

Executive Summary

The world is currently facing the problems of an aging population and a shrinking labour force. The International Labour Organization (ILO) points out that two billion people will be aged 60 or over by 2050. This means that there will be a change in labour supply, and many industries will have to attract more workers from the older sections of the population. The ILO proposes that policies should be formulated to provide post-retirement opportunities to retrain older workers so they can perform other jobs in the long run in order to solve the problems of a shrinking labour force¹.

The trend of population aging is becoming increasingly salient. According to the Census and Statistics Department², there were a total of 1,163,153 persons aged 65 and above in 2016, representing 15.9% of the total population of Hong Kong. Meanwhile, the overall labour force participation rate will decrease gradually from 59.2% in 2016 to 49.6% in 2066³. These figures reflect the fact that the labour force is gradually shrinking due to an aging population, a trend which might hinder the overall economic development of Hong Kong.

In addition, the elderly dependency ratio doubled in 30 years: increasing from 109⁴ in 1986 to 218 in 2016. Therefore, society is starting to face the financial strains of supporting the elderly. Since a comprehensive pension system is yet to be set up in Hong Kong, most people rely on personal savings or family members for their financial needs after retirement, which may economically burden the younger generation.

However, many people nowadays are still able to work even after reaching the age of retirement due to social and medical advancements.

¹ International Labor Organization. (2011). "A changing world: Adapting to an aging population in the workplace" in *World of Work*, 73, December 2011. Retrieved from http://www.ilo.org/global/publications/world-of-work-magazine/articles/WCMS_170533/lang--en/index.htm

² Census and Statistics Department. (2018). *2016 Population by-census thematic report: Older persons*. Hong Kong: Census and Statistics Department.

³ Census and Statistics Department. (2017). *Hong Kong labour force projections for 2017 to 2066*. Hong Kong: Census and Statistics Department.

⁴ The number of persons aged 65 and over per 1,000 persons aged between 15 and 64.

According to the Census and Statistics Department⁵, there are 1,734,858 persons aged between 55 and 74, of which 679,260 are retired, accounting for 39.2% of this age group. If this group of young-olds was healthy and willing to continue to serve in the workplace, not only would it bring in an income for themselves and their families, but it would also reduce the economic burden on the younger generation as well as improve the problems of a shrinking labour force.

Indeed, other parts of the world are encountering the same challenges of trying to re-integrate the young-olds into the workforce. One significant issue concerns the creation of an appropriate environment to encourage healthy young-olds with intentions of working to re-join the workforce. This study examines the problem by looking at foreign policy experiences, the work intentions of young-olds and the obstacles they face in finding suitable work, as well as the attitudes of young people to young-old employment. It is hoped that concrete recommendations can be made to encourage the employment of retired young-olds aged 55-74 to alleviate the problems of a shrinking workforce.

This study uses data collected by three methods during the period from April to May 2018: an on-site survey of 520 young people aged 18-34, case interviews with 20 young-olds aged 55-74, and interviews with six experts and scholars.

Main Discussion

- 1. Because of population aging and a decline in the birth rate, manpower will be in short supply. The issue of overall financial support for the elderly has put economic pressure on the younger generation. Although figures show that the labour force participation rate of the young-olds is gradually increasing, the actual rate is still low when compared to that of other Asian countries.**

Population aging has already become an issue in many parts of the world.

⁵ Census and Statistics Department. (2018). "2016 Population By-census". Retrieved from https://www.bycensus2016.gov.hk/tc/bc-own_tbl.html

It has brought about the problems of labour force decline and the need to financially support the elderly. According to the *Report on Manpower Projection to 2022*⁶, the total manpower supply in 2022 is projected to fall short of the total manpower requirements, with an overall shortage of 117,900 workers. However, the labour force participation rate of the young-olds aged 55-74 has been gradually increasing, from 29.6% in 2006 to 44.1%⁷ in 2016, indicating that some people of retirement age are still healthy and able to work. Figures also show that the education level of the young-olds is gradually increasing, which would be advantageous to job hunting. Nevertheless, the labour force participation rate of young-olds in Hong Kong is still lower than that of other Asian countries such as Singapore, Japan and Korea.

- 2. The young respondents in general support the employment of young-olds after they retire. They are not worried about the effects of this on young people's career prospects. Instead, they agree that it will alleviate the economic burden on young people. In addition, the experts and scholars interviewed think that the influence of young-old employment on younger people would depend on the employment practices of individual organizations. Many young-olds are willing to stay in minor positions because their aim is to continue to be socially engaged. It would not obstruct the development of the younger generation.**

Some people are worried about the effects on young people's career opportunities if the young-olds continue to stay in the workplace. However, this study found that not only are young respondents not against the employment of the young-olds, but they actively support it. The on-site survey findings show that 71.7% of the young respondents support the idea of jobs for the young-olds. The main reason they give is "social commitments" (80.7%) followed by "making good use of the experience of the retired" (44.0%). The average rating of the statements "Middle-aged and elderly people are able to enhance their dignity if they continue to work" and "It is sad that retired people need to work" were 6.84 points and 4.40 points respectively (on a scale of 0-10), indicating

⁶ Labour and Manpower Bureau. (2015). *Report on manpower projection to 2022*. Hong Kong: Labour and Manpower Bureau.

