

LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	Chau Alvin Yau Kong	Student ID number:	1812892
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Executive Summary

Purpose and Method of This Report

The trend of Statutory Minimum Wage has spread around the world with over 90 percent of countries adopting Statutory Minimum Wage. Hong Kong finally implemented the Statutory Minimum Wage on May 1, 2011. However, the implementation gives tremendous impacts onto cleaning and guarding industries causing them seriously shortage of manpower.

This paper aims to explore the challenges currently guards and cleaners are facing and also to address what motivates the guards and cleaners to stay in the market through interviewing several employees from senior management to frontline staff of selected guarding and cleaning companies.

Findings and Conclusion

Most survey respondents reflected that the implementation of statutory minimum wage leads to a high turnover rate, creates no incentive to improve the work performance, increases workloads, decreases the competitiveness of the company, cuts staff fringe benefit (e.g. training), worsens the relationship with customers and so forth.

In the long run, the companies should fully make use of the established motivated skilled workforce by providing enriched jobs in terms of increased autonomy, skill flexibility and variety to develop new sources of competitive advantage.

Recommendations

Recommendations to engage workforce to stay in the market include:

To work with Minimum Wage Commission to review and adjust the policy every 2 years, to set up salary ranged level according to Qualification Framework, to have open-minded communication with the stakeholders, to identify the needs of the labours (e.g. investment of facilities and amenities at staff rest place), to increase staff benefit in terms of post allowance, paid meal break and rest day, to set up flexibility of working hours, to set up reward system in terms of incentive bonus and referral bonus and to provide trainings to uplift staff's skill and performance, etc.

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1. Introduction

Minimum wage can be a very important factor within an economy. It can help to reduce poverty, improve income distribution, and improve many other aspects of an economy. Other benefits include improving the mental and physical health of low-income families, increasing economic consumption, and decreasing government spending for low-income families. However, there are also negative effects. One of the most impactful on an economy can be an increase unemployment. Others include increasing inflation, incentives to innovate, as well as other negative effects on the economy. There are many pros and cons for increasing minimum wage.

1.1 The Trend of Statutory Minimum Wage

According to Loo (1991), the minimum wage regulation was initially developed in New Zealand in 1896 and followed by Australia in 1899, Britain in 1909, and the United States in 1938. The aim of implementation of statutory minimum wages is for providing a safety net to the workers against unduly low pay. The enactment of minimum wage assists to ensure a just and equitable share of the fruits of progress to all. By minimum wage policy, the vulnerable grassroots labours have the fundamental income to maintain their basic living standard and thus prevent the exploitation by some employers.

The trend of Statutory Minimum Wage has spread around the world. The first country to enact the Statutory Minimum Wage law was New Zealand in 1984, thereafter many western countries includes the United Kingdom, Spain, France and the United States and Asian countries includes Japan, Taiwan and China are also enacted the minimum wage law (Wendy V. C. 2007). Including recently adopted by Germany in 2014, there are more than 90 percent of countries adopting Statutory Minimum Wage among the world.

1.2 The Implementation Process of Minimum Wage Ordinance in Hong Kong

The concept of Minimum Wage Ordinance was finally put on the table in the Legislative Council of Hong Kong in July 2009. It was intended to provide employees a wage floor to sustain for living and to reduce the wealth gap among the society without significant impact on the economy and global competitiveness. It is believed that Minimum Wage Ordinance protects grassroots employees from receiving excessively low wages; raising up the wages of this category of employees as well as their purchasing power to cope with the inflation. Hong Kong finally enacted and implemented the Statutory Minimum Wage on May 1, 2011.

1.3 Statutory Minimum Wage in Property Management Industry

Within the realm of Hong Kong economy, housing property sector has taken a major role in economic development as Hong Kong is regarded as “property-led” economy. Under the legislation, employees of property management industry are one of the major stakeholders of Minimum Wage Ordinance. The impacts from the implementation of minimum wage on the frontline staff in terms of security guard, cleaner, building attendant, gardener of housing estates is profound.

