

Study on Earnings Mobility

The Task Force on Poverty has commissioned the School of Economics and Finance, University of Hong Kong to conduct a study on Earnings Mobility in Hong Kong over the period 1998 – 2008. The former Commission on Poverty also commissioned a study on the same topic in 2006, covering the period 1996 – 2005.

2. Earnings mobility is expressed in terms of the probability of employed persons moving across different income groups. This study examines the relationships between current and previous earnings of workers and the socio-economic attributes likely to affect these relationships, as well as the relationships between the lifetime earnings of parents and their children.

3. Some major findings of the study are highlighted as follows:

- employment earnings in Hong Kong were generally mobile over the period 1998 – 2008, during which 33% of workers were able to move up the earnings ladder, more than that of workers moving down (20%);
- about 46% of workers in the lowest 20% of the earnings distribution in 1998 succeeded in moving up the earnings ladder in 2008;
- compared with the findings of the 2006 study, the overall earnings mobility had declined over the past ten years due to reduced downward earnings mobility. This was a positive development;
- education, including formal school education, continuing education and training, was the crux of enhancing upward earnings mobility and reducing downward earnings mobility. It was also found to be effective in reducing the chance of people (particularly young people) being trapped in the lowest quintile group;
- associate professional occupations were important gateways for poor and disadvantaged families to move up the earnings ladder, as the entry barriers of these occupations were not as high as those for professional and managerial occupations. Even for parents with only primary education, their children possessed fairly good opportunities (estimated at more than 95%) to receive secondary or higher education. This could help enhance their capabilities to take up an associate professional occupation;

- intergenerational poverty was not prevalent. About 82% of sons and 74% of daughters whose fathers in the lowest 20% of the earnings distribution had moved up to a higher quintile group and earned more than their parents; and
- while male workers generally had higher earnings mobility, female workers had a higher upward mobility but lower downward mobility.

4. The [executive summary](#) and the [full report](#) of this study have been uploaded onto the website of the Labour and Welfare Bureau for reference.

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