

# The Impact of an Ageing Workforce on Employers in Hong Kong: A Study of the Service Sector

Dr Valerie Egdell<sup>^</sup>, Vanesa Fuertes<sup>\*</sup>, Dr Nathalia Tjandra<sup>^</sup> and Dr Tao Chen<sup>\*</sup> with Prof Robert Raeside<sup>\*</sup>

<sup>^</sup>*The Business School, Edinburgh Napier University*

<sup>\*</sup>*Employment Research Institute, Edinburgh Napier University*

10 October 2017



## Acknowledgements

The research team would like to thank all the participants who have given their time to make this study possible.

We would also like to thank members of the Research Advisory Group for their support and guidance.

This research was funded by the Lawrence Ho Research Fund (2016-2017).

## Executive Summary

Hong Kong is ageing rapidly when compared to many countries in Asia, Europe and North America (United Nations Department of Economic and Social Affairs Population Division, 2015). There are concerns that the ageing of the population, alongside the low birth rate, will exacerbate the existing labour shortages and compromise economic growth. In order to maintain productivity, address skills shortages and meet labour market demands, there may be a need to extend working lives. Government is looking at unleashing the potential of older workers and has raised the retirement age in the public sector – with an anticipation that the private sector will follow suit. However, despite government encouragement, older workers continue to be subjected to workplace age discrimination and negative stereotypes.

### Research aims

The aim of this research was to explore the impact of the ageing workforce on employers in the Hong Kong service sector.

The following objectives were addressed:

- Objective 1*      Establish what are service sector firms' main threats and opportunities to workforce planning.
- Objective 2*      Understand employers' opinions of current demographic trends. Does the ageing of the population affect them in any way?
- Objective 3*      Identify how are firms dealing with the effects of an ageing population in their workforce.
- Objective 4*      Establish whether employers support older workers. Do they see them as an asset or a liability?
- Objective 5*      Understand the factors that deter and facilitate older workers employment.
- Objective 6*      Examine the opportunities and challenges for older workers to extend their working-lives

This research was undertaken by a team from Edinburgh Napier University and was funded by the Lawrence Ho Research Fund (2016-2017).

### Research methods

There were three stages to the empirical data collection.

- (1) Semi-structured interviews were conducted with 13 'experts in the field'.
- (2) An online survey of 78 service sector employers in Hong Kong.
- (3) Semi-structured interviews were conducted with 20 service sector employers.

## **Expert interviews**

The majority of experts felt that employers were aware of population ageing but had not necessarily taken any action yet. Instead, employers seemed to be much more interested in the younger generation. Employers may think only in terms of a three or five year cycle, rather than anything longer term and are very bottom line oriented. Government awareness and discussion of population ageing has increased across policy areas. However, not all the experts were sure of whether there was a clear government policy regarding the extension of working lives. Some felt that government efforts to influence private sector practices might be limited.

The age at which someone is considered to be an older worker in the Hong Kong service sector varies, depending on the employer, the sector, the employee's role and position, and how government defines 'older workers'. The experts highlighted the pervasiveness of ageism and age discrimination in the workplace in the Hong Kong service sector. However, not all agreed that there was age discrimination in the workplace, and those who said it exist mentioned that it is often subtle and not explicit.

In relation to the extension of working lives, two types of older workers were identified by the experts: (1) Those that are required to work out of financial necessity, and (2) those who do not require to work because they are in a senior position and are receiving a higher salary. There were some opportunities for older workers to extend their working lives, however, often only precarious freelance and contract work might be available. Older employees on these contracts might be barred from management roles in order that the younger generation can take these positions.

## **Online employer survey**

Seventy-eight companies responded to the survey. The majority of these were private sector companies, operating in the 'retailing and wholesale', 'food and beverages', 'tourism and events management' and 'professional, scientific and technical services' sectors. 61.5% were independent establishments and 25 were international companies. One third of the companies reported that more than 20% of their staff were aged over 50 years.

Only 38% of respondents thought that in the last five years the number of workers aged 50 years and over had increased. Few respondents (15%) thought that number of applications from over 50 year olds had increased.

90% of respondents thought that recruiting staff in the next ten years would be challenging. The main future advanced-skills requirements are perceived to be management and team-working skills, customer-handling and sales skills. The responding companies were asked whether they would alter retirement practices to address future labour/skills shortages. The companies appeared pragmatic in that most would not initially rule out any of the options. However, half of the companies would not consider recruiting those aged over 65 years.

Companies agreed that they were aware of an increased need to support older workers and workforce ageing will present a challenge for the company. However, few had established policies, or were considering reviewing or developing policies, to address the effects of an ageing workforce.

As candidates age, their likelihood of being recruited decreases. Similarly, the likelihood of being offered training decreases as workers age. When asked if it was likely that the company would promote older workers, 62.2% of companies would promote those aged 50 to 59 years, 39.5% would promote those aged 60 to 64 years and 28.6% would promote those aged 65 years plus.

The companies rated older workers as significantly more loyal, reliable, dependable, cautious, motivated, willing to work, hardworking, cooperative, willing to fit in than other age groups, competent at making decisions, productive and skilled than other age groups. However, the companies perceived older workers as less ambitious, less creative, less energetic, in poorer health, less physically strong, less adaptable to new technologies, less interested in technological change and less trainable than other age groups.

## **Employer interviews**

The employer interviewees did not feel that older workers had the skills required in the modern workplace. This was especially apparent in relation to technology and the fast-pace of the working environment. The focus was often on recruiting younger staff and there was a culture of promoting opportunities and progression for younger workers. However, employers also reported high staff turnover of younger age groups.

The age at which someone was considered to be an older worker was shaped by the age profile of the company, the industry, and the role of the employee. Those in managerial roles became 'older' later. Older workers were valued by employers in terms of their experience, professionalism and commitment. However, they were not seen as able to work in a demanding and fast-paced environment, or in some instances in a customer-facing role.

Companies were not developing, or had not considered developing, policies to manage the effects of an ageing workforce. Some companies operated fixed retirement ages of 55 or 60. Other sectors had no fixed retirement age, and an employee could continue working at the discretion of the employer, but often on a short-term basis and subject to a review and renewal process. In some instances, older workers were expected to relinquish management responsibilities in order that younger workers can take them on. Continuing an older worker's employment was a dilemma for some smaller companies, who had to consider whether they could afford to keep an older worker on beyond the retirement age. Others were creating a flatter structure so there were not the opportunities for (older) people in senior positions.

## Conclusions

Although Hong Kong's population is ageing, employers do not seem to be concerned that it will present workforce challenges, and they are not developing policies to address the effects of an ageing population. This is despite employers reporting labour shortages, high staff turnover of younger age groups, and succession planning concerns. Some of the reasons for this lack of concern could be the fast-pace of the Hong Kong economy which means employers' vision is focused on the short-term, employers' emphasis on the recruitment and promotion of young people, and the economic situation in which companies operate.

Employers' desire to retain older workers often seems to correlate to employee's skill-level. Thus, in future there might be a highly polarised older labour market. Where older workers are retained, they are often employed on short-term contracts. Older workers may be expected to relinquish management responsibilities in order that younger workers can take them on. Therefore, their continued labour market participation is precarious, and there is a power imbalance in the employer-employee relationship.

Government is increasingly aware of the demographic trends and likely future impact. However, its role in changing employer policy and practice, has remained limited in part as a result of the tension between the practice of free market and what is seen as government intrusion. However, if extending working lives is considered as desirable or necessary, action from the government steering and supporting business and the economy could facilitate its realisation. For example, campaigns by the government to promote the business case for an age diverse workforce in an era where people are living in good health for longer could help to extend working lives.

## Chapter 1: Background

- 1.1. The aim of this research is to explore the impact of the ageing workforce on employers in the Hong Kong service sector. This research has been undertaken by a team from Edinburgh Napier University and was funded by the Lawrence Ho Research Fund (2016-2017).
- 1.2. This chapter provides a brief overview of the ageing population in Hong Kong and the labour market implications. Current efforts to encourage the extension of working lives are discussed. Having provided an overview of key statistics regarding the service sector in Hong Kong, the aims and objectives of the research are presented.

### Ageing and the labour market

- 1.3. Hong Kong is ageing rapidly when compared to many countries in Asia, Europe and North America (United Nations Department of Economic and Social Affairs Population Division, 2015). The median age has more than doubled from 19.0 years in 1961 to 42.8 years for females and 43.4 years for males in 2015 (Table 1.1).

**Table 1.1 Median age by gender from 1961-2015**

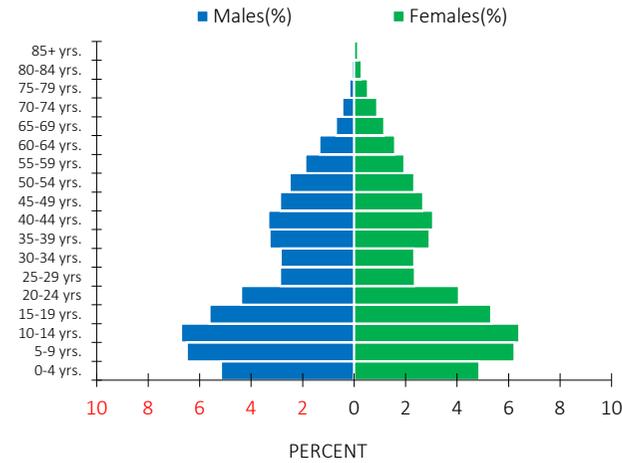
	1961	1981	1986	1991	1996	2001	2006	2011	2013	2014	2015
<b>Female</b>	19.0	26.2	28.9	31.6	34.1	36.6	39.3	41.4	42.2	42.5	42.8
<b>Male</b>	19.0	26.3	28.7	31.7	34.3	37.1	39.9	42.0	42.8	43.2	43.4

Source: Census and Statistics Department Hong Kong

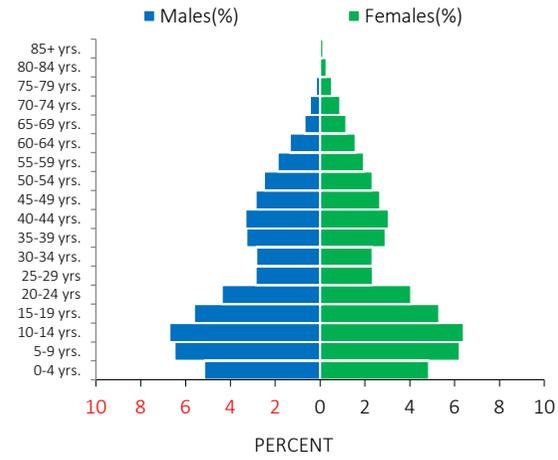
- 1.4. Hong Kong's population's age and gender structure from 1961 to 2011 is displayed in Figure 1.1. The figure shows that the population has aged significantly, from a relatively young age profile, during the 50-year period.

