

The Impact of the Minimum Wage Ordinance on Security Companies in Hong Kong

Submitted by

Mr. Hon, Kim Tak

Dip (Legal Studies), BA (Psy), MBus

Student number: c3041843

A Dissertation submitted to the Faculty of Business
and Law in fulfillment of the requirements to the
degree of Doctor of Business Administration (DBA)

Apr 2015

Abstract

Hong Kong, as a developed city, has implemented a new law of Minimum Wage Ordinance since May 2011. Many industries would be affected, especially for some low-skilled and low wage industries. This research is to evaluate impacts of the Minimum Wage Ordinance on guarding companies in Hong Kong. Guarding companies are to change their business strategies, company structures and human resources policies to suit into the market. This research is to identify the arguments in favour of and against Human Resource Management and Minimum Wage in Hong Kong. In-depth Interview of qualitative research methodology adapts to the research to have rich descriptions of phenomena from the interviewees and Open-ended questions are used to get various answers to the research questions.

The findings reveal that all interviewed companies are well arranging Human Resource Management policies on dealing with the implementation of Minimum Wage Ordinance; wages have been increased, communication has been enhanced and benefits have not been reduced. It is suggested that the implementation of Minimum Wage Ordinance is perfectly at the very good time of rapid economy growth in Hong Kong where most of the negative effects are offset or even over by economy growth. All interviewed companies keep making profits and maintain profit margins. The inflation is even downward which some theorists argue that setting up minimum wage would push the inflation upward. It is also suggested that the minimum rate is set not high

that most low-skilled and low wage employees are earning wages very close to the minimum rate. As this is a new law, this research would contribute to the Hong Kong Government that it would have more useful information for developing its labor strategies and policies and it would be an indicator for the guarding industry to plan the Marketing and Human Resources strategies.

Declaration

I declare that this thesis that has not been submitted in any form for another degree or diploma at any university or other institution of tertiary education. Information derived from the published or unpublished task of others has been properly acknowledged in the texts and references lists.

Mr. Hon, Kim Tak

Apr 2015

Acknowledgement

This thesis could not be completed without the supervision and guidance of my supervisor, Professor Ken Kamoche, who demonstrates extreme high degree of professionalism in guiding and directing my works through numerous editions. His enthusiasm, encouragement and understanding of the difficulties of studying with full-time work and family responsibilities indeed helps the completion of this thesis with less stress. It is really my honor and pleasure to under the supervision of Professor Ken Kamoche.

Very special acknowledgement goes to my wife who not only mentally but also physically supports me during my research journey. Special acknowledgement goes to my mother who raises me and encourages me to face challenges in my life. However, she has been suffering from head injured with serious condition. All the very best are to this old lady. Special appreciation goes to my brother, sister, other family members and all my friends who have given me a lot of kind words and encouragements. Special appreciation also goes to the six security companies from which I collect valuable data for this thesis. Special thank is sent to my ex and current bosses, who allow me to take annual leaves for my studying. Also, special thank is sent to my classmates, who give me a lot of support, advice and encouragement in my entire journey of this DBA program that I could go on the right track.

Table of Contents

Abstract.....	i
Declaration	iii
Acknowledgement	iv
Table of Contents.....	v

CHAPTER 1 INTRODUCTION

1.1	Introduction	1
1.2	Background of the Topic	2
1.3	Key Issues from the Literature	5
1.4	Research Methods	11
1.5	Data Analysis	12
1.6	Ethical and Safety Implications	12
1.7	Structure of the Thesis	13
1.8	Limitations and Contributions of the Study	14
1.9	Conclusion	15

CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	16
2.2	Relevant Theories of HRM	18
2.2.1	Hard and Soft HRM	19
2.2.2	Arguments of HRM	19
2.2.3	Comparative HRM: European Vs US Views	20
2.2.4	Motivation Theory of HRM Practice	20
2.2.5	Total Rewards in HRM	22