Property management industry involves huge number of employees who have been directly influenced by minimum wage policy. According to the Annual Earnings and Hours Survey of Census and Statistics Department (2017), there were more than 242,500 people working in property management sector, mainly composed by security guard (around 44,100 people) and cleaning staff (around 70,200 people) who were receiving same or slightly higher level of minimum wage. It showed that there is an intimate relationship between the Statutory Minimum Wage and property management sector.

Thus, this paper aims to understand the key business problem causing by the implementation of statutory minimum wage and to investigate the challenges currently guards and cleaners are facing and also to dig out what motivates the guards and cleaners to stay in the market? The discussion and recommendation are based on the opinions of several employees from senior management to frontline staff of selected guarding and cleaning companies.

2. Business Problem

Hong Kong has implemented the Statutory Minimum Wage on May 1, 2011 and the Minimum Wage Ordinance is a permanent ordinance that would be reviewed every 2-year while the economy and labour market would continue evolve. The figure of Statutory Minimum Wage has been rising from \$28 in 2011 to \$30 in 2013, \$32.5 in 2015, \$34.5 in 2017 and \$37.5 coming into effect from May 2019. The four adjustments in minimum wage level have showed a progressive trend according to the inflation in local society.

According to (Glofcheski 2011), the security guards and cleaners are the only groups from property management industry included in the ordinance to be protected from low wages, it indicates that in Hong Kong the property management industry is one of the poverty industries, where contains higher proportion of vulnerable group in society, such as low-skilled workers, housewives, retired people. They are lacking in occupation mobility and unavoidably affected by the adjustments of minimum wage level.

The influences from implementation of minimum wage are significantly and directly when minimum wage affected the quality and services provision of property management. The implementation of minimum wage has been imposing heavy burdens to the Sino Group subsidiary companies of Best Result Environmental Services Limited and Sino Security Services Limited since May 1, 2011, both companies employ over 5,300 cleaning and guarding staff. Sino Group is one of the sizeable regional real estate developers and a blue-chip company in Hong Kong. Its business also extends to countries of Singapore, China and Australia with leasing and management portfolio of shopping arcades, industrial buildings, commercial buildings and residential buildings includes clubhouse and hotel management.

The effect of Minimum Wage Ordinance strikes on the industry and extensively alters the employment condition of property management industry. The occupiers of residential units, tenants of office buildings and shoppers of malls raised their expectations on the performance of the guards and cleaners and job requirements that the service quality of building management should be improved.

They assumed the increase of salary level under minimum wage ordinance have boosted up the working incentive to motivate the staff at work with better performance and also should have attracted more candidates with higher qualification to join.

In the real operation, the mobility of the guards and cleaners are relatively high in general. Constant movement of themselves within the field is active for changing the working environment horizontally may just as high as, or even in higher proportion than seeking a vertical promotion. There are some economists argued that the increase of Statutory Minimum Wage continuously would reduce building service quality and rise the unemployment rate. On the other hand, the increase in staff cost drives the resident to prefer more skilled personnel rather the unskilled one. It leads to a rise the unemployment for non-skilled labour.

To conclude, the increase of turnover rate and job vacancies lead to a tremendous negative effect in the performance of cleaners of Best Result Environmental Services Limited and security guards of Sino Security Services Limited and reduce the service quality of their served buildings. Therefore, the Minimum Wage Ordinance implementation does not favour the cleaning and guarding labour market condition, it caused serious manpower shortage to both companies, that is the key business problem.

