

Executive Summary

With the transformation of Hong Kong into a knowledge-based economy, the demand for talent has increased. In addition to this, the challenges posed by an ageing population and declining fertility rate are further exacerbating the ardent demand for qualified and skilled specialists.

The government of Hong Kong has implemented admission schemes through which professionals and entrepreneurs can attract talented people to work in Hong Kong. According to the Immigration Department's statistics, 51,827 non-local talented people were approved to work in Hong Kong under these admission schemes in 2014. The average annual growth rate of these admission schemes has also risen by 8.3% in the past 10 years.

"Talent" here refers to a person who possesses the specialist skills, knowledge or experience to meet Hong Kong's needs and enhance its global competitiveness. This means that talent is not limited to having professional qualifications, a high level of education or earning a relatively high income.

Given the externally oriented and open nature of Hong Kong's economy, talent attraction helps to both boost the country's competitiveness and drive sustainable economic growth and employment. However, there are some social issues involved with importing talent, including strains on resources, threats to job prospects and cultural conflict. This study is designed to examine these aspects.

This study is based on poll interviews with young people across Hong Kong, as well as on individual interviews with both local and imported talents. It aims to create an in-depth understanding of these people's attitudes and viewpoints regarding talent attraction. Experts and scholars in this area were also interviewed, in order to analyse the opportunities created by importing talent and the impact it has on local youth.

Based on these interviews, this report provides suggestions regarding three aspects of the talent attraction: increasing training to help local youth to become competitive, enhancing measures on admission schemes in order to increase Hong Kong's competitiveness and attract talent, and promoting harmonious contact between local and imported talents, in order to consolidate the virtue

of mutual respect.

Key Data from the Survey

- 1. Young respondents agree that there is a global trend of trying to attract and retain talented people, but they are less supportive of the idea of trying to attract talented youth to Hong Kong.**

A total of 520 young people aged 18-39 were successfully polled via a territory-wide random sampling telephone survey. On a scale of 0-10, with 10 being the highest, about one-third (30.2%) of the young respondents strongly agreed (a score of 8 or more) with the statement “there is a global trend of trying to attract and retain talented people”, while 20.2% of the young respondents half-agreed with the statement. This statement received an average score of 6.5.

However, respondents were less supportive of importing talent into Hong Kong. A total of 15.2% of the young respondents strongly supported (a score of 8 or more) the talent retention, while nearly one-third (27.4%) of the respondents half-supported it, with this item receiving an average score of 5.8.

- 2. Young respondents believe that the industries most in need of talent in Hong Kong are the creative, scientific research and medical service industries. Some respondents suggested that Hong Kong is not lacking talent, but that talent lacks opportunities.**

Young respondents said that the industries most lacking in talent in Hong Kong are the creative industry (39.8%), the scientific research industry (31.5%) and the medical service industry (21.7%). Similarly, young respondents specified the creative industry (34.6%), the medical service industry (29.8%) and the scientific research industry (27.8%) as the industries most in need of talent. This shows that young people think these three industries are important to the development of Hong Kong. However, some respondents stated that Hong Kong is not lacking talent, but talented people lack necessary development and advancement opportunities and thus become a hindrance.

- 3. Young respondents believe importing talent enhances human capital,**

but also affects their own job prospects.

Young respondents strongly believed (a score of 8 or more) that importing talent would enhance human capital (21.0%) and develop new industries (17.6%), with these items receiving average scores of 6.0 and 6.1 respectively.

On the other hand, they were very worried about (a score of 8 or more) the ways in which importing talent would affect their own job prospects (24.4%) and deepen social fragmentation (18.6%), with these items receiving average scores of 6.3 and 6.0 respectively.

4. Young respondents are concerned about the social impact of importing talent, including the strain on resources, high price indexes, a deflection of focus from local talent, threats to job prospects and increased social fragmentation.

Young respondents are strongly concerned about (a score of 8 or more) the social impact of importing talent; namely, the strain on resources that would occur as a result (29.3%) and high price indexes (26.9%), with these items receiving average scores of 6.1 and 6.1 respectively.

Young respondents expressed strong concerns (a score of 8 or more) about the deflection of focus from local talent (21.5%) and threats to job prospects (18.4%), with these items receiving average scores of 6.0 and 5.7 respectively. A score of 5 was registered by as much as 20.4% of the young respondents in regard to increased social fragmentation.

5. Young respondents think that narrow career opportunities are a disincentive for talented people looking to work in Hong Kong.

A total of 14.5% young respondents reported that they had considered working overseas, due to the many career development opportunities there (44.6%), in comparison to the narrow opportunities for career development in Hong Kong (15.5%). Of these respondents, most would prefer to work in Mainland China (32.4%) and Singapore (10.2%) in order to develop their careers. Over half of the respondents (63.1%) who had not considered working overseas thought that there was room for them to develop their careers in Hong Kong.

Many young people in the individual case interviews stated that Hong Kong has been focusing on the services industry and it is therefore hard for those working in other fields to survive. Indeed, there is a job-education mismatch. Some young people are not able to find a corresponding job to match their education. This has decreased incentives to work in Hong Kong.