Figure 1.1 Hong Kong population pyramids, 1961-2011

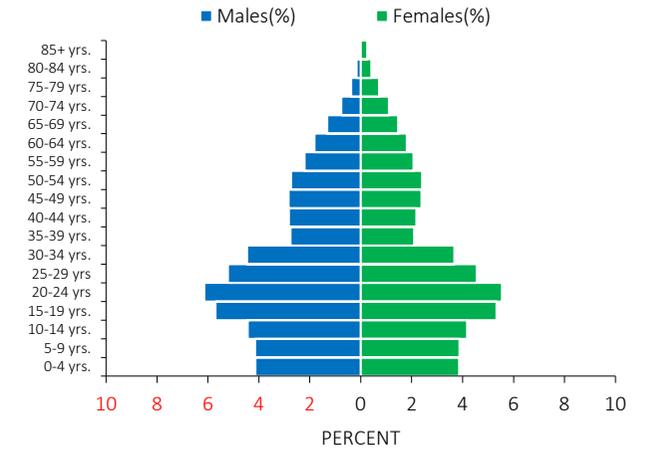
1961



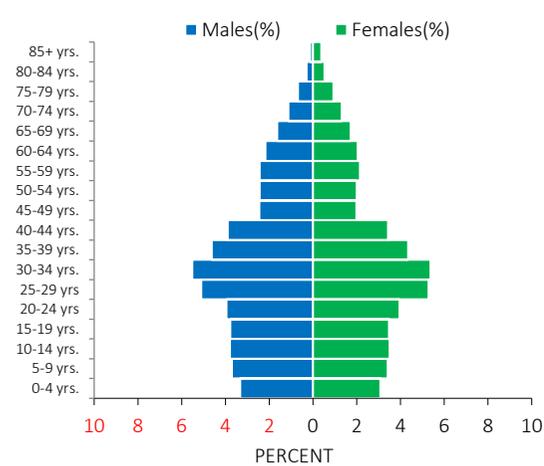
1971



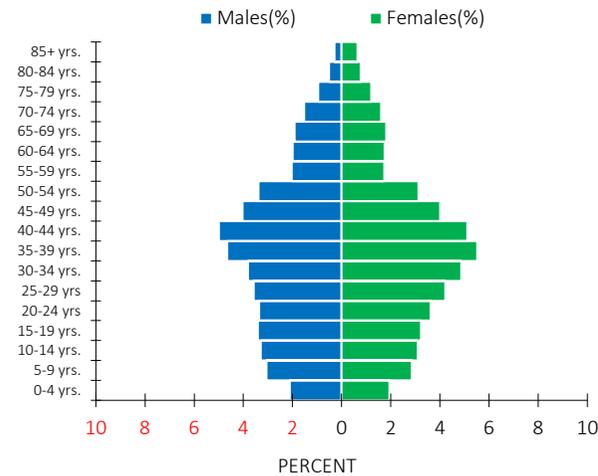
1981



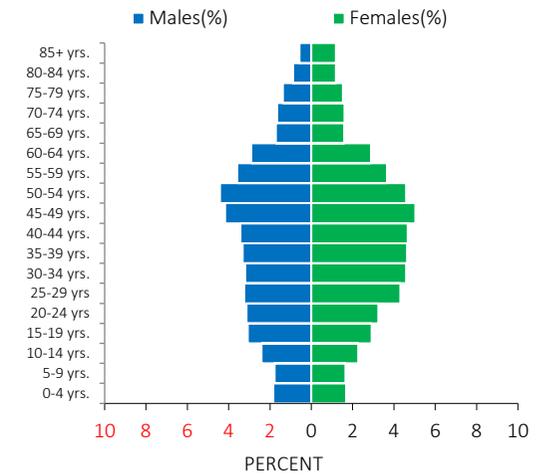
1991



2001



2011



Source: Census and Statistics Department Hong Kong

- 1.5. Table 1.2 shows that declining fertility and mortality rates and increased life expectancy have contributed to the ageing of the Hong Kong population. The total fertility rate in Hong Kong declined significantly over the past five decades, from 5.2 per women in 1960 to 1.2 per woman in 2014, far below the population replacement level of 2.1.
- 1.6. The age dependency ratio of young people fell from 72.6% in 1960 to 16.2% in 2014, whereas that of older people increased from 5.0% in 1960 to 19.7% in 2014 (Table 1.2). The overall age dependency ratio reduced from 77.6% in 1960 to 35.9% in 2014.
- 1.7. Table 1.2 also shows that life expectancy at birth climbed up from 67 years in 1960 to 84 years in 2014. The mortality rate reduced from 138.8 per 1000 adults for females and 243 per 1000 adults for males in 1960, to 32.2 and 63.7 in 2014 for females and males respectively.

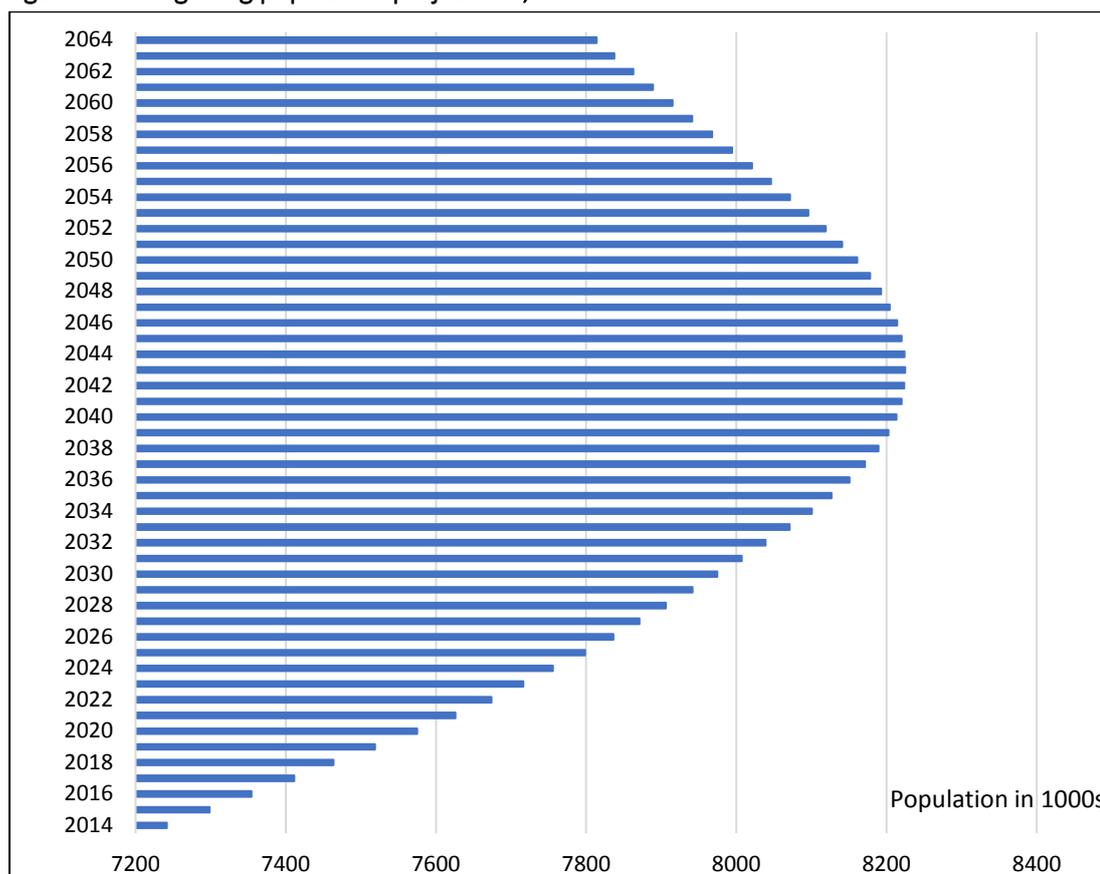
**Table 1.2 Selected demographic characteristics in Hong Kong, 1960-2014**

	1960	1970	1980	1990	2000	2010	2014
<b>Fertility rate, total (births per woman)</b>	5.2	3.4	2	1.3	1	1.1	1.2
<b>Age dependency ratio (% of working-age population)</b>	77.6	69.5	45.5	43.2	39.3	33.3	35.9
<b>Age dependency ratio, old (% of working-age population)</b>	5	6.6	8.5	12.5	15.3	17.2	19.7
<b>Age dependency ratio, young (% of working-age population)</b>	72.6	62.8	37	30.8	24	16.1	16.2
<b>Life expectancy at birth, total (years)</b>	67	71.5	74.7	77.4	80.9	83	84
<b>Mortality rate, adult, female (per 1,000 female adults)</b>	138.8	106.3	82.2	63.4	47.2	35.9	32.2
<b>Mortality rate, adult, male (per 1,000 male adults)</b>	243.5	193.5	153.6	121.3	94.4	70.1	63.7

Source: The World Bank - World Development Indicators

- 1.8. Presented in Figure 1.2 are the Hong Kong population projections from 2014 to 2064 (based on 2014). In 2014 the population stood at 7.24 million. The population is forecast to increase and peak to 8.23 million in 2043. The population is projected to then fall, dropping to 7.81 million in 2064.

Figure 1.2 Hong Kong population projections, 2014-2064



Source: Census and Statistics Department Hong Kong

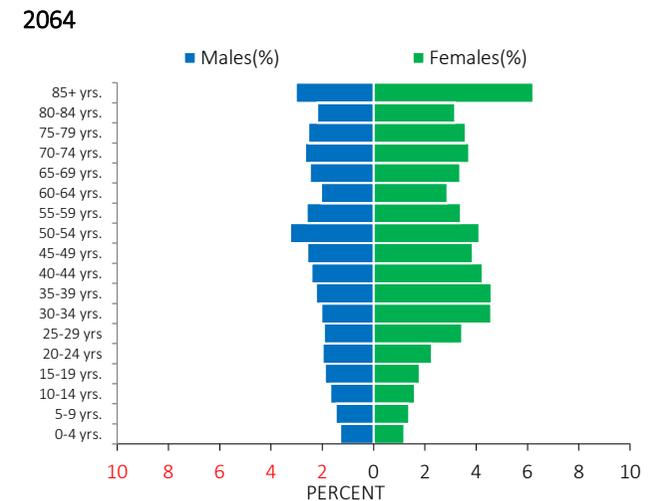
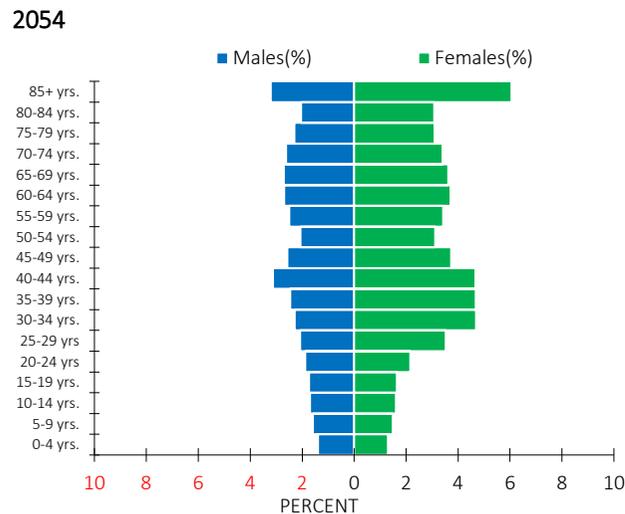
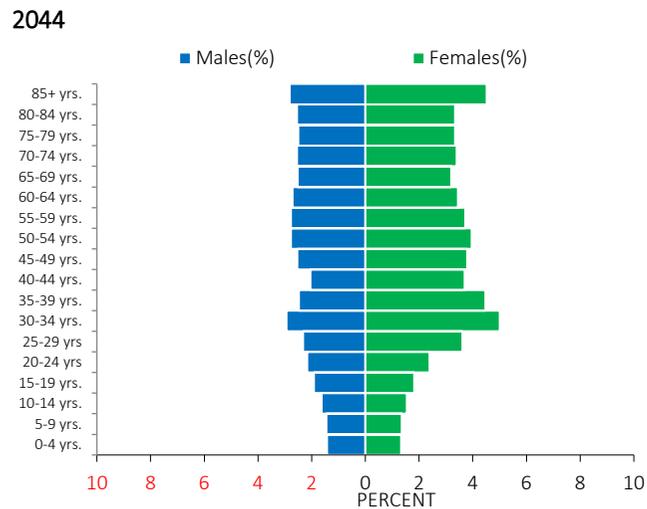
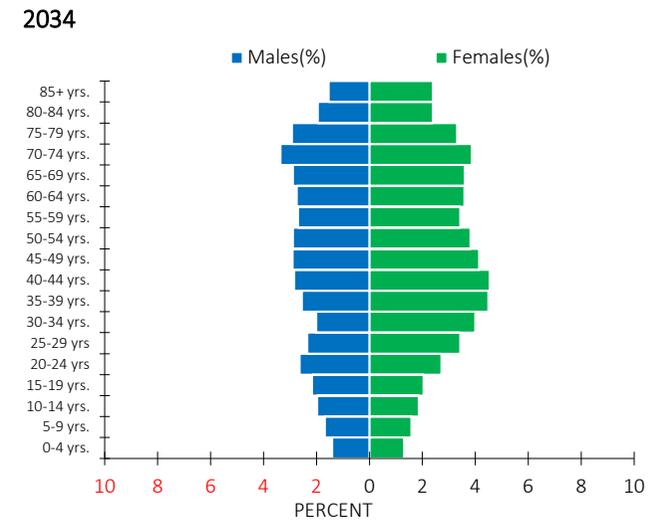
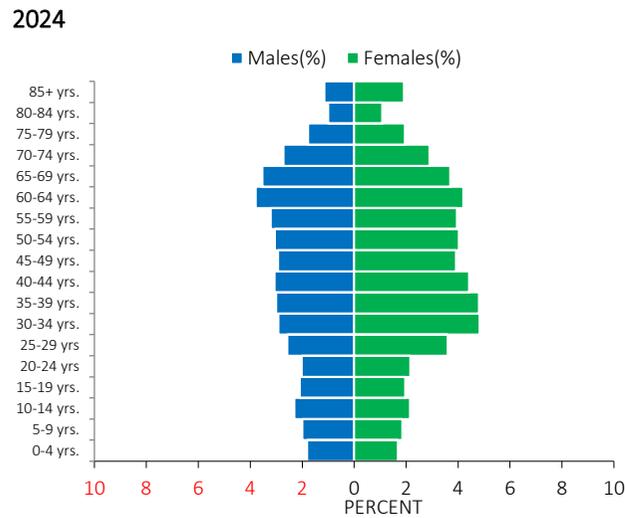
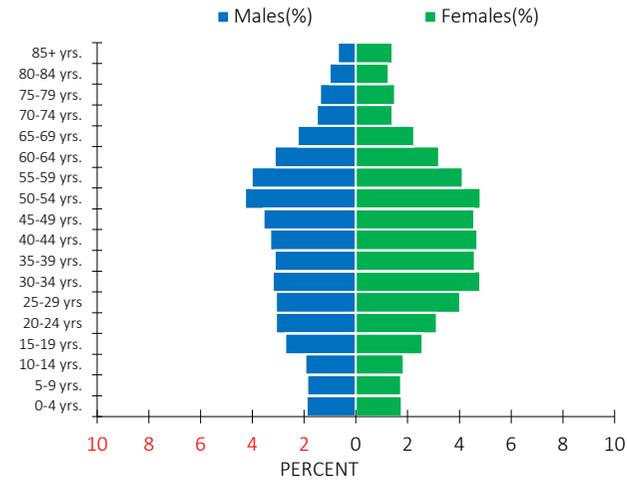
1.9. Table 1.3 and Figure 1.3 show that the proportion of the population aged 65 years and over is projected to rise markedly from 15% in 2014 to 33% in 2064, with the median age rising from 42.8 years in 2014 to 51.0 years in 2064.