3. Scope of Study

This study aims to investigate the main challenges currently the selected companies of Best Result Environmental Services Limited and Sino Security Services Limited of their low-skilled cleaners and guards are facing under minimum wage policy implementation and attempts to sort out the underlying motivation element for the guards and cleaners to engage or stay in. This paper's objectives are therefore to:

1. Identify what challenges in implementation of minimum wages; and
2. Identify what motivates the guards and cleaners to stay in the market

4. Literature Review

To find out the reasons why Statutory Minimum Wage becomes prevalent, there are several scholars and economists debated on this global trend. They supported the implementation of minimum wage can enhance the working motivation of grassroots labours. In the past, the low-skilled workers in property management industry who earned low wage did not have incentive to work. Pursuant of the Card-Krueger's findings, the employees especially those low-paid workers, they have relatively low working incentive as they are not able to earn sufficient salary. And thus, low motivation creates low productivity in work.

Some economists adopted the demand-supply theory to explain the unemployment phenomenon caused by the minimum wage. According to the theory, the demand and quantity of labour supply are regarded as the market mechanism to determine their salary. When supply and demand is remaining stable, the unemployment situation will not happen. However, because of the enactment of Statutory Minimum Wage, the employers are required to pay for relatively higher cost to employ same quantity of labours. When the employers are unable to maintain certain number of labours, the labour supply will be surplus and unemployment phenomenon will happen (Neumark D & William W, 2007).

Mullins (1993) considered motivation is the driving force within individuals by which they attempt to achieve some goals to satisfy some needs or expectation. Maslow (1943 & 1954) stated that in a hierarchical manner, people have five types of needs including Self-actualization, Esteem, Social, Safety and Physiological needs. Westwood (1992, p.293) mentioned the importance and existence of higher-order needs in work situations in Maslow's theory, which has brought attentions to administrators to the aspects of psychological needs. Supervisors have to recognize individual differences of subordinates and to make use of different approaches to motivate subordinates. Some rewards can simultaneously satisfy an individual for more than one need in the Maslow's hierarchy. It is difficult to judge which need(s) motivates the individual to work. In reality, an individual may be motivated by the expectation of satisfying more than one need. For example, promotion to a senior post can be considered as social needs and esteem needs at the same time.

Herzberg's Motivation-Hygiene theory (Herzberg, F., Mausner, B. and Synderman, B. B. (1959) categorizes two different sets of factors of hygiene factors and motivators which affect work motivation. To ensure effective management, administrators are suggested to give attention to both factors of hygiene and motivating, and to improve in hygiene factors for instance the relationship with co-workers and supervisor, physical work environment, job security and compensation, they would give working team a more highly motivated.

Herzberg's theory was criticized by Mullins (1993) that people with monotonic work or unskilled jobs often produce great work motivational problems. Most of manual workers are more concerned with pay and security. Work is only considered for earning money for their lives.

Salancik and Pfeffer (1978) suggested that expectancy theory was based on the logic: "People will do what they can do when they want to". Vroom's model assumes that the calculation of motivational force is based on the individual's perception of the situation. Since different people have different perception of work situations, both positive and negative perception in relation to the same work situation are possible for different people. As a result, different degrees of motivational force will be generated for different people.

Based on the Vroom's model, Porter & Lawler (1968) refined the expectancy theory of work motivation. Porter and Lawler's model considers motivation, satisfaction and performance as separate variables. Performance levels depend not only on effort but also in skill and intelligence of the individual and the person's role perceptions. Both intrinsic and extrinsic rewards play an important role in expectancy motivation.

Equity theory focuses on people's feelings of how fairly they have been treated in comparison with the treatment received by others (Adams, 1979, pp. 107-124). Locke (1968) proposed the goal theory of work motivation. A goal is defined as what an individual consciously and intentionally is trying to do. Goal directs performance and work behaviour which leads to certain consequences or feedback. Goal guides actions and responses of people. People try to achieve goals for their desires to be satisfied.

According to Mobley (1977), the individual experiences dissatisfaction, strong desire will be generated to stimulate thoughts of quitting the organization, leading to the intention to search for other employment. In hindsight, turnover intention has direct relationship with turnover behaviour.