2.2.6	Non-financial Rewards Theory	23
2.3	Hong Kong HRM Practice	23
2.3.1	Minimum Wage Controversy in Hong Kong	25
2.4	Minimum Wage Theory--Neoclassical Model	26
2.5	Minimum Wage Theory-- Monopsony Models	28
2.6	Major Effects on Minimum Wage	30
2.6.1	Legged Effects	30
2.6.2	Aggregate Effects and Trend Differences	31
2.6.3	Effects of Hourly Paid Employment	32
2.6.4	Long Term Effects	33
2.7	Employment Effects on Low-Skilled Workers	34
2.7.1	Effects on Low-Skilled Worker Employment:	
	Case Studies	34
2.7.2	Minimum Wage Variable on Low-Skilled Wages	35
2.8	International Evidence	36
2.9	Research Questions	37
2.10	Conclusion	38

CHAPTER 3 RESEARCH METHODOLOGY

3.1	Introduction	40
3.2	Conducting Research	40
3.3	Research Methodology and Design	41
3.4	Qualitative Methodology	42
3.5	Trustworthiness	43
3.6	Justification for Using Qualitative Methodology	45

3.7	Case Study Design	46
3.8	Research Strategy and the Data Collection Methods	47
3.9	Interview Structure	48
3.9.1	Standardized and Unstructured Interviews	49
3.9.2	Qualitative Interview	51
3.9.3	In-depth interview	53
3.10	Sampling Method	56
3.11	Data Analysis	58
3.12	Ethical Concerns	59
3.13	Conclusion	60

CHAPTER 4 FINDINGS AND ANALYSIS

4.1	Introduction	61
4.2	Overview of the Participating Companies	63
4.3	Interview Responses from Company A	64
4.3.1	Responses from Management	64
4.3.2	Responses from Employees	67
4.3.3	Summary of Responses from Management and Employees	68
4.4	Interview Responses from Company B	69
4.4.1	Responses from Management	69
4.4.2	Responses from Employees	70
4.4.3	Summary of Responses from Management and Employees	71
4.5	Interview Responses from Company C	72
4.5.1	Responses from Management	72
4.5.2	Responses from Employees	75

4.5.3	Summary of Responses from Management and Employees	76
4.6	Interview Responses from Company D	76
4.6.1	Responses from Management	76
4.6.2	Responses from Employees	78
4.6.3	Summary of Responses from Management and Employees	79
4.7	Interview Responses from Company E	80
4.7.1	Responses from Management	80
4.7.2	Responses from Employees	82
4.7.3	Summary of Responses from Management and Employees	82
4.8	Interview Responses from Company F	83
4.8.1	Responses from Management	83
4.8.2	Responses from Employees	84
4.8.3	Summary of Responses from Management and Employees	85
4.9	Analysis of responses to Part 1 Questions	86
4.10	Analysis of responses to Part 2 Questions	88
4.10.1	Management Perspective	88
4.10.2	Employees Perspective	90
4.11	Analysis of responses to Part 3 Questions	91
4.11.1	Management Perspective	91
4.11.2	Employees Perspective	92
4.12	Conclusion	93

CHAPTER 5 DISCUSSION AND CONCLUSION

5.1	Introduction	96
-----	--------------------	----

5.2	Common Employment Packages of Security Companies Prior to Implementation of Minimum Wage Ordinance	97
5.3	The Impacts on Employment Package of Security Companies after Implementation of Minimum Wage Ordinance in Hong Kong	98
5.4	Employment Packages in Different Firms Sizes	101
5.5	How Security Companies Cope with after Implementation of Minimum Wage Ordinance	103
5.6	Expectations of Employees after Implementation of Minimum Wage Ordinance	105
5.7	Changes of HRM Policy for Security Companies after Implementation of Minimum Wage Ordinance	106
5.8	Limitation and Contribution of the Research	108
5.9	Recommendations and Further Research	111
5.10	Conclusion	112
Reference		115
Appendix 1		144
Appendix 2		145
Appendix 3		146
Appendix 4		147
Appendix 5		148
Appendix 6		149
Appendix 7		150
Appendix 8		151

Appendix 9	152
Appendix 10	153
Appendix 11	154
Appendix 12	155
Appendix 13.....	156