Table 1.3 Characteristics of the Hong Kong projected population

	Mid-2014 (Base)	Mid-2019	Mid-2024	Mid-2029	Mid-2034	Mid-2044	Mid-2054	Mid-2064
% aged 0 – 14	11	12	12	11	10	9	9	9
% aged 15 – 49	50	46	44	43	43	41	41	40
% aged 50 – 64	24	24	22	20	19	19	18	18
% aged 65 plus	15	18	22	26	28	31	32	33
Median age	42.8	44.4	45.6	46.9	48.1	50.1	49.7	51.0

Source: Census and Statistics Department Hong Kong

Figure 1.3 Hong Kong population pyramids, 2014-2064



Source: Census and Statistics Department Hong Kong

- 1.10. There are concerns that the ageing of the population, alongside the low birth rate, will exacerbate the existing labour shortages, compromising economic growth (The Hong Kong Management Association, 2015) (see Appendix 1 for further information on the Hong Kong labour market). In order to maintain productivity, address skills shortages and meet labour market demand there may be the need in the future for the extension of working lives. Older adults who are able to work and willing to keep working could counter the shrinking labour force, and could be key in players in a knowledge-based economy that emphasizes life experience (Chan & Liang, 2012).
- 1.11. Workers in Hong Kong retire much earlier than many other countries (Mak & Woo, 2013). Even though there is no statutory retirement age; there is a ‘generally accepted’ retirement age of 55 to 60 years (often set out in the contract of employment) fuelled in part by a perception held by older workers and employers, that older workers should give way to younger workers (Mak & Woo, 2013; Siu, 2014; Zou, 2015). However, in the context of the demographic trends, the Hong Kong Chief Executive explained in the 2015 policy address that the government would *“review the existing welfare arrangements to see if they have the effect of serving as a disincentive for older persons to continue working, and strengthen the employment support and training services for the elderly”* (Leung, 2015).
- 1.12. One way in which government is looking at unleashing the potential of older workers is by raising the retirement age in the public sector (Civil Service Bureau, 2015; Leung, 2015; Ng, 2015; Siu, 2014; Yip, 2014) – with an anticipation that the private sector will follow suit (Siu, 2014). The raising the retirement age has been seen by some as an important measure in alleviating the labour shortages experienced in Hong Kong (Yip, 2014). Indeed, the raising of the retirement age was supported by the majority of the 386 members and HR professional respondents to an online survey conducted by the Hong Kong Institute of HRM (2015). However, there are still concerns amongst some groups that a raised retirement age could hinder the promotion prospects of younger civil servants (Siu, 2014).
- 1.13. However, despite government rhetoric encouraging the extension of working lives, age-friendly initiatives are rare in the workplace (Chow, 2016). Older workers continue to be subject to workplace age discrimination. The negative stereotypes about the capabilities of older workers are pervasive: e.g. they are less motivated, less effective, less keen to participate in training, less willing to change, less productive and lacking in creativity (Chiu, Chan, Snape, & Redman, 2001; Heywood & Jirjahn, 2016; Ng & Feldman, 2012; The Equal Opportunities Commission, 2014). Government has not sought to intervene with Human Resource (HR) processes, and has focused on encouraging voluntary good practice (Flynn, Schröder, & Chan, 2017). According to Flynn (2016), even though employers report labour and skills shortages, older workers are at risk of being forced to retire before they can afford to, and every effort of introducing age discrimination has been opposed by businesses. Some do not believe that age discrimination is serious in Hong Kong and there

may be concern that legislation might pose extra restriction on employers who would then lose flexibility in the recruitment of staff (Consumer Search Hong Kong Limited, 2016).

- 1.14. While Hong Kong has introduced four anti-discrimination ordinances (sex, disability, family status, and race discrimination) that apply to employment, it has only issued non-legally enforceable guidelines on age discrimination for employers (Government of the Hong Kong Special Administrative Region, 2006). A study by the Equal Opportunities Commission conducted during 2014 found that nearly two thirds of the 401 respondents had encountered age discrimination especially when *searching* for work; while 35% felt that age discrimination in the workplace was a serious or very serious issue, and that those aged 50 plus were vulnerable to age discrimination, such as being denied a job promotion (Consumer Search Hong Kong Limited, 2016).
- 1.15. Many older people may have no choice but to continue working because of financial pressures. Old-age financial protection in Hong Kong is limited (Flynn, 2016). Traditionally retirement and dependence on adult children was considered to be a normal part of ageing and an indication of social status (Chan & Wang, 2009; Chiu & Ngan, 1999).

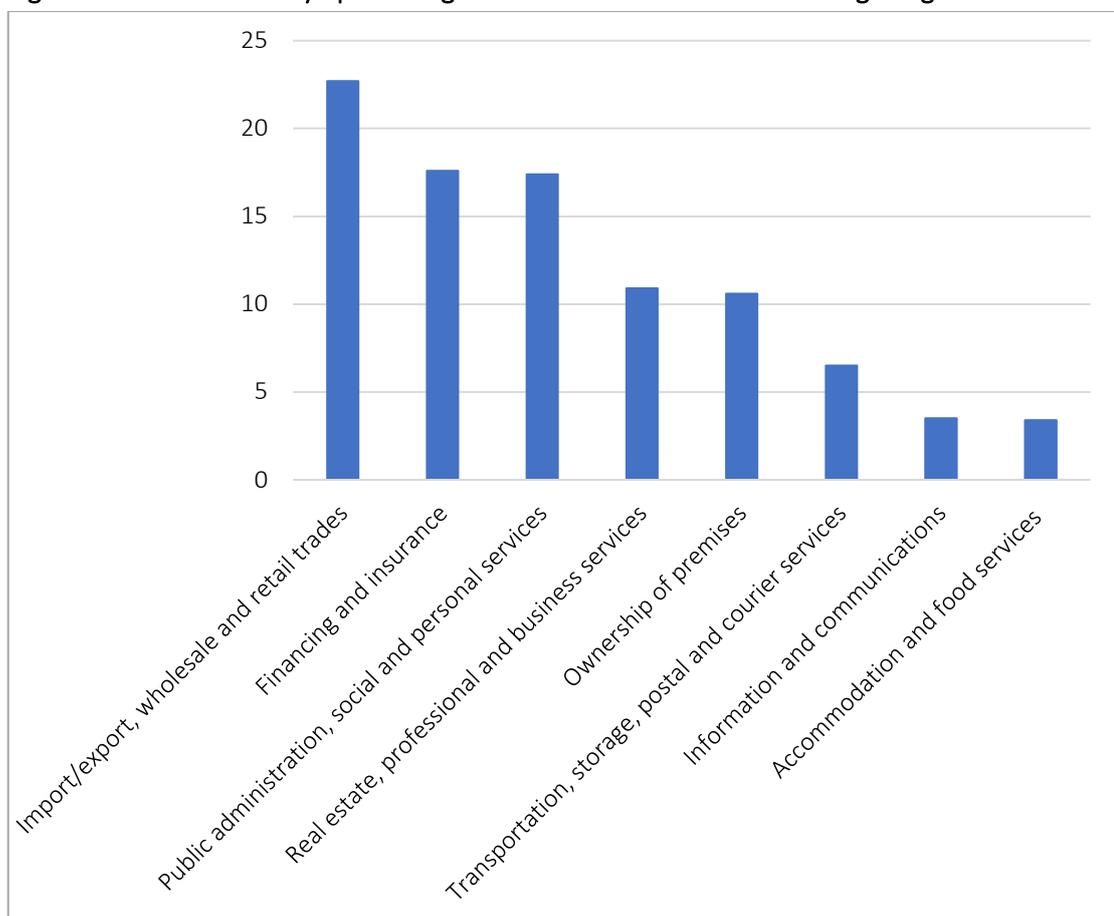
*“The traditional doctrine of filial piety encompassed a wide spectrum of filial attributes, including showing respect, being obedient, taking material as well as emotional care of aged parents, producing a male heir to continue the family bloodline, taking care of parents whether healthy or sick, promoting harmonious parent–child relationships, avoiding injury to self, extending the glory of their older generations by their achievements, and to be around and be accessible”* (Chong & Liu, 2016, p. 4).

- 1.16. This doctrine of filial piety might explain the reluctance amongst some to extend working lives, as it can be seen as immoral and unethical (Chan & Wang, 2009; Ng, Phillips, & Lee, 2002).
- 1.17. However, filial expectations of the younger generation have been found to be declining. Projections suggest that the proportion of older people living with their adult children, as well as the proportion of older people with access to financial support from their adult children or market income sources, may decrease in future (Ng, 2016). Middle-aged adults in Hong Kong feel that they can no longer depend on the family to provide support during their retirement (Lee & Law, 2004). Urbanization has reduced intergenerational contact and co-residence (Cheung & Kwan, 2011). Family relationships may now be more grounded in reciprocity rather than responsibility; and older adults may no longer assume that their adult children have an obligation towards them (Lee & Hong-Kin, 2005; Ng et al., 2002).

## The service sector in Hong Kong

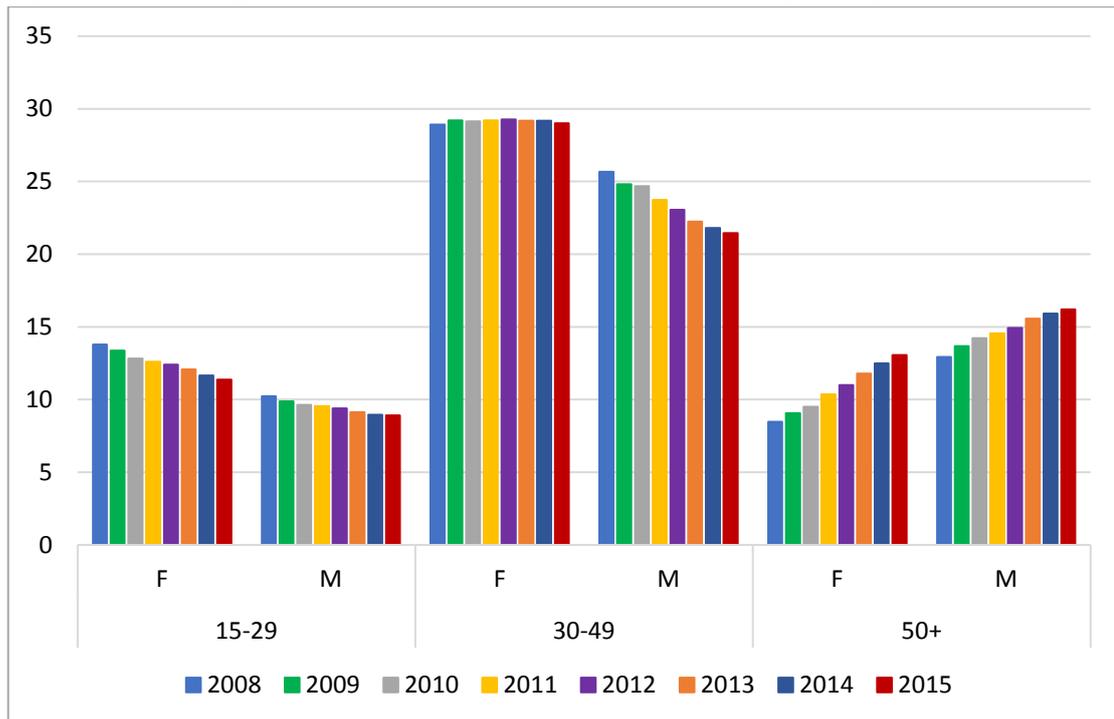
- 1.18. This research focuses on the service sector. The service sector in Hong Kong has been growing rapidly in the last two decades and has become the most developed in East Asia. In 2015 the service sector contributed to 92.5% of Hong Kong's overall Gross Domestic Product (GDP) (Census and Statistics Department, 2016).
- 1.19. The top three main contributors to the economy are "import/export, wholesale and retail trades" (22.7% of the GDP in 2015), "financing and insurance" (17.6%) and "public administration, social and personal services" (17.4%) (See Figure 1.4).

**Figure 1.4 Service industry - percentage contribution to GDP 2015 in Hong Kong**



- 1.20. Figure 1.5 shows the percentage of employed persons within the service industry by age and gender from 2008 to 2015. It is clear that females aged 30-49 years are most employed in the sector, followed by males in the same age group .

Figure 1.5 Percentage employed persons within service sector by age and gender, 2008-2015



## Aims and objectives

1.21. The research seeks to understand service sector employers' policies and practices to manage later life working of an increasingly ageing workforce and population in Hong Kong. The aim is to highlight areas and examples of good practice in the service sector, and to understand productivity and labour force requirements. The research focuses on the policies and practices employers have in place to manage the ageing of their workforce and facilitate later life working, and aims to ascertain the main factors that determine firms' orientation towards this age group. An important element of the research is the focus on how companies navigate the productivity conundrum, with an aim to identifying innovative age management<sup>1</sup> practices in this area.

1.22. The following research objectives guide the research:

*Objective 1* Establish what are service sector firms' main threats and opportunities to workforce planning.

