

Executive Summary

The Census and Statistics Department has estimated that the overall labour force participation rate in Hong Kong will decrease gradually from 59.2% in 2016 to 49.6% in 2066.¹ This figure reflects the fact that the labour force is gradually shrinking due to an aging population, a trend that may hinder Hong Kong's overall economic development. Consequently, in its previous reports, the Employment and Economic Development Group of the Youth I.D.E.A.S. has discussed the issue of encouraging young-old people's and women's employment as a means of alleviating the problem of a shrinking labour force.

In addition to unleashing the potential of the labour force and enhancing the quality of local talents, attracting more diverse young talents to Hong Kong is another possible policy solution.

The clustering of high-quality talents is significant to the economy of developed regions across the globe. *The IMD World Talent Ranking 2018*² released by the Institute for Management Development in Switzerland and *The Global Talent Competitiveness Index 2019*³ released by INSEAD Business School, The Adecco Group and the Tata Communications both showed that Switzerland ranks first in the clustering of talents in the world, while Singapore ranks first in Asia. The percentage of foreign talents account for 31.1%⁴ and 5.1%⁵ in their labour forces, respectively. These figures reflect the way in which rich talent resources in Switzerland and Singapore are related to their ample and high-quality foreign talents, which contribute significantly to the countries' high valued-added economies. In Hong Kong,

¹ Census and Statistics Department. (2017). *Hong Kong labour force projections for 2017 to 2066*. Hong Kong: Census and Statistics Department.

² IMD. (2018). *IMD World talent ranking 2018*. Switzerland: IMD.

³ Lanvin, B. & Monteiro, F. (Eds.) (2019). *The global talent competitiveness index*. France: INSEAD, the Adecco Group, and Tata Communications.

⁴ Source: Swiss Federal Statistical Office. (2019). *Statistical data on Switzerland 2019*. Retrieved from <https://www.bfs.admin.ch/bfs/en/home/news/whats-new.assetdetail.7767426.html>

⁵ Source: Singapore Ministry of Manpower webpage. Retrieved 21 March 2019 from <http://www.mom.gov.sg/documents-and-publications/foreign-workforce-numbers>

although the attitude to outside talents⁶ is open, they account for only 1.67%⁷ of the total labour force, which is relatively low.

However, the issue of attracting additional young talents to work in Hong Kong is controversial. Some people worry that it may affect local employment opportunities. Others think that attracting diverse outside talents could supplement the workforce of industries with talent shortages, as well as open up broader economic opportunities for Hong Kong.

At present, Hong Kong employers can apply for work visas for outside talents via various talent admission schemes. Outside talents who are interested in Hong Kong may also apply via these schemes. In total, 66,176 talents⁸ were approved to work in Hong Kong in 2018. This figure is not high.

It is worth exploring whether or not Hong Kong should carry out further action to attract young talents, the type of talents that should be attracted and the concrete measures that need to be carried out. Meanwhile, the employment opportunities of local youths should be taken care of, in addition to alleviating the problem of the shrinking labour force and diversifying the economic development of Hong Kong.

This study attempts to understand the above problems by making reference to the experience of Singapore and Switzerland in regard to policy. It also looks at the views and experiences of and difficulties encountered by young outside talents in regard to working in Hong Kong, as well as the views of employers and scholars, in order to review the strengths and weaknesses of Hong Kong in attracting young outside talents. An attempt is made to give concrete recommendations regarding the issue of attracting young talents.

Data were collected from April to June 2019 using three methods: case interviews with 21 outside talents aged 18-39 years; interviews with five experts and scholars; and relevant policy information in regard to attracting talents in Hong Kong, Singapore and Switzerland.

⁶ “Outside talents” in this report is referred to the talents from the mainland China and foreign countries while “foreign talents” is referred to the talents from foreign countries.

⁷ Please refer to Chapter 3 of this report for information about the calculation method used.

⁸ Please refer to Chapter 3 of this report.