Although some scholars and economists believed the implementation of Statutory Minimum Wage can benefit to the social stability and economic development, conversely, some scholars and economists claimed that the implementation of Statutory Minimum Wage would harm for the society growth, such as increment in unemployment rate, economic growth, high inflation rate and worsen the oligopoly and monopoly. Mincer (1974) believed the implementation of minimum wage would cause negative effects to labours and caused to the raise of unemployment rate, following with the implementation of minimum wages, some companies, especially which employed low-paid workers, may not be able to afford the increase in labours cost. Thus, these companies will lay off some of their staff. Although the minimum wage is favour the employed workforce and increase the motivation of low-paid workers, the higher unemployment rate also caused different social problems.

5. Methodology

This study is mainly based on interviews with six participants - three employees are the general manager, operation manager and guard from Sino Security Services Limited and another three employees who are the general manager, operation manager and cleaner from Best Result Environmental Services Limited. The required sample size to conduct interviews for this study has been complied with according to Johnson & Christensen (2008) that at least six participants shall be formed as the minimum sample size for interview data collection procedure.

For data collection, a semi-structured face-to-face interview was carried out, of each lasted about one hour. The interview helped to obtain the qualitative data concerning the perspectives of people. The interview was mainly of an open-ended nature, and there are two sections for the questionnaire: (1) what challenges in implementation of minimum wages, and (2) what motivates the guards and

cleaners to stay in the market? In which the researcher asked the respondents' opinions and events of the motivational factors which influence to the job satisfaction.

To increase internal reliability of the data collection, the data was collected through the field-note taking on the important issues while conducting the interview. The interview was recorded with respondents' permission. The respondents were assured of privacy.

6. Findings and Discussion

6.1 Challenges in Implementation of Minimum Wages

The challenges to implement minimum wages faced by the stakeholders are extracted according to the interviews with six employees working in guarding and cleaning industries. The result reveals that some challenges they have encountered when implementing minimum wage ordinance.

“We have experienced confrontations between the property management companies and the property owners. Most of owners criticise the rising of estate management fee due to implementation of the minimum wages has made the staff cost risen, and property management companies imposed the increased staff cost onto management fee, the act makes the owners discontent. Most importantly, the owners find the services rendered by the cleaners and guards without any improvement after the implementation of minimum wage. They commented the estate provides same quality of services with higher costs” (Mr. B, personal communication, March 5, 2019). The relationship between the property owners and the property management companies has been worsened caused by the implementation of the minimum wages. The owners anticipate Minimum Wage Ordinance would increase the productivity, efficiency and efficacy of the building staff. Meanwhile, the owners anticipate that current staff of their building would be positively motivated to provide good building service as they get higher pay under Minimum Wage Ordinance, the staff must be more willing to put effort on the job and eliminate their thought seeking for another job with better remuneration.

Madam A shared her opinions that *“some residents have made grievances that our attendance, responsibility, work attitude and efficiency are apparently reduced. But the workload is becoming higher as the expectation of owners raised”*. Mr. C also expressed that *“our guards were requested to perform additional duties, such as flowering plant and cleaning work for the building. It caused an increase of physical workload for the guards”* (Madam A & Mr. C, personal communication, March 5, 2019). The reason is that the Minimum Wage Ordinance increases the job opportunity and staff turnover rate. Some staff do not cherish their job as before because they can get a job easily due to high vacancy rate. It also leads to a high turnover rate for which greatly reduce the efficiency of the operation team. The team loses the experienced staff and it takes time for the new joiner to familiarize with the building operation.

Madam A further added that *“some peers don’t know what is most suitable to them or compatible for their post and thus they switch job to other companies”* (Madam A, personal communication, March 5, 2019). It weakened the individual/ team morale and working incentive that negatively affect cleaning performance.

On the other hand, Mr. F stated that *“I was told by one of my staff requested to change her job from full-time contract to a part-time contract as the new salary level of full-time job exceeded the limit for public housing application”* (Mr. F, personal communication, March 5, 2019). This phenomenon indicates Minimum Wage Ordinance may not be favourable to all grassroots; it causes somehow the problem of voluntary-unemployment and underemployment as well as the turnover.