<sup>1</sup> Age management is defined as policies and practices used by employers to combat age barriers and/or promote age diversity, and to maintain the capability of workers. The measures cover amongst other things: recruitment; learning; flexible working; health promotion; and employment exit (Naegele & Walker, 2006; TAEN, 2007).

- Objective 2* Understand employers' opinions of current demographic trends. Does the ageing of the population affect them in any way?
- Objective 3* Identify how are firms dealing with the effects of an ageing population in their workforce.
- Objective 4* Establish whether employers support older workers. Do they see them as an asset or a liability?
- Objective 5* Understand the factors that deter and facilitate older workers employment.
- Objective 6* Examine the opportunities and challenges for older workers to extend their working-lives

## Report structure

1.23. The remainder of this report is structured as follows:

- Chapter 2: Research methods
- Chapter 3: Expert interviews
- Chapter 4: Online survey of employers
- Chapter 5: Employer interviews
- Chapter 6: Conclusions

## Chapter 2: Research Methods

- 2.1. There were three stages to the empirical data collection.
- 2.2. Recruitment, data collection and data analysis were ongoing between September 2016 and August 2017. The research adhered to the Code of Practice on Research Integrity of Edinburgh Napier University.

### Expert interviews

- 2.3. Semi-structured interviews were conducted with 13 'experts in the field' (e.g. employer groups and associations, older people's organisations, social enterprises supporting older people, and academics) to gauge their views on the impacts of the ageing population on employers in the service sector, as well as the policies and practices employers have in place. The interviews also explored experts' views on opportunities for later life working in Hong Kong; the opportunities and challenges that older workers might face; and directions for future policy and practice. The interviews were used to help the research team further refine their views on priority areas, as well as adding to the team's knowledge of the Hong Kong context.
- 2.4. The interviews were conducted in English and were primarily conducted face-to-face in Hong Kong in January 2017. However, a minority of interviews were conducted over Skype. The interviews were audio recorded with the permission of the participants. Informed consent was taken.
- 2.5. Content analysis was applied to identify key themes in the data with the assistance of the computer software NVivo. The analysis drew out similarities and archetypical experiences and views, and related this to the literature.

### Online survey

- 2.6. An online survey (available both in English and Cantonese) was sent to service sector employers in Hong Kong. The survey was directed to HR departments (or equivalents).
- 2.7. The aim was to achieve a sample that encompassed a range of businesses within the services sector, and include both Hong Kong and internationally based businesses, and a range of industries (e.g. the tourism, food and beverages and finance industries). The survey was distributed via email and also through social media.
- 2.8. The survey gathered information on:

- Current, past and expected firm's workforce profile;
- Productivity expectations and strategies;
- Current and future threats to company's productivity and survival;
- Current and planned policies focused on older workers;
- HR and other practices towards older workers;
- Attitudes towards older workers;
- Innovative practices.

2.9. Seventy-eight employers completed the survey. The online survey data underwent descriptive analysis.

### **Employer interviews**

2.10. Semi-structured interviews were conducted with 20 service sector employers (some joint interviews were undertaken, 22 individuals were interviewed in total) to explore in detail their opinions with regards to future company trends and the impact of demographic trends, as well as their attitudes and policies/practices towards older workers.

2.11. The interviews were conducted in English and were conducted face-to-face in Hong Kong in March 2017.

2.12. The participants all had HR experience, and included managing directors, heads of HR departments and company founders/proprietors. For reason of confidentiality some participants requested that they be interviewed as professionals (HR, managers etc.) working in the service sector in general, rather than as professionals representing a particular company. Areas where these participants were or had been employed included hotels and catering, retail, higher education, banking, and finance. A generic interview schedule was used in these instances that did not include specific questions about the company that they were working in (see Table 2.1).

2.13. Where participants were interviewed in terms of being a representative of a particular company, the sectors that they represented included financial services (investment banking, private banking, insurance services, and accountancy), catering, legal sector, hotel, retail, professional business services, and education. The sample include single independent establishments as well as multi-establishment international companies. The international companies had operations in locations across the globe, including mainland China, Asia Pacific, South Asia, Europe, North America, and Middle East. Some international companies were headquartered in Hong Kong; others were headquartered in East Asia. In terms of company size, some were small and medium size enterprises, having only 10 or 20 employees. Others had over 250 employees in

Hong Kong with one employing between 70-80,000 people in Hong Kong. In some instances, companies also used subcontractors for some activities.

- 2.14. One company had 20% of employees aged 50 plus and one 25%. Another company had 75% of their part time employees aged 50 plus. Others much lower proportion of older workers. There were few with employees aged over 65. Some of the companies were ageing because of low staff turnover - not because more older workers were being recruited.
- 2.15. The interviews were audio recorded with the permission of the participants. Informed consent was taken.
- 2.16. Content analysis was applied to identify key themes in the data with the assistance of the computer software NVivo. The analysis drew out similarities and archetypical experiences and views, and related this to the literature.

## Chapter 3: Expert Interviews

3.1. This chapter presents the findings from the interviews with the 13 experts. It is organised around four key themes emerging from the data analysis: awareness of workforce ageing; defining older workers; ageism and age discrimination; and the extension of working lives.

### Awareness of workforce ageing

3.2. Most experts regarded population ageing as an issue. The majority of the experts felt that employers were aware of population ageing but had not necessarily taken any action yet, even if they were having recruitment difficulties or had an ageing workforce. They mentioned that companies with high numbers of middle-aged employees were not thinking about their current and future workforce requirements. For example, there was not consideration of how changing roles, flexible working, mentorship, training, ergonomics or employee health and well-being actions could extend working lives.

3.3. This lack of action was felt to be a long-term trend in terms of employer attitudes/behaviour, which did not seem to be changing. Instead, it appears that employers were more interested in the younger generation, and that the business model was focused on young people and the best way to communicate and engage with this cohort.

3.4. This lack of future thinking could also be attributed to the fast pace at which the Hong Kong economy moves. As a result, employers may think only in terms of a three or five year cycle, rather than longer term; and be very bottom line oriented.

*“I think Hong Kong is such a place where things are moving very fast and also those investors or employers would tend to look at three to five years cycle rather than longer than that” (Expert 7)*

3.5. The experts felt that government awareness and discussion of population ageing had increased across policy areas. Indeed one expert commented that the phrase ‘ageing population’ was now ubiquitous in policy documents:

*“Nowadays in Hong Kong nearly every policy involving the whole population will have this phrase of ageing population. Whether it’s town planning or infrastructure planning or medical financing reform; all kinds of things will have the ageing factor in” (Expert 6)*

3.6. In terms of workplace, the mandatory retirement age for the civil service has increased and government has also launched a re-employment programme for middle aged workers. The raising of the retirement age in the civil service was felt to be a good signal

to the private sector to extend working lives. However, not all the experts were sure whether there was a clear government policy regarding the extension of working lives.

- 3.7. Even if government was signalling to the private sector that working lives should be extended, it was felt by some that because Hong Kong is a very free market economy, there is a tension between government realisation that in the long-term population ageing could affect economic growth and how the government was trying to influence the private sector practices. Hong Kong has traditionally had very low government intervention. Government efforts to improve working conditions had been resisted by business because of the perceived associated costs. This can make it difficult for government to have an effective voice in the extension of working lives and supporting older workers.

### **Defining older workers**

- 3.8. The experts were asked at what age someone was considered to be an older worker in the Hong Kong service sector. Ages cited ranged from 30 to 65 years and older. Much of this depended on the employee's mind-set, the employer, and on how government defined 'older workers' (in terms of pension provision, civil service retirement ages, employment support services etc.)
- 3.9. The experts' responses to this question highlighted the context specificity and variation in age that may exist when defining who is an older worker. For example, the particular industry in which a person works, influences the age at which they are considered to be an older worker. Experts cited the use of a mandatory retirement age of 55 years in the banking industry and certain airlines retiring their cabin crew at 45 years. However, in other workplaces (e.g. medicine) being older was seen as an advantage.
- 3.10. As well as the industry variation, many experts outlined that a worker's position or seniority in an organisation influences the age at which they are considered to be an older worker. Those in senior positions often remained in employment longer than their lower ranking colleagues. It was felt, that employers were keener to maintain, or even re-hire, those in higher skilled positions as these workers were less 'replaceable' than those in lower skilled positions.
- 3.11. In terms of the characteristics of older workers, a range of stereotypes that could be held by employers were discussed by the experts. In terms of positive stereotypes, older workers could be perceived as being loyal, hardworking, knowledgeable, having a better work ethic and attitude, experienced, being more patient and kind. In terms of negative stereotypes, older workers could be perceived not to be very good with IT, less able, more costly, less flexible, less cost-efficient to train, slow, likely to take sick leave, too chatty, have poor eyesight and hearing, and less physically strong. These stereotypes could be

held not only by employers but also by older employees themselves; and the characteristics of older workers were often contrasted with those of their younger colleagues.

### Ageism and age discrimination

- 3.12. The presence of these stereotypes points towards the pervasiveness of ageism and age discrimination in the workplace in the Hong Kong service sector. While there is respect for those in authority, the experts felt that this respect did not mean that older workers were considered as valued employees in the workplace. Some of the experts outlined that there was an expectation that older people should withdraw from the labour market.

*“If you are the age of 50 or beyond or even beyond 50s you are respected but I am sorry you are not as productive now, you’d better leave the position. Now, that is ageism”*  
(Expert 5)

- 3.13. When the experts were asked directly about whether there was workplace age discrimination in the Hong Kong service sector, views were mixed, with not all agreeing that there was age discrimination. There was a perception amongst some experts that Hong Kong does not perform well in terms of anti-discrimination at the general level, although government thinking was perhaps changing, as illustrated through the setting up of the Equal Opportunities Commission. Some felt that there was an underlying age bias; age discrimination was subtle and not explicit. Some experts felt that both older and younger workers experienced ageism.

- 3.14. Various examples of (potentially) ageist practices were given by the experts: e.g. older workers finding it difficult to find employment, being passed over for promotions, not offered training, receiving lower salaries and being targeted for redundancies. One expert for example outlined that older workers could be forced to leave by making their conditions of work difficult. This approach might be used instead of directly asking the older worker to retire.

*“Sometimes the boss will ask them to leave or sometimes they use some methods to make them feel, to make the elderly the elderly feel not comfortable, so that they choose to leave, maybe give them a high quota or high target to force them leave”*  
(Expert 9)

- 3.15. Other practices mentioned included employers being able to terminate an older employee’s contract – but not being obliged to give an explanation for their actions. In these instances, it is difficult to prove or complain about unfair dismissal because of age.

## The extension of working lives

3.16. In relation to the extension of working lives, two types of older workers were identified by the experts. The identification of these two groups highlights inequality in terms of choice and financial necessity to carry on working:

(1) Those that *“are required to work for their daily living”*. These workers tend to be in labour intensive jobs, so may need to be re-trained for less labour intensive work in order for their continued labour market participation. As outlined previously these workers might be framed by employers as being more replaceable, and therefore they have a vulnerable position in the labour market. Those who had to work were not considered as fortunate; and

(2) Those who do not require to work because they are in a senior position and are receiving a higher salary (and as such have enough personal savings to support their retirement<sup>2</sup>).

3.17. The financial necessity for some older workers to remain in the labour market can be linked to broader societal changes. Experts outlined that delayed parenthood and/or stretched youth transitions meant that those in their 50s have to work because they may be supporting not only their elderly parents, but also their children. Older workers might also not be able to rely on their adult children to support them if they retired.

3.18. As well as the social landscape, is important to consider the context of the economic climate in terms of barriers to the extension of working lives. It was felt by experts that if companies are doing poorly, opportunities for older workers might be limited. A slowing down of the Hong Kong economy and competition from mainland China were cited by many experts, as key challenge faced by companies in Hong Kong.

3.19. As well as the broader societal and economic changes outlined above, the experts cited a range of other extrinsic barriers to the extension of working lives related to employer practices and attitudes.

- Some companies had fixed or normative retirement ages of 60 or 65 years – although this was increasingly not the case. In some cases old company pension schemes might require workers to retire at age 55 because of increased pension liability at that age.
- The cost of older workers in terms of salaries, especially at the top and middle management levels, and the higher insurance premiums for older workers.

---

<sup>2</sup> The experts did not feel that the MPF (Mandatory Provident Fund) alone provided enough income for a retired individual to live on.

- Employers place emphasis on supporting, communicating and engaging with younger people in the labour market. There is an expectation that older workers should make way for their younger colleagues.
  - Employer perceptions about older workers and their capabilities.
  - Employers do not feel that they have a social or moral responsibility towards their workforce – although a minority of employers, especially social enterprises, take active steps to support and provide opportunities for older workers.
  - Employers might not necessarily be willing to offer flexibility to older workers to support their continued labour market participation. Where ‘flexibility’ may exist, it might not actually be that flexible in practice.
- 3.20. In terms of intrinsic barriers to the extension of working lives, employee mind-set and self-esteem was cited by the experts as important. Employees might expect to, or think that they should, retire at a certain age and may denigrate their own abilities. These could be self-defeating perceptions. Some experts felt that older workers may have to update their IT and language skills (speak Mandarin) and employers might not necessarily be willing to spend money to do this. Health was cited by one expert as being a key factor in the extension of working lives.
- 3.21. There were some opportunities for older workers to extend their working lives e.g. through creative horizontal/sideway job design; short term contracts, or projects; freelance or consultant work; and as mentors to younger workers. However, freelance and contract work might be very precarious, and older workers on these contracts do not have the guarantee of continued employment. Older employees on these contracts might be barred from management roles in order that the younger generation can take these positions. Older workers who are forced to carry on working because they do not have retirement security may often be prepared to accept poor employment conditions.
- 3.22. Opinions varied about whether older workers had more opportunities in multinational or local companies. Some experts felt that multi-nationals were more interested in corporate social responsibility (CSR) and therefore might be thinking about workforce diversity. Conversely, other experts felt that in local companies there was more loyalty towards employees and more likelihood of longevity in the company.