Main Discussion

- 1. A rich and high-quality talent pool is significant to the economy of regions lacking in natural resources. However, the future labour force of Hong Kong will gradually shrink due to aging and low birth rates, which is disadvantageous to the region's overall economic development. The population policy report of The Hong Kong SAR Government has stated that attracting additional outside talents is one of the possible solutions to this problem.**

The overall unemployment rate in Hong Kong in 2018 dropped to 2.8%,⁹ indicating a situation close to full employment. The figure reflects the way in which the overall economic condition is good, on the one hand, but there may be talent shortages in some enterprises, on the other hand. In its *Population Policy: Strategies and Initiatives*¹⁰ report, The Hong Kong SAR Government stated that the population policy objective is to develop and nurture a population that will continuously support and drive Hong Kong's socio-economic development as Asia's world city, in response to the challenges brought about by the future aging population and the declining labour force participation rate. To achieve this objective, the Steering Committee on Population Policy has recommended attracting more outside talent to Hong Kong as a possible strategy, in addition to unleashing the elderly's and women's labour force and enhancing the quality of the local labour force.

- 2. Whether or not Hong Kong should further attract talents is a controversial issue. Hong Kong should take an approach to dealing with the problem of the shrinking labour force that encompasses multiple strategies, including enhancing the quality of local talents and unleashing the potential labour force. It should also consider carefully further attracting young outside talents as one of the ways to maintain economic development and open up diverse economic opportunities.**

⁹ Source: Census and Statistics Department webpage. Retrieved 18 June 2019 from <https://www.censtatd.gov.hk/>

¹⁰ Chief Secretary for Administration's Office. (2015). *Population policy: Strategies and initiatives*.

Figures show that 66,176 outside talents¹¹ were approved to work in Hong Kong in 2018. The experts and scholars interviewed in this study hold two types of opinions about this. One side thinks that there is an overall talent shortage in Hong Kong so it should further attract outside talents to enhance its competitiveness, which is beneficial to expanding the overall scale of different industries. The other side believes that, unless there is strict evidence to prove the severe shortage of talents in specific industries, continuing to attract outside talents may have a negative effect on the employment of local young people.

Some of the present admission schemes are targeted at vacancies that are difficult to find suitable local candidates for or are in industries with talent shortages. This has balanced the impact on local youth employment to a certain extent. The assessment criteria of the immigration scheme for high quality talents are also strict. Hong Kong should further attract young outside talents after taking the situation of and impact on Hong Kong young people into consideration.

- 3. The attitudes of Hong Kong, Singapore and Switzerland toward outside talents are all open, but Hong Kong is much less capable of attracting talents than Singapore and Switzerland. It is believed that this situation is due to the extremely relaxed immigration and residency policies of Switzerland, as well as the better quality of life in Singapore and Switzerland than in Hong Kong. Besides, Singapore has set up an agency specifically responsible for attracting talents. In contrast, Hong Kong has not adopted any pro-active strategies or incentives to attract high-quality talents in areas in which there are labour shortages.**

This study compares the talent attraction policies of Hong Kong, Singapore and Switzerland and finds that the attitudes of the three places toward outside talents are all open. The extremely relaxed immigration and residency policies of Switzerland for talents from the European Union and European Free Trade Association has resulted in a convergence of a large quantity of European talents. The immigration arrangements of talents in Singapore is similar to that in Hong Kong, just

¹¹ Please refer to Chapter 3 of this report.

slightly tighter. Despite this, Hong Kong is much less effective in regard to attracting talents than Singapore and Switzerland.

The Talent List was drawn up in 2018 in Hong Kong with a view to attracting talents that are in shortage¹² under the Quality Migrant Admission Scheme (QMAS). Applicants who meet the requirements of the Talent List may be awarded bonus points under QMAS. In addition, the Hong Kong SAR Government has rolled out a Technology Talent Admission Scheme (TechTAS) to provide fast-track arrangements for technology talents, in order to meet the keen demands in this field. However, Hong Kong has not adopted any pro-active strategies or incentives to attract high-quality talents for industries in which there are shortages. In contrast, the Singapore Government has set up the “Contact Singapore” agency, which is specifically responsible for attracting talents. Its measures include a one-stop information platform regarding employment, living, investment and starting a business in Singapore, as well as providing online recruitment information,¹³ which is a good reference for Hong Kong.