Mr. D added that *“the Owners’ Committee of some buildings decided to reduce the number of building staff. The reduction in manpower would lower the service quality. At the end of the day, the resident may use technology to substitute workers, such as to install more CCTV cameras with motion sensor to increase the security surveillance coverage while the frequency of human patrol reduced; and to install smart card system for vehicles/ access control instead being performed by guards for car/ visitor registration. This might introduce range of effect on job loss, training investment in new technology”* (Mr. D, personal communication, March 5, 2019)

Mr. B expressed that *“The manpower shortage rate of guards is 36.3% up to February 2019”* and Mr. E also shared that *“The manpower shortage rate of cleaners is 27.1% up to February 2019”* (Mr. B & Mr. E, personal communication, March 5, 2019). Both companies’ manpower shortage is seriously, the higher turnover intention of employees increased the burdens of employers in supplying stable guarding and cleaning services. The industry is influenced by the standardization of wage-level and the higher occupational mobility under the implementation of minimum wage.

From the interviews, it shows the staff are facing various challenges. The next discussion will be explored into what can the staff be motivated to stay in the market.

6.2 What Motivates the Guards and Cleaners to Stay in the Market

The work motivation is one of the factors which affected the performance of the guarding and cleaning services in property management industry. Some scholars claimed that the minimum wage has various reasons in increasing its productivity, one of the main reasons is that the workers will increase their work motivation as they value their higher-paid jobs more, or they will also try to offset the higher wage costs (Yellen, 1984). Thus, it assumes that the increase in minimum wage can motivate guard and cleaner to performance better and improve the quality of services. However, Mr. B commented that *“the implementation of minimum wage may not necessary lead the increase in productivity. Since the minimum wage has protected the employees with a standardized salary, they may have no incentive to improve their work performance”* (Mr. B, personal communication, March 5, 2019).

The implementation of minimum wage is regarding as the booster on higher working motivation and staff’s performance. Since the full-time staff have more satisfied with their duties, salaries and promotion, they are motivated from their job satisfaction and willing to perform better. Thus, quality of service can be improved. As satisfied employees lead to satisfied customers, the level of customer services has also been improved accordingly (Chen, 2007; Spinelli & Canavos, 2000). On the other hand, Mr. F hoped *“the Owners’ Committee better not to reduce the headcount of cleaners, which leaves normal operation of the building out of consideration. The residents even shift the burden to*

the building staff, require them to share the workload of the reduced positions” (Mr. F, personal communication, March 5, 2019).

The job nature of cleaners is generally regarded as harsh and tough, they have a long working hour and lack of opportunity to develop career path. Mr. E advised *“Some of the cleaners incline to seek for the position which requires shorter working hour, fewer workload or having a better and comfort working environment as motivator”* (Mr. E, personal communication, March 5, 2019). Madam A added *“I am a housewife, I wish the working hours can be flexible which can cater my needs to look after my kids”* (Madam A, personal communication, March 5, 2019). However, Mr. D argued that *“increase in salary level might increase the working incentive of the employee, however, it cannot improve the personal ability of the operation staff”* (Mr. D, personal communication, March 5, 2019).

On the other hand, there is a grey area that if the meal break falls apart from the working hours, this meal break may not be included in the calculation of salary. For example, if the employee takes a break or goes for a lunch, such break time will be not counted in computing for minimum wage. Mr. C requested *“we should have meal break counted in the hours for the minimum wage”* (Madam C, personal communication, March 5, 2019). Furthermore, there is no prescription that rest days should also be paid under the Minimum Wage Ordinance and the Employment Ordinance. It is the matter only to be agreed between the employers and employees whether rest days should be paid or how rest day pay is computed. Moreover, Mr. B reflected that *“it is really upset that sometimes when seeing those guards and cleaners working in the estates without a rest place and having a meal in refuse room or on stairway”* (Mr. B, personal communication, March 5, 2019).