## Summary

- The majority of the experts felt that employers were aware of population ageing but had not necessarily taken any action yet. Instead, it seemed that there was much more employer interest in the younger generation. Employers may think only in terms of a three or five year cycle, rather than anything longer term, and are very bottom line oriented.

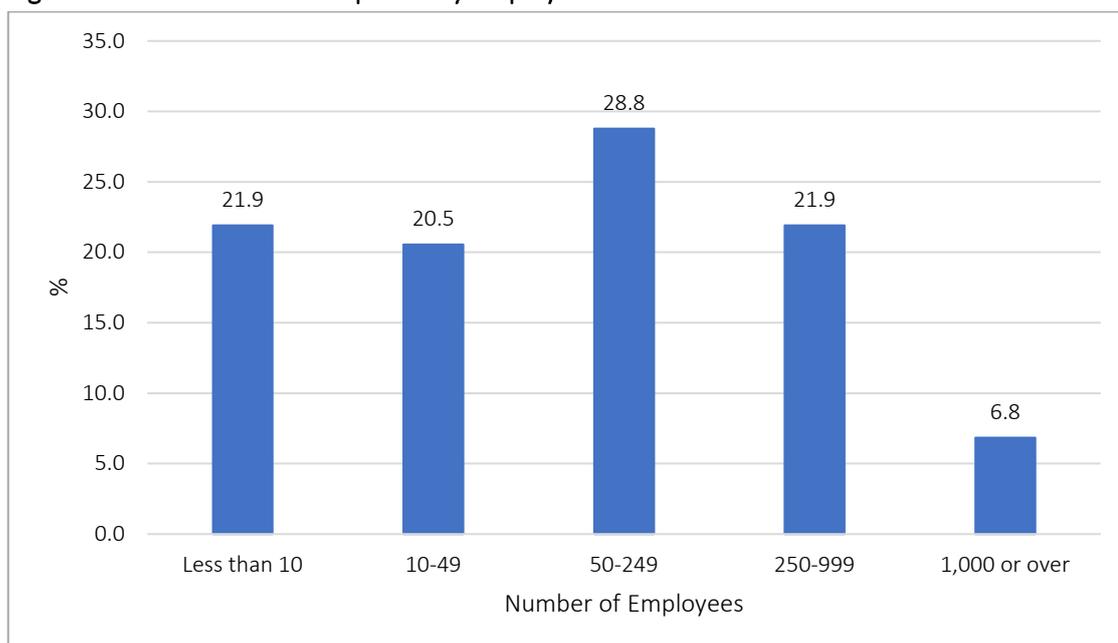
- Government awareness and discussion of population ageing has increased across policy areas. However, not all the experts were sure whether there was a clear government policy regarding the extension of working lives. Some felt that government efforts to influence private sector practices might be limited.
- The age at which someone is considered to be an older worker in the Hong Kong service sector varies, depending on the employer, the sector, the employee's role and position, the employee's mind-set and how government defines 'older workers'.
- The experts highlighted the pervasiveness of ageism and age discrimination in the workplace in the Hong Kong service sector. However, not all agreed that there was age discrimination in the workplace, and when it did exist, it was often subtle and not explicit.
- In relation to the extension of working lives, two types of older workers were identified by the experts: (1) Those that are required to work out of financial necessity, and (2) those who do not require to work because they are in a senior position and are receiving a higher salary.
- There were some opportunities for older workers to extend their working lives, however, often only precarious freelance and contract work might be available. Older employees on these contracts might be barred from management roles in order that the younger generation can take these positions.

## Chapter 4: Online Employer Survey

### The sample

- 4.1. Seventy-eight companies responded to the survey. The majority of these were private sector companies (n = 57, 65.5%); 19 were social enterprise and/or not for profit companies; and the remaining two were in the public sector.
- 4.2. The most frequent private sector companies responding were in 'retailing and wholesale', 'food and beverages', 'tourism and events management' and 'professional, scientific and technical services'. 61.5% were independent establishments and twenty-five were international companies.
- 4.3. The majority of individuals completing the survey were in a senior management/CEO position or in an HR role. Twenty-five (53.2%) of the respondents had been with their company for more than five years, only four (8.5%) had been in the companies for less than one year.
- 4.4. Eighteen of the respondents were female, 24 were male and six preferred not to say. Seven were aged less than 30 years, 14 were aged between 30 and 39 years, 13 were aged between 40 and 49 years and 11 were aged 50 years or more
- 4.5. The percentage distribution by number of employees in the companies who responded to the survey is presented in Figure 4.1. The majority were small or medium sized enterprises (249 employees or fewer).

**Figure 4.1** Distribution of companies by employee numbers



4.6. In Table 4.1 the age distribution of the workforce in companies is indicated. Most companies responding reported that more than 10% of their workforce was under the age of 25 years, one third of the companies reported that more than 20% of their staff were aged over 50 years.

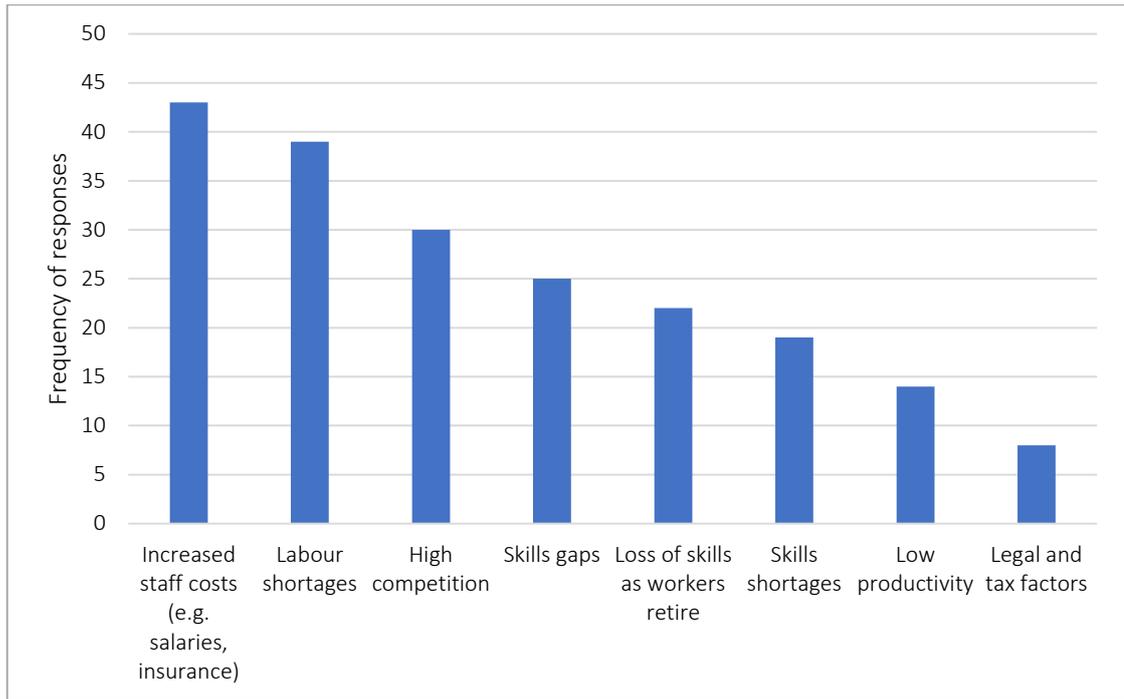
**Table 4.1 Age distribution of the workforce**

% of workforce	Age			
	< 25 years	50-59 years	60-64 years	65 +
< 10%	48.4%	43.8%	86.0%	88.9%
10% to 20%	28.1%	23.4%	7.0%	7.4%
More than 20%	23.4%	32.8%	7.0%	3.7%

### Workforce planning

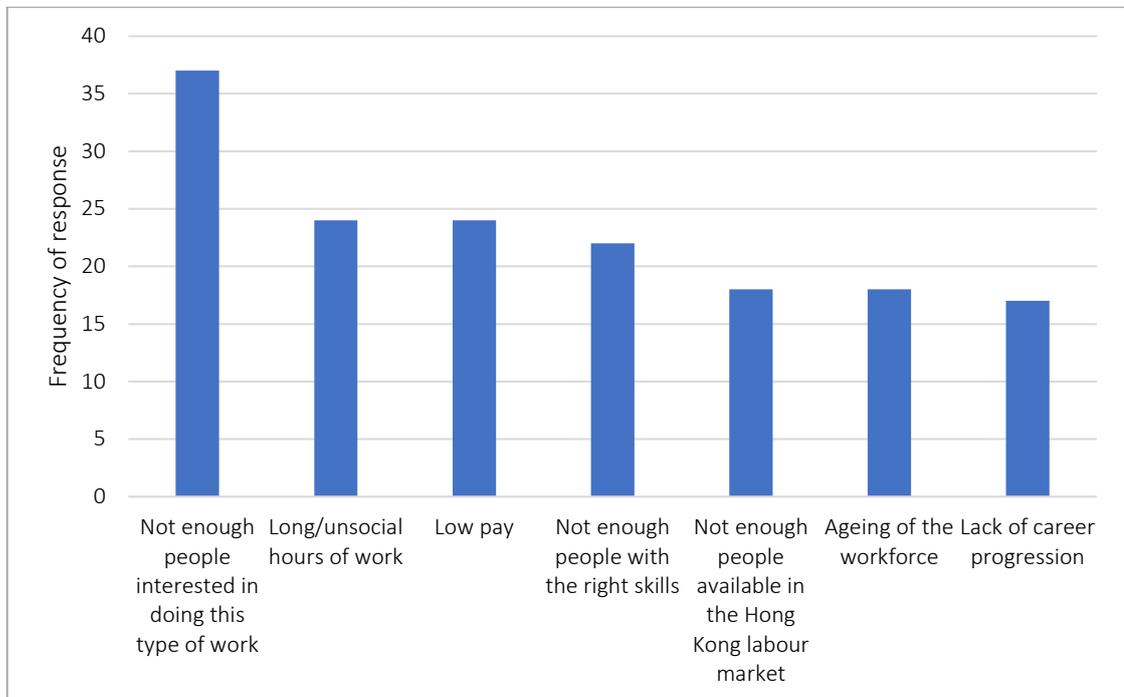
- 4.7. Only 38% of respondents thought that in the last five years the number of workers aged 50 years and over had increased. Most (54%) thought the numbers of over 50 year olds had remained about the same. Only around 7% of the respondents thought that the numbers of over 50 years had dropped.
- 4.8. In terms of people applying to work with the company, few respondents (15%) thought that number of applications from over 50 year olds had increased, and 44% thought the number of applications had remained much the same. However around 90% of respondents (55 out of 62) thought that recruiting staff in the next 10 years would be challenging.
- 4.9. Sixty-five companies responded to the question “what will be the key challenges to your company in the next ten years” and the frequency of the responses is exhibited in Figure 4.2. Labour shortages, skill gaps, skill loss and skills shortages amount to over 52% of the concerns for the future.

**Figure 4.2 Challenges to the future of the company**



4.10. The frequency of the main challenges to recruiting/retaining staff reported by the companies are presented in Figure 4.3. Ageing of the workforce was mentioned by 34% of the 53 responding companies. However, work practices of long/unsocial hours and low pay were mentioned by 45% of the reporting companies.