4. **The attraction of Hong Kong to outside talents includes the region’s overall international image, a liberal environment, an excellent social order, high standards of living, good career development opportunities, an open and equal workplace environment, a good geographic location, and the connection between Hong Kong and those who have studied there. These prevailing factors should be maintained and enhanced by Hong Kong.**

The twenty-one outside talents who were interviewed for this study highlighted the following five attractive features of Hong Kong:

- a. **Overall environment:** The overall environment of Hong Kong is international and energetic; it attracts many international enterprises. It is beneficial for outside talents to nurture world vision. In addition, the freedom of expression in Hong Kong society is appealing to many young people.

¹² Source: The HKSAR Government. (2018). “Talent List Hong Kong.” Retrieved 30 May 2019 from <https://www.talentlist.gov.hk/en/>

¹³ Source: Contact Singapore. (2019). “Contact Singapore” website. Retrieved 17 June 2019 from <https://www.contactsingapore.sg/en/investors-business-owners>

- b. **Social order:** Hong Kong is safer and has a better social order than many other cosmopolitan locations in the world. It also maintains high standards of living.
- c. **Workplace:** Career development opportunities in specific industries, such as finance, logistics and the art trade, in Hong Kong is good. Besides, employment opportunities are open and the workplace is equal, which enable those with the ability to obtain ideal salaries. This environment has attracted many quality talents.
- d. **Connection with Hong Kong:** Young talents who have studied here are more familiar with Hong Kong and are more willing to stay in Hong Kong after completing their education, to find employment there. The Immigration Arrangement for Non-local Graduates (IANG) provides these talents with the convenience of staying in Hong Kong. Besides, Hong Kong employers have confidence in talents who have graduated in Hong Kong. Therefore, some non-local graduates stay in Hong Kong to work.
- e. **Geographic location:** The location of Hong Kong is close to both mainland China and East Asia. It is convenient for young people from these regions to work in Hong Kong.

It is worth maintaining and enhancing the above features in order to continue to attract high-quality talents to contribute to the Hong Kong economy.

5. **The specific obstacles to outside young talents working in Hong Kong:**

- a. **The high cost of rent and expensive living expenses have deterred interested talents from coming to Hong Kong, especially those with families.**

The first problem faced by Hong Kong in regard to attracting outside talents is its high rent but fair quality in housing. It has made Hong Kong difficult to attract talents who value quality of life. An interviewee from the UK said that, although she loves the work environment of Hong

Kong, she will return to her home country soon because she has a birth plan. If her children are born in Hong Kong, she will not be able to afford to care for them and pay their schooling expenses. Another interviewee from mainland China who studied for a master's degree in Hong Kong said that he returned to the mainland immediately after completing the programme. He thinks that the living costs in Hong Kong are far too high for him to attain his goal of buying a property and, therefore, he has never tried to hunt for a job in Hong Kong.

b. Foreign talents who have no connection to and are not familiar with Hong Kong may not be interested in Hong Kong.

In 2018, the number of outside talents coming from mainland China via IANG was 9,206, accounting for 90.7%¹⁴ of the total graduates staying in Hong Kong. According to the overall figures of the four major non-emigration schemes, 35.1% of the outside talents in Hong Kong come from mainland China; 8.3% from the UK; 6.8% from the USA; and 6.3% from Japan. These figures reflect the way in which the main source of outside talent in Hong Kong is mainland China. This source of talent is not diverse. An expert interviewee believes that it is rare for foreign talents to have studied in Hong Kong, so they have no connection and are not familiar with Hong Kong. It is therefore difficult to attract them.

c. Some outside talents worry that the international image and the liberal environment of Hong Kong cannot be maintained, which may reduce their willingness to stay in Hong Kong.

Many talents from mainland China and foreign countries are attracted by the international image of Hong Kong, so they are willing to come to Hong Kong and contribute their expertise freely. Therefore, they are quite concerned about whether or not the environment of Hong Kong is changing; this has an important impact on their decision to stay in Hong Kong in the long run. One interviewee said she chooses to stay in Hong Kong because there is freedom of speech and a social order. However, she may consider leaving if this environment continues to shrink. A scholar and an expert on human resources management interviewed both said that the international image of Hong Kong has been

¹⁴ See table 3.10.

diminished in recent years. Whether or not the Hong Kong SAR Government can maintain the stability and uniqueness of Hong Kong will affect the willingness of outside enterprises and talents to come to Hong Kong.

d. Language barriers and difficulties integrating into the local community affect the long-term staying decisions of some talents.