The Minimum Wage Ordinance introduces the wage floor to ensure the low paid group to receive a reasonable salary rate, it acts as an incentive to encourage some of the voluntarily unemployed to get a job. To start with, the potential working forces, such as housewives and retired people have attracted to go back the labour market when the salary-level increased after implementation of minimum wage. Since the guarding and cleaning services have not required professional knowledge and ability, a large proportion of these potential workforce may choose such industry as their first step to go back labour market. (Card, 1991) Madam A expressed *“I have referred some of my unemployed friends to join the company, they have worked over two months, but I was told no formal training was given so far, their*

supervisor treated them badly and also not fair on job allocation with other skilled labours” (Madam A, personal communication, March 5, 2019). Kusters (1996) confirmed that training was reduced due to minimum wage and consequently, workers have fewer opportunities to upgrade their skills. Hashimoto (1981) and Neumark & Wascher (2001) also argued that some employers have cut the training cost, which is for staff knowledge and skills enhancement in responding to the increased wages as most of them are concerned that training can uplift staff skills, but the staff tend to leave the companies for better opportunity even after trained.

7. Recommendations

The findings clearly reveal that minimum wage ordinance induced the increase of turnover rate and vacancy rate of guarding and cleaning staff, which gives negative influence in industry. The major reason for the deterioration is that insufficient manpower and reduce the staff familiarity causes the uneven allocation of work within the team. The increase of vacancy results adds to the increase of workload of guarding and cleaning staff in order to maintain the normal operation of the building. Even though reliever is deployed to satisfy the manpower needs, however, the efficacy and efficiency of reliever is lower than the full-time staff as they are not familiar with the work and product knowledge. The increase of turnover rate indicates that staff resignation and replacement is happened frequently. It takes time for the new joiner to familiarize the building operation while other staff has to share their workload and spend extra time to train up the new joiner. It results in not only lower the efficiency and performance of every individual, it also reduces the team moral and stuck in the vicious circle of losing experience teammates.

The turnover rate of the security guard and cleaning workers was increase after the implementation of the minimum wages, the job nature of guarding and cleaning staff is described as harsh and tough, therefore there is a progressive increase of vacancy and turnover rate. The implementation of minimum wages which make most of the same rank staff paying the same wage level. The low-skilled staff tend to find a leisure workplace with less works. They believe they could easily find the similar job with same level of pay in other companies which pushes up the turnover rate, the staff turnover

is gradually higher than before. The unstable operation brings burdens to the company and increase the difficulty to hire staff sufficiently.

Further, former Secretary for Labour and Welfare Mr. Matthew Cheung stated that the wage bill of meal break, rest day and holiday should be negotiated between employer and employee. The grey area in calculation of salary also gives trouble and confuses the guarding and cleaning companies. If the pay is included, it will cause high increase in staff cost, it decreases the competitiveness of the company if other companies provide such benefits to their staff, but they lack so.

On the other hand, the property management companies have been tiring on handling the discontentment generating from their building staff and customers. Demanding for wage increase by the staff who could not benefit from the minimum wages as their wage gap with grassroots employees are narrowed, and they request to have their salary to be aligned. The intention of the minimum wages is to help the grassroots employees; however, it has created the discontentment of those who could not benefit from the implementation of the minimum wages. Furthermore, the customers' discontent feelings towards the guarding and cleaning companies are also increased due to the increasing in management cost. In order to make cost balance, the companies imposed the extra cost onto their clients. Thus, customers in return request higher level of service quality, as they think more money has been spent the service quality should be enhanced proportionally. Since the discontent feeling of the customers towards the companies increase, two parties are easily to have confrontation between.

This study has made some suggestions for employers. From the macro level, the Minimum Wage Commission takes this crucial role to govern the Statutory Minimum Wage rate. It is suggested that The Hong Kong Association of Property Management Companies and The Hong Kong Security Association to work with the Minimum Wage Commission to conduct more comprehensive research on the labour market as well as to launch public consultations for better understand on the actual situation of the labour market, to collect more information such as the difficulties of staff recruitment, the salary differentiation among different companies for consideration of the rate that to be reviewed and adjusted every 2-year.