**Figure 4.3 Challenges to recruiting/retaining staff**



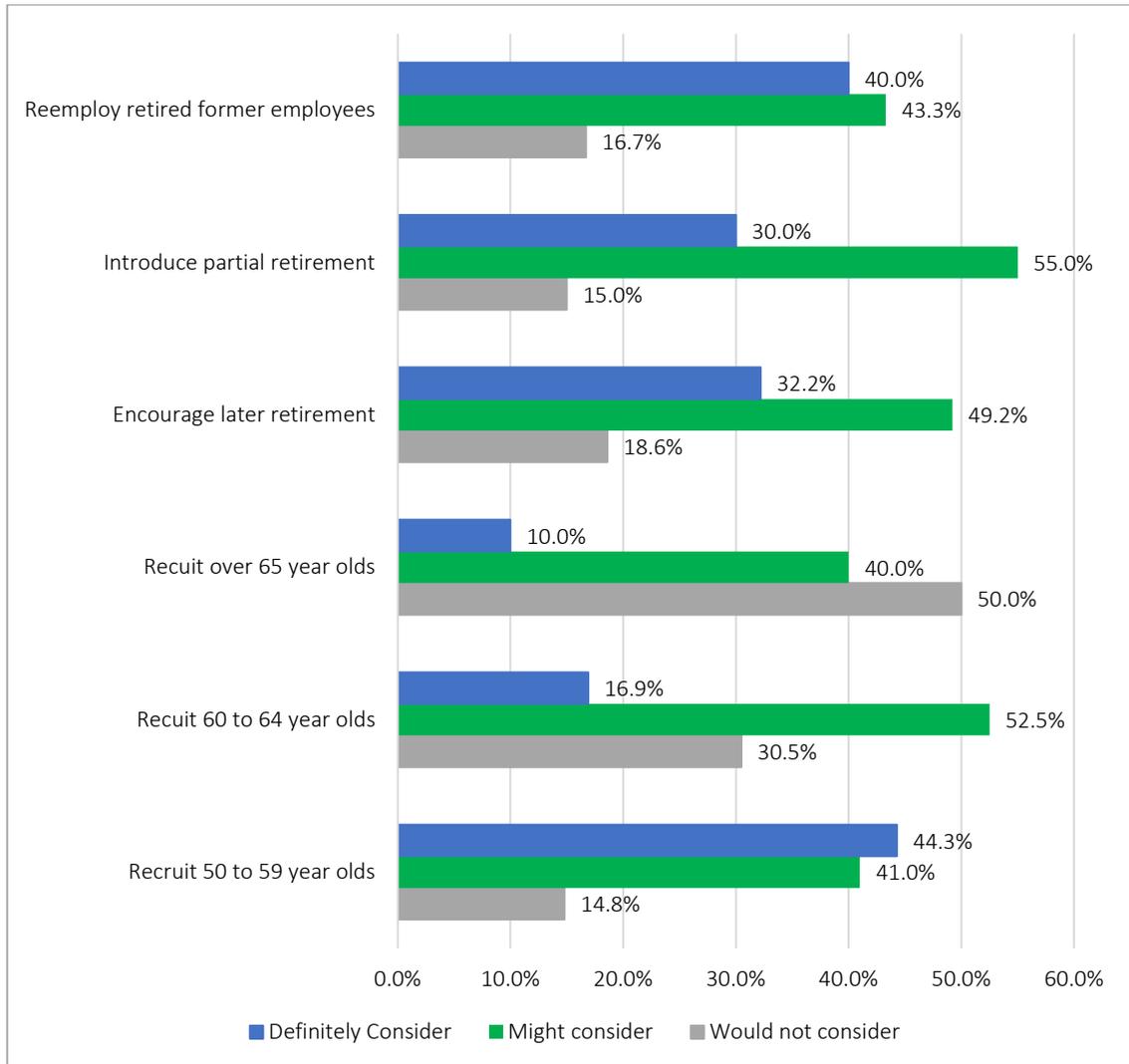
4.11. Respondents were asked to report on the skills required of their company’s workforce in the next 10 years, the percentage responses are displayed in Table 4.2. From this table it is apparent that the main future skills are perceived to be advanced management and team-working skills, customer-handling and sales skills. Regarding basic skills, the need for basic foreign languages and knowledge of how the company works were perceived most as needed.

**Table 4.2 Future skill requirements**

Skill	Skills level	
	Basic	Advanced
Computer/IT skills	28.7%	28.7%
Knowledge based specific skills engineers, accountants etc.	24.1%	27.6%
Manual skills	28.7%	8.0%
Self-reliance skills	31.0%	34.5%
Management skills	16.1%	52.9%
Team working skills	21.8%	41.4%
Customer handling skills	20.7%	43.7%
Sales skills	21.8%	40.2%
Adapting to new equipment or materials	31.0%	26.7%
Knowledge of how the company works	32.2%	33.3%
Foreign Languages	35.6%	23.0%

4.12. The responding companies were asked what measures to alter retirement practices they might consider to address future labour/skills shortages. Summaries of the responses are given in Figure 4.4. The companies appear pragmatic in that most would not initially rule out any of the options. Recruiting 50 to 59 year old would definitely be considered by the majority of the companies. However, half of the companies would not consider recruiting those aged over 65 years.

**Figure 4.4 Measures considered to address future labour/skills shortages**



## The ageing population

4.13. Fifty-one companies responded to the question “at what age would you consider someone to be an older worker”. Of these respondents, 27% said between 60 to 64 years and 19.6% stated 65 years and 17.6% gave ages older than 65 years. 5.9% however stated that someone was considered to be an older worker between ages 40 to 49 years.

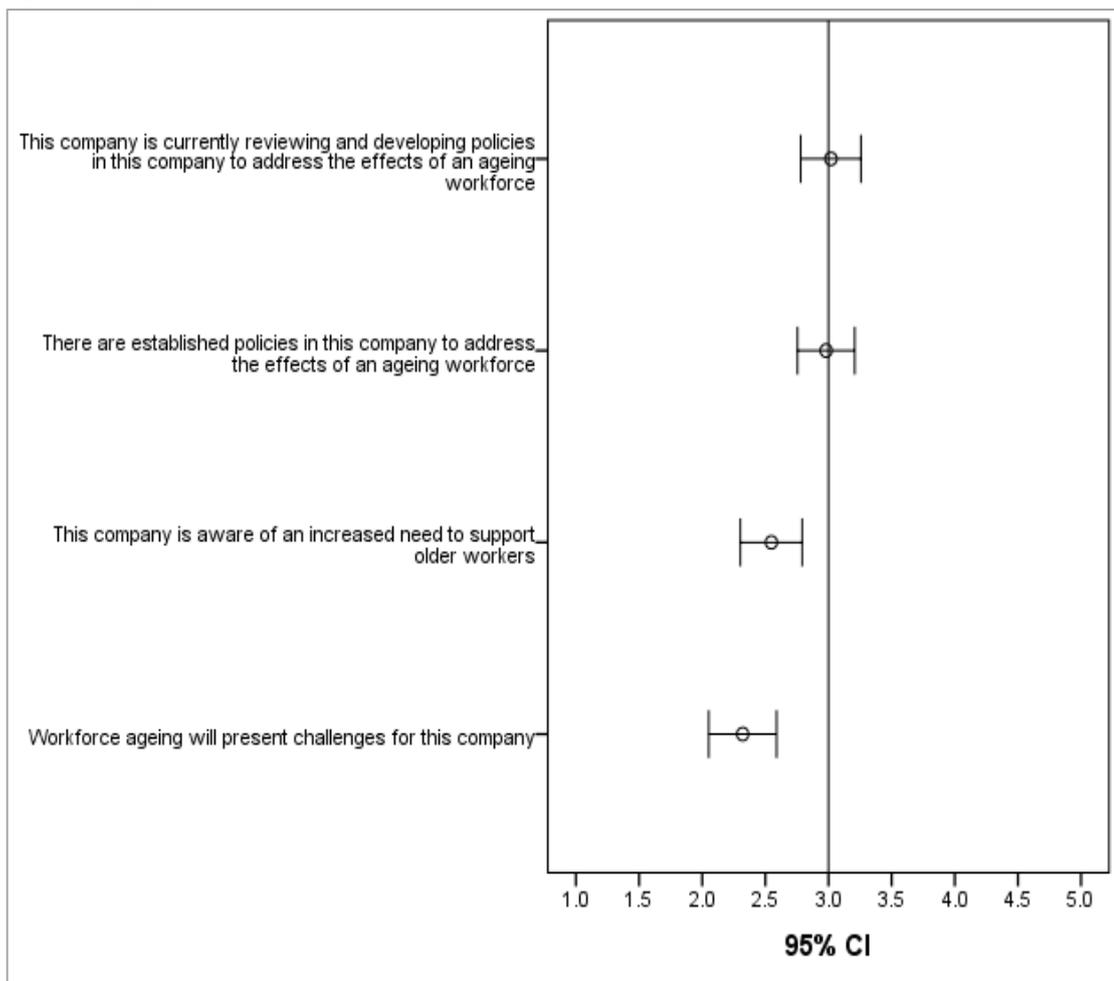
4.14. Respondents were asked why they thought someone was an older worker at the age they stated. The qualitative responses were clustered around the following statements:

- Twelve stated that there was a decline in physical and mental powers
- Eight stated that 65 years is the retirement age
- Five stated poor technology skills and adaption and obsolete skill set

- Four stated that they have a culture of a young workforce or a fast-paced working environment
- Four mentioned attitudes of older workers or customer expectations

4.15. The companies were asked about their level of agreement with statements about the effects of an ageing workforce on a scale of 1 to 5, where 1 equates to strong agreement is given in Figure 4.5. The companies reported that there is agreement that the company is aware of an increased need to support older workers and workforce ageing will present a challenge for the company, and this agreement is significantly stronger than neutral (shown by the vertical line in Figure 4.5). There was less agreement with the other two statements that there are established policies and that the company is reviewing or developing policies to address the effects of an ageing workforce (these do not differ significantly from the neutral position).

**Figure 4.5 Agreement with statements**



4.16. Companies were asked if workers in different age groups were likely to suffer age-based discrimination and the findings are given in Table 4.3.

**Table 4.3 Percentage likely to face age discrimination**

Age group	Will face negative attitudes because of age
Under 20 years	62.7%
20-29 years	11.8%
30-39 years	2.0%
40-49 years	3.9%
50-59 years	28.8%
60-64 years	59.6%
65 years and over	71.2%

4.17. Companies were asked if they had anti-age discrimination policies. Fifty-one companies responded. Of these 65% had policies in relation to hiring, 53% in relation to promotion, 67% in relation to training, 27% in relation to redundancy and 8% stated they had other anti-age discrimination policies. Only 12% (six companies) did not report any policies.

### Policies and practices

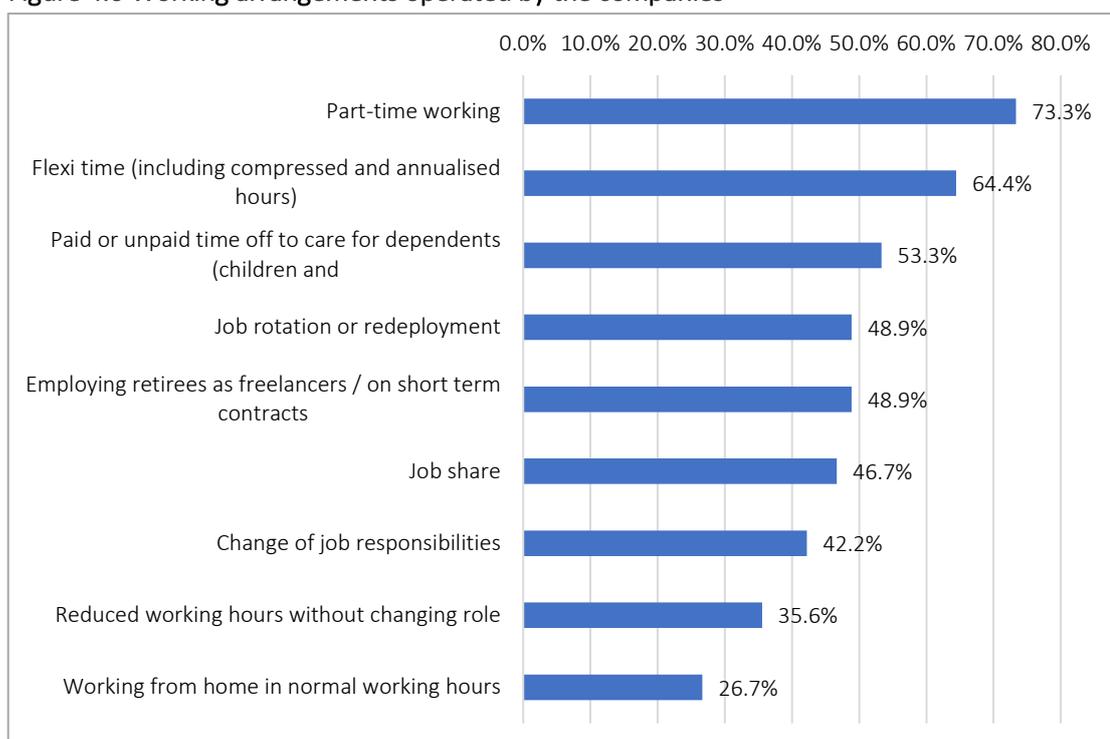
4.18. Responses to questions about the likelihood of recruiting workers in different age groups for low skilled and high skilled posts and offering training are presented in Table 4.4. It appears as candidates' age, their likelihood of being recruited for either low or high skilled posts decreases. Similarly, the likelihood of being offered training decreases as workers age.

