



Hong Kong General Chamber of Commerce
香港總商會 1861

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Helping Business since 1861

21 May, 2014

Dr Leong Che-hung
Chairman
Standard Working Hours Committee
Ground Floor, East Wing, Harbour Building
38 Pier Road, Central, Hong Kong

Dear Dr Leong,

Proposed Working Hour Legislation

The SME Committee of the Hong Kong General Chamber of Commerce supports the implementation of labour policies conducive to facilitating the long-term economic development of Hong Kong and maintaining our competitiveness. However, we are concerned about the danger of over-regulation amidst an extremely difficult external environment. It is noteworthy that the influx of too many new and hefty regulatory measures is dampening the business environment, creating confusion and adding financial burden to us SMEs which have already suffered from rising operating costs.

2. It is undeniable that Hong Kong is in the face of acute labour shortage in various industries, particularly in the property management, cleaning, catering, retail, elderly-care and construction sectors. With virtually full employment and lack of interest on low-skilled jobs in the domestic labour market, it is extremely difficult for businesses, especially SMEs, to retain and recruit staff. Continuously high and unfilled vacancies are hurting both quality of services and business operations, and more importantly resulting in long working hours for existing workers. Therefore, having an effective labour importation scheme in place to fill the manpower gap should not be delayed. We do not anticipate any adverse effects that labour importation will bring to SMEs nor local workers, given the low unemployment rate and substantial protection of the current labour legislations, including the statutory minimum wage. On the other hand, we would encounter difficulty and pressure in competing talent with large corporations if the labour shortage problem is not relieved

in time.

3. The major problem troubling SMEs is insufficient labour, and long working hours is simply a side-product. Therefore, we are of the view that legislating standard working hours would not solve the problem of long working hours. Instead, it may raise operating costs of businesses, which would be passed on to consumers, jacking up prices and eventually affecting the livelihood of the community. At the same time, it would also force employers to hire more part-timers and casual workers, which would result in a labour market with fragmented jobs and worsened underemployment situation. This highly likely scenario under standard working hour legislation is definitely not welcome by the community at large.

4. Working outside office hours is in fact a norm common among workers in some industries, such as the import and export industry where workers have to respond to customer enquiries and requests around the clock in order to maintain service quality and competitiveness. Due to globalization and technological advancement, this practice is accepted by both businesses and customers, and is technically feasible even when they are locating in different time zones. Accordingly, the proposed standard working hour legislation will disrupt this globally recognized practice and open up possibilities of employer and employee disputes. It is unaffordable for SMEs to bear any consequences of jeopardizing their employer-employee relationship while struggling to make their ends meet. Since the proposed legislation covers a wide range of businesses and job positions, a one-size-fits-all solution should not be adopted. As there are over 300,000 SMEs in Hong Kong operating in more than one hundred types of businesses, the proposed working hour legislation will impact them in a variety of ways. We believe it is essential for the Standard Working Hours Committee to conduct a formal survey of SME owners in different types of businesses and include the findings in the final report for consultation before making the final decision.

5. There will also be a compliance cost issue for all companies, including those not having long working hours. It will be more burdensome to SMEs since most SMEs do not have resources and professional experts to deal with compliance issues. Moreover, SMEs have less resources and thus flexibility to adjust duty rosters, arrange outsourcing services and automate job processes to adapt to the working hour legislation when comparing to large companies. Employees of SMEs are generally expected to be multi-tasking, covering a wide range of duties. Accordingly, the proposed standard working hour law is definitely unfair to SMEs.

6. As compared to the statutory minimum wage, the impacts of standard working hours are more far-reaching and profound. It would affect every sector and rank of the workforce, not to mention the rippling effects. The Committee therefore urges the Government to carry out a comprehensive regulatory impact assessment and consult all stakeholders before making any rash decision. Any sloppy legislation without careful consideration would not only make labour supply more inflexible and manpower more inefficient, but also challenge the survival of SMEs.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cliff Chan'. The signature is fluid and cursive, with a large initial 'C'.

Cliff Chan
Chairman, SME Committee
Hong Kong General Chamber of Commerce