Failure to master Cantonese may become a barrier to outside talents in job hunting. Besides, whether or not they can integrate into the local community and understand the local culture may influence their willingness to stay in Hong Kong. An interviewee from mainland China who came to Hong Kong to study for a master's degree said that she had tried to hunt for jobs after graduating, but the employer had reservations during her job interview when faced with the issue of her not being able to speak Cantonese. In the end, she did not get the job. Another interviewee from Japan said that, although her English is quite good, because of the nature of her job, she is unable to avoid using Chinese and Cantonese both at work and in her private life. She feels this is an inconvenience. Besides, she does not have many friends and community attachments in Hong Kong. It will not be easy for her to stay in Hong Kong in the long run. In contrast, an interviewee from the UK is proactively engaged in community activities and is therefore more familiar with Hong Kong. He has built up his own circle of friends and is more willing to stay in Hong Kong. The above experiences reflect that whether or not talents can master Cantonese, understand the local culture and integrate into the local community affect their long-term staying decisions.

Recommendations

Based on the above findings, the following recommendations are offered through this study in order to improve publicity and provide incentives for high-quality talents, so as to attract young talents to Hong Kong.

- 1. Set up a "ConnectHK" agency responsible for the overall coordination of publicity and recruitment in regard to talents.**

The proposed ConnectHK agency will be different from the present InvestHK, which is mainly responsible for attracting business investments. The objective of ConnectHK is to attract international students and diverse and high-quality talents to work in Hong Kong. Its duties include:

- a. Publicising the overall employment environment and development opportunities of different industries in Hong Kong in foreign countries and in mainland China, so that more talents will be aware of Hong Kong;
 - b. Providing various information on living in Hong Kong, such as in regard to housing and children's education, for the convenience of outside talents;
 - c. Providing Hong Kong employment recruitment information and organising recruitment events in places other than Hong Kong. It should also help Hong Kong enterprises to proactively look for talents by contacting major overseas universities; and
 - d. Providing Hong Kong higher education information and organising recruitment events in places other than Hong Kong, in order to attract diverse international students to Hong Kong.
2. Encourage enterprises with talent shortages to launch international internship programs.

Enterprises that are facing the problem of talent shortages could launch international internship programs. They can make use of the ConnectHK platform to recruit international interns. On the one hand, this can enhance individuals' awareness of Hong Kong among outside young talents. On the other hand, it can help such enterprises to open up diverse channels through which to find suitable talents.

3. Tertiary education institutions should diversify their sources of recruiting international students. They can also provide incentives in order to attract more exchange students from the international world.

The tertiary education institutes of Hong Kong should diversify their sources of recruitment in order to attract international students, so that Hong Kong can become a real international education hub. Meanwhile, they could also provide incentives to attract more exchange students from the international world, so as to enhance the awareness of Hong Kong among international talents and increase the likelihood of them working in Hong Kong.

4. Provide housing allowances to high-quality outside young talents, as well as to those talents who are in short supply in Hong Kong, for a duration of 12 months.

The government should provide housing allowances for high-quality outside young talents via QMAS (including talents listed in the Talent List) and TechTAS, to increase their incentive available for coming to Hong Kong. With reference to the standards of the Hong Kong Science & Technology Parks Accommodation Support Scheme, it is recommended to subsidise each eligible talent with \$5,000-\$10,000 a month, according to the number of family members, for a duration of 12 months, at most.¹⁵

5. Provide orientation to outside young talents and build up supportive networks, such as mutual aid groups, for them.

The government should provide supportive networks to outside young talents, such as orientation sessions for newcomers via NGOs. They could also organise regular activities, such as Cantonese classes and outdoor activities, so outside talents are able to build up mutual aid groups and alleviate adaptation problems, in addition to obtaining information about living in Hong Kong. Besides, the government should study the feasibility of building talent apartments in the long-term, so as to help outside talents build up their own communities and increase their sense of belonging.

¹⁵ Source: Hong Kong Science & Technology Parks. (2019). "Talent and Accommodation Support." Retrieved 19 June 2019 from <https://www.hkstp.org/zh-hk/how-we-serve/talent/>