⁷ Census and Statistics Department. (2018). "2016 Population By-census". Retrieved from https://www.bycensus2016.gov.hk/tc/bc-own_tbl.html

that the respondents have quite a positive attitude towards young-old employment. Moreover, the respondents gave average ratings of 6.06 points, 4.66 points and 3.83 points for the statements “reduce the pressure to financially support”, “reduce the promotion opportunities” and “reduce the employment opportunities” of young people respectively if the retired continue to work, showing that they are not worried about its effects on young people’s career opportunities. Instead, they agree that it will reduce the economic pressure on young people.

The experts and young-olds that were interviewed also think that the influence of young-old employment on young people would depend on the employment practices of individual organizations. Many young-olds are willing to change to other forms of employment after retirement, such as settling in to minor positions with fewer responsibilities, less pressure or part-time hours because their desire to work is more to do with their need to be socially engaged. It would not obstruct the development of the younger generation.

Research has found that employment helps to slow down the deterioration of both the mental and physical health of the elderly. Case interviews show that the greatest benefits of employment to the young-old are not just financial; they are benefits such as providing life goals, maintaining a social life and social engagement. All of these findings indicate that young-old employment not only improves the overall problem of a shrinking labour force, but also enhances the health and personal development of the young-olds, which benefits both the individual and the society at large.

A report on global health and aging carried out by the World Health Organization⁸ found that the stimulation of the workplace and related social engagement are associated with the slower loss of cognitive function of workers aged over 55. The deterioration of the physical health of employed elderly persons has also slowed down. Furthermore, an empirical study released in Japan in 2015⁹ found that if

⁸ World Health Organization. (2011). *Global health and aging*. WHO.

⁹ Minami, U., Nishi, M., Fukaya, T., Hasebe, M., Nonaka, K., Koike, T., et al. (2015). Effects of the change in working status on the health of older people in Japan. *PLoS ONE* 10(12): e0144069. Retrieved from <https://doi.org/10.1371/journal.pone.0144069>

the elderly make a transition to part-time jobs between full-time work and retirement, their mental health and physical functioning will deteriorate at a slower rate. It also showed that working is an effective means of social participation for the elderly. Moreover, the *British Journal of General Practice*¹⁰ found that good work is generally good for the health and wellbeing of all age groups.

Most of the cases reported in this study stress the benefits of work to mental and physical health, including the establishment of life goals, social commitments and becoming socially engaged. Some of the interviewed scholars pointed out that an important reason for young-olds to work is that they are easily marginalized because they lack a social life. They desire to be socially engaged again so employment is actually beneficial to their health. Therefore, young-old employment is not only beneficial to the economy, but also enhances the health and personal development of the young-olds, which is positive to both the individual and the society at large.

- 3. The major limitations and problems of young-olds when job seeking:**
 - a. Many young-olds hope to find flexible forms of work such as part-time, short-term or freelance work. But the number of flexible posts suitable for young-olds is limited.**

The case interviews revealed that young-olds look for flexible employment such as part-time, short-term or freelance jobs unless they are in great financial need. On the one hand, they think that they may not be able to cope with full-time jobs; on the other hand, they hope to reserve time for other priorities or to simply enjoy life. However, their wish for flexible employment is inconsistent with the demands of the job market. One expert pointed out that the number of vacancies for flexible jobs suitable for young-olds is limited. The differences in the pattern of employment between the demand side and the supply side of the labour market are a major obstacle for young-old job seekers.

- b. The educational credentials and computing knowledge of young-olds**

¹⁰ Nicholson, P., & Mayho, G. (2017). Aging and employment: Are patients ever too old to work? Editorial. *British Journal of General Practice*, 67(654): 6-7. Retrieved from <https://doi.org/10.3399/bjgp17X688441>

may not meet the requirements of the labour market. But their characters, work attitudes and accumulated experiences can help to solve the problems that arise in the workplace.

Since tertiary education was not common in the past, many young-olds find that they have become “people with low education” when they seek jobs again after retirement. Additionally, many of them do not have professional knowledge nor an up-to-date knowledge of computing. Despite having years of work experience, they still find it difficult to secure the right job. In terms of specific abilities, they undoubtedly have limitations in their physical strength, eyesight and response compared to the younger generation. Therefore, they may not be able to deal with jobs that rely on these abilities.