**Table 4.4 Likelihood of recruiting workers by age and offering training**

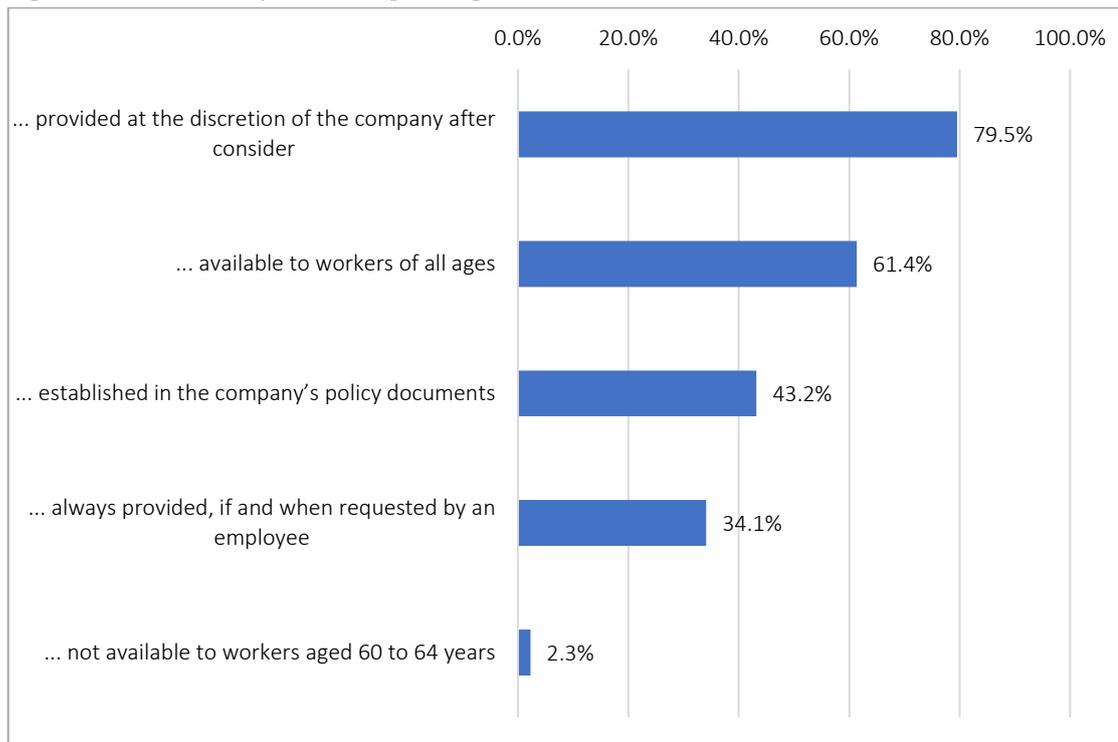
Age	Likelihood to recruit - low skilled			Likelihood to recruit - high skilled			Likelihood to offer training		
	Likely	Unlikely	Number responses	Likely	Unlikely	Number responses	Likely	Unlikely	Number responses
50-59	71.5%	12.8%	45	68.9%	4.4%	45	63.0%	6.5%	46
60-64	36.4%	15.9%	44	43.2%	9.1%	44	45.5%	9.1%	44
65 +	31.7%	24.4%	41	35.6%	26.3%	43	35.7%	19.0%	42

- 4.19. When asked about the practices of the companies, 35.4% (n= 17) stated that they regularly reviewed training for older workers, 39.6% (n = 19) stated there were regular one-to-one meetings between managers and older workers, 36.7% (n= 18) required managers to encourage older workers to take part in training and 56.9% (n= 29) encouraged older workers to act as mentors.
- 4.20. When asked if it was likely that the company would promote workers aged 50 to 59 years, 62.2% (n = 28) reported it was likely. For workers aged 60 to 64 years, 39.5% (n = 17) reported it was likely. For workers aged 65 years or more, only 28.6% (n = 11) stated that they were likely to promote them.
- 4.21. Companies were asked if they operated any working arrangements that older workers might benefit from. Forty-five companies responded to this question and the percentages of these offering different working arrangements are shown in Figure 4.6. Over half of the companies allowed part-time working, flexi-time working and unpaid time off for caring. Least frequently employed arrangements were reduced hours and working from home during normal hours (operated by 16 and 12 companies respectively).
- 4.22. The companies were questioned on the accessibility of these arrangements. Forty-four companies responded and their responses are charted in Figure 4.7. Most of the arrangements were offered at the discretion of the company and 61% (n = 27) stated that they were available to all ages.

**Figure 4.6 Working arrangements operated by the companies**



**Figure 4.7 Accessibility of working arrangements**



4.23. When asked about the average age of retirement in the company, 41 companies responded. Of these 53.7% stated it was 65 years, 23.4% stated it was 60 years and 17.6% (n=7) companies gave their average retirement age of less than 60 years. Only two companies reported a retirement age of greater than 65 years (it was 70 years).

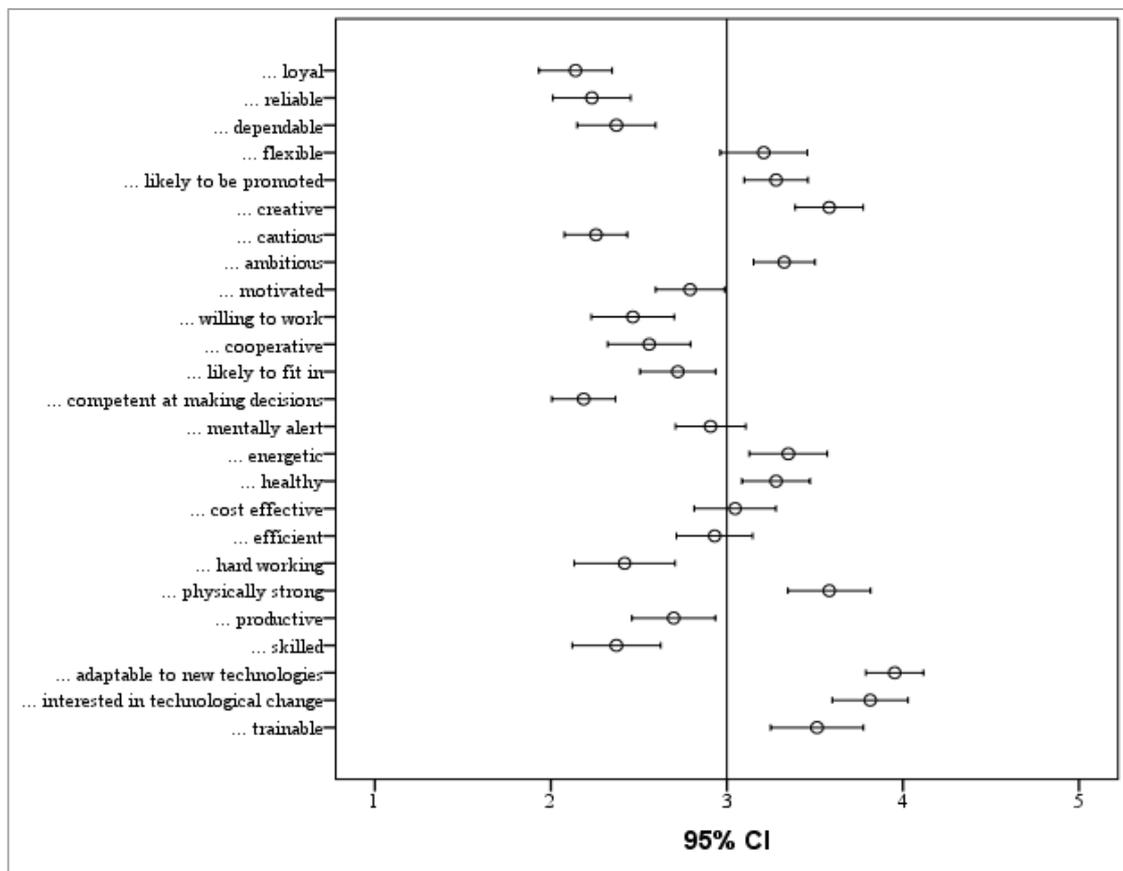
4.24. Four (8.9%) out of the 45 companies responding stated that “there is a retirement age set by the company that applies to all employees, with no exceptions”. Nineteen (42.2%) stated that “There is a retirement age set by the company that applies to all employees, but exceptions can be made” and thirteen (28.9%) stated, “it is mainly employees who choose their own retirement age”. Nine (20%) of the respondents did not know the retirement policy.

4.25. When asked if the company had a phased retirement policy, 46 companies responded. Only 10.6% (n = 5) said ‘yes’, 56.5% (n = 28) said ‘no’ and the rest did not know. When asked, “does this company offer incentives, financial or otherwise, to encourage workers to retire early?”, 45 companies responded. Thirty-three (73.3%) of the companies replied no and the rest did not know.

## Advantages and disadvantages of employing older workers

- 4.26. The companies were asked to give their views on older workers compared to other younger age groups about a range of thirteen attributes. A five-point scale was used. The results are illustrated in Figure 4.8 (45 companies responded to this question).
- 4.27. The companies rated older workers as significantly more loyal, reliable, dependable and cautious than other age groups. They also considered older workers to be significantly more motivated, willing to work, hardworking, cooperative and willing to fit in than other age groups. Older workers are perceived by the companies to be significantly more competent at making decisions, productive and skilled than other age groups.
- 4.28. However, the companies perceived older workers as less ambitious, less creative, less energetic, in poorer health, and physically strong than other age groups. Older workers were also considered to be significantly less adaptable to new technologies, less interested in technological change and less trainable than other age groups.

Figure 4.8 Older workers compared to other age groups on a range of attributes (1 = far more, 2 = slightly more, 3 = no difference, 4 = slightly less, 5 = far less)



## Summary

- Seventy-eight companies responded to the survey. The majority of these were private sector companies, operating in the 'retailing and wholesale', 'food and beverages', 'tourism and events management' and 'professional, scientific and technical services' sectors. 61.5% were independent establishments and twenty-five were international companies. One third of the companies reported that more than 20% of their staff were aged over 50 years.
- Only 38% of respondents thought that in the last five years the number of workers aged 50 years and over had increased. Few (15%) respondents thought that number of applications from over 50 year olds had increased.
- 90% of respondents thought that recruiting staff in the next ten years would be challenging. The main future advanced skills requirements are perceived to be management and team-working skills, customer-handling and sales skills. The responding companies were asked whether they would alter retirement practices to address future labour/skills shortages. The companies appear pragmatic in that most would not initially rule out any of the options. However, half of the companies would not consider recruiting those aged over 65 years.
- Companies agreed that they were aware of an increased need to support older workers and workforce ageing will present a challenge for the company. However, few had established policies, or were considering reviewing or developing policies, to address the effects of an ageing workforce.
- As candidates' age, their likelihood of being recruited decreases. Similarly, the likelihood of being offered training decreases as workers age. When asked if it was likely that the company would promote older workers, 62.2% would promote those aged 50 to 59 years, 39.5% would promote those aged 60 to 64 years and 28.6% would promote those aged 65 years plus.
- The companies rated older workers as significantly more loyal, reliable, dependable, cautious, motivated, willing to work, hardworking, cooperative, willing to fit in than other age groups, competent at making decisions, productive and skilled than other age groups. However, the companies perceived older workers as less ambitious, less creative, less energetic, in poorer health, less physically strong, less adaptable to new technologies, less interested in technological change and less trainable than other age groups.

## Chapter 5: Employer Interviews

- 5.1 This chapter explores the key themes identified in the 20 employer interviews. These themes are: the labour market landscape; defining the older worker; and opportunities for later life working.

### The labour market landscape

- 5.2 The skills required by employers of their workforce varied between employers and roles but included: flexibility, reliability, a good work ethic, IT and technology skills, adaptability, proactivity, passion, ability to process and act on information, language skills, communication skills, and people skills. In some cases, increased automation was cited as changing the skills needed in the workforce, and even reducing the number of staff needed. Regulatory changes in some sectors were also affecting ways of working (and skills requirements) and the amount of business that companies had.
- 5.3 It was felt that older workers did not necessarily have the skills required in the modern workplace. This was especially apparent in relation to technology and the fast-pace of the working environment, where younger workers were felt to be better suited to this type of work.

*“Okay to be very frank we need to employ people with young age because they are maybe more adapt to the new business environment and secondly they are more intelligent with the computer.”* (Employer, Logistics industry)

*“So, you know, but the age group who are mostly affected are maybe the mid-forties up to mid-fifties because those are the guys who came through a very traditional model and then suddenly everything has changed...Clients want everything to be a little bit faster now.”* (Employer, Law industry)

- 5.4 In this context, the focus was often on recruiting younger staff and there was a culture of promoting opportunities and progression for younger workers. Older workers were sometimes laid-off or given early retirement packages.

*“They may try to force them out by offering lay off package or early retirement package, then they have to go. They want to give opportunities to young people.”* (Employer, Finance industry)

- 5.5 Head hunters did not present companies with older candidates and managers were not encouraged to hire older workers unless they brought particular value in terms of revenue potential or business connections. Older workers were cited as not being valued in certain industries in particular, such as banking, where older workers were being edged out of companies in order to ‘energise’ them.

5.6 Some companies were not necessarily worried about losing experienced staff as they left the company. Others did mention concerns about succession planning – although the emphasis still seemed to be on hiring younger employees. Younger people were seen as not having the knowledge or capability, and some participants were concerned that they might not achieve the quality level of their older colleagues.

5.7 In some industries (e.g. law and finance) there was an ‘oversupply’ of graduates/younger workers. In some cases graduates were taking up lower skilled roles than they previously would have and employers were having to think about how to satisfy younger employees whose job expectations (e.g. in terms of salary, challenges, career opportunities) were not being met.

*“It is hard to satisfy them because we produce too many graduates. Too many. So, we cannot cater for them, we cannot cater for them, in terms of salary increase, it has been very slow for some of the graduates. Only very top talented people can get a good salary increase every year.”* (Employer, Finance industry)

5.8 However, some companies were facing difficulties in attracting young people. For example, some participants outlined that the hospitality industry was not held in high regard by young people and their parent. Young people and their parents were also concerned about the effects of declining levels of tourism in Hong Kong on job opportunities in this sector. Smaller companies were also finding it hard to attract young people, as they wanted to work in large well-known firms. Small companies could not offer the same in terms of salary, benefits, and opportunities for progression.

