. Although our data do not cover social security, public spending, familial structure or other factors that may relate to one's risk vulnerability, the findings are illustrative for explicating how the economic, social and cultural capital possessed by the social elites (managers, administrators and professionals) could buffer them from the trans-border crushes from other regions of the globe. Against the backdrop of a speculative age when social risks know no borders and are less controllable, uneven ownership of

capital may imply uneven aversion to social risks. The theory of a risk society in this sense could plausibly be an extended analysis of social inequality, albeit with an emphasis on the universality of modernization risks to all people. However, the key social factor when contemplating social inequality is shifting from the distribution of social wealth to the distribution of social risks.

Suffice it to say, the original design of “One Country, Two Systems” in the 1980s could hardly foresee the social reformation of Hong Kong under the global concern of a risk society. Furthermore, the global risks and their social ramifications on Hong Kong are aggravated by the increasing capitalist population flow between Hong Kong and China. Scholars have pointed out the fading and uneven distribution of market opportunities to Hong Kong employees after years of socioeconomic integration between China and Hong Kong, and the situation has been going from bad to worse (Chiu and Lui 2004). Chan (2014) explicated how the tremendous influx of Mainland Chinese visitors to Hong Kong triggered the public concern of the social cost and cultural alienation against the Mainland Chinese. Obviously, such emerging fractures within the China-Hong Kong relationship have intensified the class conflicts between the haves and have-nots over the reaping of China’s market opportunities. It is no wonder that class antagonism and economic inequalities have been worsening. Coupled with the incoming global risks, the myth of upward social mobility in Hong Kong could hardly be perceived in post-handover years along with the illusive promise of a prosperous capitalist city under Chinese sovereignty.

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