One expert stated that some young-olds are willing to update their knowledge and skills, though whether or not they can master such skills would depend on the individual. A social entrepreneur pointed out that the ability and work habits of young-olds can be improved by negotiation at work and through careers counselling. Their limitations in physical strength can be accommodated by suitable arrangements in the workplace. Meanwhile, their characters, work attitudes and accumulated experiences can help to solve the problems that arise in the workplace.

c. The complicated worker insurance procedures for older workers and the higher premiums discourage employers from hiring them.

According to the law, all employers are required to take out insurance policies to cover the liabilities for injuries at work for all of their employees, irrespective of the length of the employment contract or working hours, or whether it is full-time or part-time, permanent or temporary employment¹¹. However, worker insurance premiums may be higher for older employees. The procedures may also be more complicated since employers need to submit extra information and ask for extra quotations from the insurance company via the agent. Such complications often discourage employers from hiring older workers.

¹¹ Labour Department website. Retrieved from [http:// www.labour.gov.hk](http://www.labour.gov.hk)

The Employees' Compensation Insurance Residual Scheme¹² was set up by the insurance sector to enable employers to obtain insurance if they were not able to obtain insurance from specific insurance companies. However, the requirements for applying to this scheme may discourage employers as they may see it as a waste of time and effort.

- d. **Some employers have negative stereotypes about the young-olds and mistakenly think that they are unable to deal with daily work. This reduces their probability of being employed.**

Certain negative stereotypes about young-olds, such as that they have limited physical strength, are often sick and have lower cognitive functions, prevent them from securing employment. One young-old job applicant was rejected by an employer without even getting to the interview stage. This meant that the employer did not learn whether the candidate was capable of performing well or whether she was strong and healthy enough to do the job. One expert said that these negative stereotypes bring about age discrimination as employers would mistakenly think that young-olds are unable to deal with the challenges of daily work. In fact, whether someone can deal with a job or not depends on that individual.

Recommendations

This study offers the following recommendations based on the above findings in order to strengthen the current measures of encouraging young-old employment.

1. **The government should provide flexible job openings for retired people.**

Given that the government recognizes the value of young-old employment, it should take the lead in creating flexible jobs which can meet the abilities and employment needs of young-olds in its departments, and public and subsidized organizations. Such jobs

¹² The Employees' Compensation Insurance Residual Scheme Bureau. (2017). "The Employees' Compensation Insurance Residual Scheme" website. Retrieved from <http://www.ecirsb.com.hk/b5/>

can be created by amending existing ones that need short-term service or certain positions short on manpower, such as part-time docents, part-time elderly tutors, temporary public activity assistants, part-time health service assistants, and so on. The age limit of these jobs should be lifted and open for retired applicants. On the one hand, this would enable the job requirements to be met; on the other hand, the competency and vitality of the young-olds could be demonstrated to the organizations.

2. Introduce an employment scheme to help young-olds with career planning, training and job market information.

In response to the problem of the skills gap between some job seekers and the demands of the market, the government should introduce an employment scheme to help young-old job seekers to prepare for their second career. The scheme should be able to help them plan their career early; receive training according to their interests, abilities and expertise; as well as get access to information on the job market.

3. Help industries that have a short supply of labour to re-design their jobs and to adapt full-time jobs into flexible jobs.

The government should review the job demands of those industries short on labour, such as healthcare, retail, and catering, and help them to re-design jobs. In addition to lifting the age limit, some full-time jobs, such as those involving packing products, should be converted into flexible jobs so that young-old job seekers would be able to fill up vacancies.

4. Provide tax breaks to encourage enterprises to hire at least 3% of their employees from the young-old demographic.

Since some employers are reluctant to hire young-olds, the government should adopt measures to encourage them to do so. It should provide tax breaks to enterprises that hire a certain percentage of employees from the young-old group: 3% of the total number of employees is recommended as a standard.

5. The Labour Department should set up a *Code of Practice on Human Resource Management* and provide appropriate training for the management of young-olds who take up flexible jobs.

The Labour Department should set up a *Code of Practice on Human Resource Management* to help employers design posts with employment patterns and environments that are more suitable for young-olds. It should also provide appropriate training for the management of young-olds who take up flexible jobs in order to change the traditional concepts and practices of human resource management.

6. The government should take the initiative to communicate with the insurance sector to encourage the industry to set up standards for worker insurance premiums for employees up to the age of 75.

Since the complicated worker insurance procedures for young-olds may discourage employers from hiring them, the government should take the initiative to communicate with the insurance sector to calculate the risk of young-olds in different industries using updated health data. The sector should further set up standards for worker insurance premiums for employees up to the age of 75 so that employers do not need to go through the extra quotation procedures. This would provide a greater incentive for employers to hire young-olds.

7. The government should subsidize employers who employ workers aged 65 or above by paying the difference in labour insurance premiums.

In view of the higher worker insurance premiums that discourage employers from hiring young-olds, the government should subsidize employers who hire workers aged 65 or above by paying them the difference in the labour insurance premiums. This should encourage employers to hire retired young-olds.