Key Findings

The following key findings emerged from the study, after integration of the data from the poll interviews, interviews with local as well as imported talents and interviews with experts and academic specialists.

1. Hong Kong is suffering from a human resources mismatch that hinders it from turning around its economy.

There is discordance between the educational system people in Hong Kong experience and the job offers they receive. This disparity evidences the educational system's inability to meet the needs of the job market. Unable to find employment that fits their education level, young people can only accept jobs that are below it. This leads to a mismatch in human resources.

More and more young people are attending university. However, the job offers that are available to them after graduation cannot match the increase in their education levels, which results in an imbalance between supply and demand for people who have attained a higher level of education. This mismatch hinders human resource capacity and places constraints on economic growth.

2. Young people believe that importing talent enhances human capital, but also affects their own job prospects. The government has an irreplaceable role to play in striking a balance between local and imported talent in recruitment processes.

In Hong Kong, there is a lack of natural resources; economics largely depends on human resources. According to the Immigration

Department's statistics, 51,827 non-local talented people were approved to work in Hong Kong under the admission schemes in 2014. Though the general public believes that importing talent enhances human capital, at the same time, they are concerned about their own career prospects.

The government should strike an appropriate balance between prioritising the employment of the local workforce and admitting needed professionals into Hong Kong.

3. Importing talent has its value, but it also causes social issues. The impacts of talent retention might have fallen most heavily on the young people of Hong Kong.

There is a global trend of trying to attract and retain talented people. Importing talent has its value. However, it also causes social issues such as a strain on resources, high price indexes, effects on job prospects, the deflection of focus from local talent and the deepening of social fragmentation. Young people express worry over these issues.

The impacts of talent retention might have fallen most heavily on young people in Hong Kong. The government needs to monitor the effectiveness of talent retention and take the worries of young people into consideration when creating policies.

4. The mobility of talent is high. Aside from increasing incentives and improving quality of life, the most important aspect of attracting or retaining talent in Hong Kong is to inform the talent of the ways in which Hong Kong is full of opportunities.

There are many chances available to talent and the mobility of talent is high, dependent upon the places in which there are opportunities. Aside from offering talent compelling remuneration packages and benefits, quality of life is an important factor in attracting talent. Hong Kong, as an international city, is attractive to imported talent in many ways, including due to its cosmopolitan society, legal system, geographical location near Mainland China and its simple, low income tax regime.

On the other hand, the city's high cost of living, fast-paced lifestyle, poor

quality of life and the narrow career opportunities available are disincentives to talented youth. It is therefore important to give talent the idea that there is a better future in Hong Kong.

5. Young people have a more positive attitude to talent from overseas than from mainland China.

In the individual interviews, young people stated that they have a more positive attitude to talent from overseas. They think the talent from overseas are well-paid professionals, enterprising and easier to integrate into the local culture. In contrast to this, young people think the mainland talent are cheap professionals, rigid and have their own way of thinking. The young people thereby demonstrated a negative attitude towards them. Both people from overseas and from mainland China are talents, but young people do not feel the same way about both groups of people.

With the growing economic integration of Hong Kong and mainland China, there are more opportunities for the two populations to come across each other. Many mainland Chinese have moved to Hong Kong in recent years. Incidences of pregnant mainland women giving birth in Hong Kong resulted in a lack of hospital beds, the rude behaviour of mainland people, commodities being snapped up and an increase in flat prices. Strong competition for primary school places has similarly created tension between Hong Kong and the mainland. Discrimination occurs and social harmony is disrupted.

6. Currently, the demand for imported talent is determined by the need of the local market. Such talent is needed mainly in financial services and trading industries, which provide less room for Hong Kong to develop new industries.

The demand for imported talent is determined by the need of the local market. New talent is therefore mainly within the existing industries. These talents can help to expand or upgrade their industry, but do not favour the expansion and development of a new industry. This implies that the current imported talent is less able to achieve objectives regarding the promotion of economic diversification. The government needs to consider a plan for Hong Kong's future development, especially

in regard to the types of new industries that Hong Kong would like to develop.

Recommendations

This study proposes the following recommendations.

1. Enhance local training.

- a. More training is needed to help local youths become competitive. The government should also set up retraining grants to help local young people further their careers.
- b. The government should encourage local companies to fulfil their social responsibilities. For example, if a local company cannot fill a vacancy locally and hires a person who possesses specialist skills, knowledge or experience who is not readily available locally, the company should also provide an internship opportunity for a local young person.

2. Enhance admission schemes.

- a. The government should identify and develop new industries in order to attract even more talented people. This will in turn emphasise the vitality of Hong Kong.
- b. The government should organise international conferences and award presentations so as to promote Hong Kong as a city that values talent.
- c. The government should offer greater tax allowances for those attracting talent in order to develop new businesses in Hong Kong.

3. Promote harmony between local and imported talent.

The government should enhance the understanding of talent admission schemes among the general public. Harmonious contact between local and imported talent will promote mutual respect.