Government should make a detail review by taking more criteria into calculation in terms of the foreseeable ripple effect, consumer price index, company affordability, market situation and so forth. If the government could adjust the new minimum wages level to an affordability level of the employers and favourable to the employees to protect their basic living, which will be favourable to the long-term development of property management industry.

In order to maintain the working morale and to retain the capable, the salary of the staff who have higher positions and workloads however do not benefit from the minimum wage policy should be adjusted. To tackle the problems of salary-ceiling problems with seasoned staff, the Qualification Framework can be the reference for set up the salary ranged of guarding and cleaning staff. Similar with the salary point of civil servant, the certain level in Qualification Framework should receive certain ranged of salary. Management should make efforts to ensure that their pay structures and fringe benefit are competitive in the market and to develop a motivated and committed workforce by using of performance-related pay or higher level than just a minimum wage to create a more positive employee attitudes and harmony from employee involvement. The guarding and cleaning companies are suggested to give some efforts in balancing between cost and competitiveness to offer paid meal break and one paid rest day for every period of five days.

Following with the increase in minimum wage-level, more potential workforce has been attracted to participate in guarding and cleaning sectors. However, majority of candidates, such as housewives, usually have other obligations toward their family which obstacle them to involve in work. The flexibility of working hours is suggested to meet up their expectation in work-life balance and which can also cater the needs for some grassroots employees who intend to apply for public housing.

Communications help to keep people feeling included in and connected to the organization. Many companies have used newsletters as a way of maintaining contact with and showing concern for the stakeholders. Minimum Wage Ordinance is a policy that favourable to the employees. It has driven up the salary of guarding and cleaning staff that increase the staff cost of the building operation. Sufficient manpower is crucial to maintain the building operation. Owners have to be clear that they are not the only employer group that paying higher staff cost and increase in staff cost is unavoidable under the Minimum Wage Ordinance. Owners also have to recognize the effect of Minimum Wage

Ordinance that increase the competition of the entire labour market and have to pay more for the staff operation. It is irrational for them to cut cost by reducing the manpower, which is not only the workload increase of the building staff, but also weakens their working incentive. The most important and efficient way to motivate the building staff is to have better understand on the building staff needs in both individual and team levels. It requires an open-minded communication among the building staff, owners as well as the employers.

Learning more about staff and how they work in organization. Speaking with staff about their careers to know if they are matched with their job responsibilities properly. It gives positive repercussions for both the employer and employee. The approach gives the employee an impression that their employer is interested in their employee's career development and will seek opportunity to allocate them with a suitable area and to reward when available. This can bring to higher productivity, greater effort and higher morale. Moreover, caring and concern for employees is a pivotal variable of the affective or emotional basis of trust which is a valuable asset for creating employees' commitment to improved performance.

The minimum wage has taken a crucial role in affecting the level of services quality by its relationship with the employees' job satisfaction and intention of voluntary turnover. Job satisfaction is defined as "a global feeling about the job or a related constellation of attitudes about various aspects or facets of the job" (Spector, 1997). To maintenance the job attractiveness, the employers are suggested to identify the needs of labour to re-allocate the resources for their staff, so that the guarding and cleaning staff can be more willing to perform their duty. Under the current situation of shortage of manpower, it is suggested to increase the staff benefit as well as improve the working environment to motivate the staff for better performance. Previous studies (Mowday, 1982; Mok, 1988) concluded that there is a significantly negative association between the working environment and turnover. An investment in facilities or amenities for staff rest place such as foot massager, radio, microwave, fridge, iron and iron board etc, could meet staff members' needs provided with a relaxing environment during their breaks, which could also enhance staff morale and thus reduce turnovers.

