

# When the axe falls

by Shannon Lam and Sarah Yu

The future of the job market is uncertain though some companies have not yet had plans to layoff or recruit staff despite the sudden financial tsunami, according to some small- and medium-sized enterprise owners.

Since early November, *Varsity* has requested interviews with the Hongkong and Shanghai Banking Corporation Limited (HSBC) Global Asset Management (Hong Kong) Limited, Sun Hung Kai Properties and Henderson Land Development on their policy about staff layoffs.

While Henderson Land Development declined to speak to us, Sun Hung Kai Properties announced that it has no plans for layoffs.

Meanwhile, the tide of layoffs have been getting higher, as several big companies have announced massive layoffs, including the HSBC, Asia Television Limited and Television Broadcasts Limited.

They are just a tip of the iceberg of the uncertain job market, which is also extending to small and medium-sized enterprises.

Allan Li Mun-loon, general manager of Kayoco Electronics (Hong Kong) Company Limited, does

not plan to follow suit even though the sales volume of his company has suffered a 30 to 40 per cent loss due to the financial crisis.

"We are cutting telephone lines, turning off air-conditioners when rooms are not in use and reducing the travel allowances for business trips," said Mr Li, explaining that he did not want to fire his workers.

With businesses affected most in China, Europe and the United States, Mr Li finds his clients tend to delay payments due to loss in capital brought by the current financial situation. He said they used to pay within one to three months after collecting the electronic components.

Moreover, some of his clients, who are also small-scale companies, went into bankruptcy and are not able to pay Mr Li when he had delivered the electronic components to them in advance.

When asked whether he is optimistic about his company's future, he said that by mid-November, he still had not received any orders for 2009. Before the financial crisis, his clients usually place their orders three months ahead.

However, he said it was hard to predict what will happen in the coming year, thus he has decided to take a good look at the big picture before making any decisions.

According to Mr Li, who set up a factory in Shenzhen 10 years ago, of the over 10,000 factories in the Guangdong province, about 2,000 to 3,000 have closed down due to the economic downturn.

He explained that as the US is facing the financial crisis, demand for products in the market decreases. If the US companies make further orders, they may not be able to sell away the products. Therefore, some of them tend to make fewer orders, often through Hong Kong companies, to factories in mainland China.

If the economic situation worsens, Mr Li said, he may consider decreasing the scale of his factory and has no plans to expand in the near future.

In the meantime, he said he will let his workers go on their Chinese New Year holidays earlier. If some workers resign after the Chinese

New Year, their positions will not be replaced so that he can reduce his company's expenditure. He said he will only recruit new workers when the economy recovers.

Similarly, Globalink Shipping Company is not going to recruit new workers or replace any vacancies if any of the present staff resigns, according to its managing director Stavy Chan Wood-yin.

With seven staff at present, Mr Chan said that plans to increase wages will also be suspended. He would purchase materials at a cheaper price and buy less stationery to lower operational costs.

He said that the logistics company has lost over one million dollars because of the declining business volume.

"I'm so afraid that my clients' (companies) will close down!" he said, adding that the business of its clients, which are trading firms in Europe and Southeast Asia, was dropping off due to the financial tsunami. This directly decreased the number of deals that his company could make.

With all these negative impacts on their business, some small- and medium-sized enterprises have become more conservative in recruiting new staff.

The number of job vacancies available at the private sector has dropped from 67,000 in September to 58,000 in October. The drop is about 13.4 per cent, according to the Labour Department.

While the number of jobs available falls, the unemployment rate has reached an 11-month high, from 3.4 per cent in September to 3.5 per cent in October, according to the Census and Statistics Department.

Danny Lau Tat-pong, managing director of six companies, said he may decrease the starting salary of the new workers he recruits by 10 per cent because of the financial crisis. For fresh graduates, their starting



(Above) Danny Lau Tat-pong says it is true that it will be hard for university students who will graduate in 2009 to get a job. (Right) Raymond Leung Yu-chiu says economic downturn mean everybody loses their job.

salary may decrease from about HK\$12,000 to HK\$11,000.

He said in the near future, he has decided not to expand the size of his companies, which include manufacturing, restaurant and trading companies, in Hong Kong and China.

Also as chairman of the Hong Kong Small and Medium Enterprises Association, Mr Lau added that most small- and medium-sized enterprises do not have a good cash flow because most of their customers are not able to pay them, causing them to lose their source of income. Small companies also tend to borrow money from the bank due to the lack of capital available at present.

However, he said he will only recruit new workers if there is a significant decrease in labour, though he has not cut his companies' salary budget in the past 48 years and does not plan to fire any of his staff or cut their salaries at the moment.

Still, Mr Lau said it is true that it will be harder for university students who will graduate in 2009 to get a job.

Nevertheless, some other business owners held a different view of the job market and career



Many of the small- and medium-sized enterprises have no plans to recruit new staff or expand the company size in order to sustain their business.

SARAH YU



SARAH YU

increased the number of career talks and made adjustment to the content. “The activities of the first semester is planned and scheduled already. But we have asked the guest speakers of the second semester to give their speech in light of the financial tsunami and how to tackle it,” he added.

According to him, only one financial institution was reported to have suspended their recruitment activities at the universities till November. “Other recruitment talks will run as scheduled,” he said.

Mr Leung also said that certain talks are very popular among university students. For instance, Executive Director of Swire Pacific Philip Chen Nan-lok was once invited to give a speech on how to prepare for a certain occupation. Over 100 students attended this session.

Speaking of the possible difficulties faced by graduates amid the financial tsunami, he said that the main problem is that they may not be able to find an ideal job as the employment rate is not high. In addition, the starting salary is lower than before.

“Students need to change their attitude towards job hunting and their expectations on what kind of jobs they will get. Graduates should be self-confident and well-equipped in order to increase their competitiveness,” said Mr Leung.

So far, he said he has not heard of graduates seeking help in job hunting. He believes that university students’ prospects may not be as pessimistic as they think.

“The economy always runs as a cycle. It will eventually reach an economic boom after a period of economic depression. Therefore, students should focus on the long-term as most people have 30 to 40 years of working experience in general,” he said. ▼

prospects. “University students do not have to be too worried because the economy may have recovered by the time they graduate,” said Dennis Ng Wang-pun, president of the Hong Kong Chamber of Small and Medium Business.

Mr Ng’s positive view echoed that of Raymond Leung Yu-chiu, director of the Office of Student Affairs at the Chinese University of Hong Kong, who said students should focus on the long-term pursuit of career.

“This is only an economic cycle and students should not be frightened by the situation ahead,” said Mr Leung. “Economic downturn doesn’t mean everybody loses their job. Those who have the ability and strength will eventually win the race in the job market.”

The Career Planning and Development Centre under the Office of Student Affairs of the Chinese University hold career guidance programmes about 50 times a year. As the financial tsunami hit Hong Kong, Mr Leung has adjusted the contents of certain activities in order to counter the current financial situation.

He said the centre has already

harder for  
does not