Another reason for grassroots employees to leave their jobs was lack of promotion opportunities and career development. Pettman (1975) supported that high rates of turnover were associated with poor

promotion opportunities. Davis & Luthans (1979) indicated that to help employees developing their career effective, well designed training programs are important. Employers are hence suggested to provide more trainings to the guarding and cleaning staff whom can learn the necessary skills through interesting and challenging training methods to improve their skill and performance, such as fire drill, emergency handling procedures, customer service or languages (English and or Mandarin). It helps staff to be more readily to react to any incident happened and to communicate with different customers especially those expatriates.

Fairness and supervisory skills were also important as expressed by the interviewees. The employees who have supervisors high in human relations ability are less likely to leave, and there is a negative relationship between satisfaction with superiors and turnover (Skinner, 1969; Fleishman and Harris, 1962). A comprehensive training program of buddy system for people development can be combined with appraisals to help those less experienced buddies to learn promptly to understand organisation culture and operating procedures. The employee envisions the new skills leading to greater job opportunities within the organization and ties this fact to improved capability.

Several researchers (Laser, 1980; Mok & Finley, 1985; Steers & Stone, 1988) reported that rewarding employees in competitive salary scale and an equitable manner is a valuable and effective tool in reducing turnover and promoting employee commitment. The cash rewards play an important role in Hong Kong employees' work concepts (Lai, 1988). Companies can design a fair reward system, the rewards should also be consistent with employee needs, of course, financial realities. For example, post allowance for the staff who resides in urban area but works in remote sites of rural area and vice versa. Furthermore, incentive bonus to the staff without late record of attendance and the referral bonus to the staff who refers people to join the company. A reward system could attract, motivate, and in long run retain good staff at all levels.

8. Conclusion

By setting up the minimum wages, it is believed that it could raise the income of the poor. People could be under protected from over exploit, and to gain enough earnings to live properly (Finis, 1978). The thought was that a minimum wage would help to incentivize welfare earners to work. It was also thought that if low-skilled workers would earn more money, the government would not have to spend as much money on welfare benefits.

The minimum wage has its own advantage and disadvantage. It is undoubtedly that Minimum Wage Ordinance is important in income distribution to the employee and helps the lower income groups to improve their living. However, it is very important for the government to have continuous evaluation on the Statutory Minimum Wage rate to make sure the rate is in the equilibrium level. Otherwise, the Minimum Wage Ordinance prevail the labour market.

The implementation and further reviews of Statutory Minimum Wage have affected stakeholders of guarding companies, cleaning companies, tenants and residents due to the increasing cost in employing security and cleaning staff. In order to cover the increment of cost, some property management companies inevitably need to increase the estate budget in staff-hiring for compensating the extra cost from security and cleaning manpower. However, due to the increment of management fee, some residents have expected to enjoy higher quality of services. The recruitment cost increased by minimum wage policy, in addition to the keen competition between property management companies, the challenges in property management industry become a tall order.

It is a chance for large enterprise of main developers in Hong Kong like Sino Group to lead the real estate market. In short term, apart from paying the guards and cleaners salary above the minimum wage level with better fringe benefit, and also to enlarge the salary gap for the seasoned staff that could attract more people in terms of unemployed or the talents in the market to join to solve the problem of manpower shortage.

When minimum wage can be implemented and persistently increase by the inflation, the low-paid workers, in the case of Hong Kong, mainly the security guard and cleaner, will be satisfied with relatively fair and reasonable treats than before. As a result, they become more motivated. In property management sector, the higher productivity is raised by higher motivation. The productivity can be showed by the improvement in services quality and performance which eventually benefit to the industry development. In midterm, Best Result Environmental Services Limited and Sino Security Services Limited should fully make use of the established motivated skilled workforce by providing enriched jobs for cleaners and guards in terms of increased autonomy, skill flexibility and variety.

In the long run, if the leaders of both companies continue to maintain investment in people despite current business downturns by the China-US trade war. The logic is simple: it is people – not capital, technology, or work processes - that hold the key to developing new sources of competitive advantage.

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