5.9 While young people were the preferred workers, they did not necessarily have the skills, experience and attitude required. In addition, younger workers were not necessarily workers who provided long-term stability. Young people often changed jobs frequently, and therefore retaining staff was a challenge: *“Young people would like to change job after three and four years...So, in terms of challenges, retaining people is difficult.”* (Employer, Finance industry). For one employer, this behaviour by younger workers could be attributed to them knowing that at age 50 they may be forced out of the labour market, so they needed to earn as much as possible when they are young. This could mean that younger people change jobs regularly, trying to get a higher salary.

5.10 This higher turnover of younger staff members was also attributed to poor employment protection; and the fact that young people were looking to advance in their career, to travel and experience different and new things, and be creative. In this context one employer outlined the training mechanism they had in place to get people up to speed as quickly as possible, as they had the expectation that employees would not stay with the

company for a long time: *“after three or four months they will be able to deliver. So we expect people will leave in one or two years”* (Employer, Finance industry).

- 5.11 In this context some companies are having no choice but to retain older staff because of the high turnover of younger cohorts. Older workers were said to be more stable: *“they tend to be not so jumpy than the others”* (Employer, Hospitality industry). It was felt that as long as company was caring for older workers, then these employees will not look for new opportunities because of their household responsibilities.
- 5.12 The participants also acknowledged that there were some (low-income) older workers who had no choice but to remain working because of financial necessity. However, there were not always the opportunities for these older workers to remain in work.

### Defining older workers

- 5.13 The participants were asked the age at which someone is considered to be an older worker. A range of responses were given – 45 plus, 50 plus, 60 and 65 – very much shaped by the age profile of the company, the industry and the role. For example, in retail, on the shop floor an employee was older at 45 years, whereas in back office roles the age at which an employee was considered as older was higher. In addition, those in managerial roles became older later than those in more physical, front line roles.
- 5.14 The participants discussed the attributes and capabilities of older workers. These are summarised in Table 5.1. Older workers were valued in terms of their experience, professionalism and commitment. However, they were not seen as able to work in a demanding and fast-paced environment. Companies did not necessarily value experience because of the pace of change. Someone with 30-years’ experience was perceived as having ‘old experience’ that was not necessarily relevant to the current sector landscape.

**Figure 5.6 The attributes and capabilities of older workers**

	Positive attributes	Negative attributes
<b>Attitude</b>	<ul style="list-style-type: none"> <li>• Good attitude</li> <li>• More professional than younger colleagues</li> <li>• More committed than younger colleagues</li> <li>• More stable than younger colleagues</li> <li>• Consistent</li> <li>• Reliable</li> </ul>	<ul style="list-style-type: none"> <li>• Not open minded</li> <li>• Not open to, or willing to accept, change</li> <li>• Not adaptable</li> <li>• Too laid back</li> <li>• Seldom take on new challenges</li> </ul>

	Positive attributes	Negative attributes
<b>Skills and experience</b>	<ul style="list-style-type: none"> <li>• More experienced than younger colleagues</li> <li>• Better mastery of English than younger colleagues</li> </ul>	<ul style="list-style-type: none"> <li>• Out-of-date experience</li> <li>• Lack tech skills</li> <li>• Not as productive as younger colleagues</li> </ul>
<b>Mental and physical capabilities</b>	<ul style="list-style-type: none"> <li>• More reflective than younger colleagues</li> </ul>	<ul style="list-style-type: none"> <li>• Do not learn as fast as younger colleagues</li> <li>• Higher rate of work injuries</li> <li>• Lack physical capacity</li> <li>• Unable to cope with demanding jobs</li> <li>• Not as energetic as younger colleagues</li> </ul>
<b>Relationships with colleagues and clients</b>	<ul style="list-style-type: none"> <li>• Safeguarding younger workers</li> <li>• Able to handle complaints</li> <li>• Connectivity with clients</li> <li>• Wider business networks</li> </ul>	<ul style="list-style-type: none"> <li>• Not suited to customer facing/front office roles</li> <li>• Block opportunities for younger people</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>• Willing to accept a lower salary</li> </ul>	<ul style="list-style-type: none"> <li>• Demand a higher salary</li> <li>• High insurance costs</li> </ul>

5.15 There was not agreement amongst participants about whether there was age discrimination in Hong Kong. Some did not think that there was age discrimination. Others felt that there was age discrimination and stressed that while there advice is given by the Equal Opportunity Commission on how to avoid age discrimination, the advice is not legally enforceable. As a result, 'under the table', employers might discriminate against older workers.

### Opportunities for later life working

5.16 The participants were aware of the ageing population and its effects, not only in terms of the workforce, but also the customer base and meeting the needs of ageing customers. Even if the participants were aware of the ageing population, companies were not developing policies to manage the effects of an ageing workforce. This was not something that had been considered, although some might develop one in the future. There was concern amongst some however, that developing such policies could be seen as discriminatory.

5.17 Some participants felt that the government needed to encourage (e.g. through financial incentives), and to show why, employers should extend working lives. In some industries (e.g. retail) it was felt that customers preferred interacting with younger employees, although in some sectors (e.g. hospitality, retail banking, and insurance), being older was seen to be an advantage when relating to the customer base.

*“I think nowadays, due to the population ageing, there is very big demand from the banking sector for the aged people, or retired people...the bank should employ part-time people who might be retired, retired bankers to serve those silver hair population, that may be a good idea. In fact [Bank] has been hiring people, silver hair people, to work in the branches on a part-time basis. Because those older people are more stable and experience wise, they are more caring.” (Employer, Finance industry)*

- 5.18 Some companies operated retirement ages of 55 or 60, fixed in the contract – although workers could be ‘forced’ out of the labour market earlier. Some groups were cited as more likely to retire early, e.g. mothers. Some sectors were also felt to be very stressful (e.g. banking) and therefore, workers wanted to stop working as soon as possible. A long-hours culture in general in Hong Kong also meant that many workers were perceived to want to retire as soon as possible.

*“To be very honest, these days, working in Hong Kong, there is no such a thing, starting at 9 and finishing at 5. You carry on until 7, 8, or 9 pm. And even after 9pm, they will chase after you through a mobile phone, computer and etc. So, I think, a lot of people by the late fifties, they feel a little burn out and they don’t mind leaving early.” (Employer, Education industry)*

- 5.19 Other sectors had no fixed retirement age, and employees could continue working but at the discretion of the employer. Older employees might be kept on as mentors or consultants. This helped with succession planning and negated feelings that older workers were ‘blocking’ young people. However, these opportunities were often only available on a short-term basis, and older workers had to go through a review and renewal process.

*“We have also an extension of employment for another five years, subject to annual or year-by-year review. Every year, there will be a review for a certain employee. That means for the certain position that we want, we will extend the employment for them. And that’s reviewed case-by-case or year-by-year...less than five per cent of our employees are under that kind of employment.” (Employer, Hospitality industry)*

- 5.20 In some sectors (e.g. law) it was normal for people to work into their 70s, and in one company people *“pretty much work until they pass away”* (Employer, Finance industry). Those in managerial positions were the most likely to work beyond retirement age.

- 5.21 Some companies were being increasingly more flexible and were open to requests from older workers for flexible working as they wanted to retain their knowledge. Older workers were perceived as wanting jobs with less pressure, not to take on customer facing roles and have more work life balance. Some employers provided relocation or role change opportunities for older employees, so they can extend their working life. However, these participants did feel that this was not the norm in Hong Kong and that only a minority of companies would offer flexible working in order to keep an employee.

5.22 As outlined in the previous section, older workers were often perceived as costly in terms of salary and insurance. Continuing their employment was a dilemma for some companies, especially small and medium sized companies, who had to consider whether they could afford to keep an older worker on beyond the retirement age. In some instances older workers could only be kept on if they accepted a lower salary.

*“Actually I have talked with several of my staff, as I said they are going to retire in a couple of years. I have a very open discussion with them because of the financial difficulties we are facing. So again as I said before, if financially the company can support to continue to employ those staff...but on the other hand they may have to accept a lower salary.”* (Employer, Logistics industry)

5.23 Other companies had undergone restructuring exercises so opportunities for older workers were diminishing. One company had created a flatter structure so there was less need for a number of (older) people in senior positions. Roles left vacant by senior (i.e. older) workers were being backfilled with junior colleagues.

## Summary

- It was felt that older workers did not have the skills required in the modern workplace. This was especially apparent in relation to technology and the fast-pace of the working environment. The focus was often on recruiting younger staff and there was a culture of promoting opportunities and progression to younger workers.
- The age at which someone was considered to be an older worker was shaped by the age profile of the company, the industry and the role. Those in managerial roles became ‘older’ later.
- Older workers were valued in terms of their experience, professionalism and commitment. However, they were not seen as able to work in a demanding and fast-paced environment.
- Companies were not developing policies to manage the effects of an ageing workforce. This was not something that had been considered.
- Some companies operated retirement ages of 55 or 60, fixed in the contract. Other sectors had no fixed retirement age, and an employee could continue working but at the discretion of the employer, and often on a short-term basis, subject to a review and renewal process.
- Continuing the employment of older employees was a dilemma for some smaller companies, who had to consider whether they could afford to keep an older worker on

beyond the retirement age. Others were creating a flatter structure so there were not the opportunities for (older) people in senior positions.

## Chapter 6: Conclusion

6.1. The aim of this research was to explore the impact of the ageing workforce on employers in the Hong Kong service sector.

6.2. The following objectives were addressed:

*Objective 1* Establish what are service sector firms' main threats and opportunities to workforce planning.

*Objective 2* Understand employers' opinions of current demographic trends. Does the ageing of the population affect them in any way?

*Objective 3* Identify how are firms dealing with the effects of an ageing population in their workforce.

*Objective 4* Establish whether employers support older workers. Do they see them as an asset or a liability?

*Objective 5* Understand the factors that deter and facilitate older workers employment.

*Objective 6* Examine the opportunities and challenges for older workers to extend their working-lives

6.3. The conclusions and suggestions presented in this chapter are based on the empirical data and the literature review.

6.4. Hong Kong is ageing rapidly when compared to many countries in Asia, Europe, and North America (United Nations Department of Economic and Social Affairs Population Division, 2015). This demographic trend together with the low birth rate could exacerbate the existing labour shortages and compromise economic growth. Extending working could be a key solution to this problem.

6.5. Although experts feel that population ageing presents a potential problem for the economy, employers seemed less concerned and were not developing policies to address the effects of an ageing population - even when they experienced labour shortages, high staff turnover of younger age groups, and had succession planning concerns [Objectives 1, 2, 3].

6.6. The results from the online survey show that companies appear pragmatic with regards to altering retirement practices to address future labour/skills shortages. However, half of

the companies would not consider recruiting those aged over 65 years. Similarly, the likelihood of being offered training decreases as workers age [Objective 3]. Although positive stereotypes of older workers were mentioned, there were a number of negative stereotypes that could result in this lack of willingness to recruit those aged over 65 years. For instance, the opinion that older people lack technological skills and that they are slow in a fast-paced and demanding working environment – which were seen by many as characterising the modern and future working environment – could be especially adverse to their employment [Objectives 4, 5, 6].

- 6.7. Some of the reasons for this lack of concern could be the fast-pace of the Hong Kong economy which means employers' vision is focused on the short-term, employers' emphasis on the recruitment and promotion of young people, and the economic situation in which companies operate [Objectives 2, 3].
- 6.8. Employers desire to retain older workers often seems to correlate to employee's skill-level. Thus, in future there might be a highly polarised older labour market. Where older workers are retained, they are often employed on short-term contracts or as freelancers. Older workers may be expected to relinquish management responsibilities in order that younger workers can take these posts [Objectives 4, 5, 6]. Therefore, their continued labour market participation is precarious, and there is a power imbalance in the employer-employee relationship.
- 6.9. It seems that many workers would like to continue working after traditional retirement ages, but in a more flexible way. In many cases there is a paradox in that workers who need to continue working for economic reasons, tend to be employed in less-skilled positions and therefore are more replaceable. While those who do not need to continue working because they are in higher-skilled and better paid positions, are often able to extend their working lives due to their skills and type of job [Objective 6]. These findings mirror the assertions of Chou and Chow (2005, pp. 238–239) .
- 6.10. Government was cited by participants as being increasingly aware of the demographic trends and their likely future impact. However, government's role in changing employer policy and practice has remained limited; in part as a result of the tension between the practice of free market and what is seen as government intrusion [Objectives 5, 6]. If extending working lives is considered as desirable or necessary, a number of actions could facilitate its realisation. In these suggestions, the government in particular could play an important role steering and supporting business and the economy:
  - Hong Kong does not have a retirement age determined by legislation. Such legislation could help to extend working lives in some instances. However, other measures should be taken in tandem in order to support businesses with this change, as well as

older workers who wish to leave the labour market ahead of the retirement age. As others have highlighted, the poor work-life balance and the long-hours culture in Hong Kong may present challenges to older workers who may experience burnout and the onset of poor health in middle age (Basten et al., 2013).

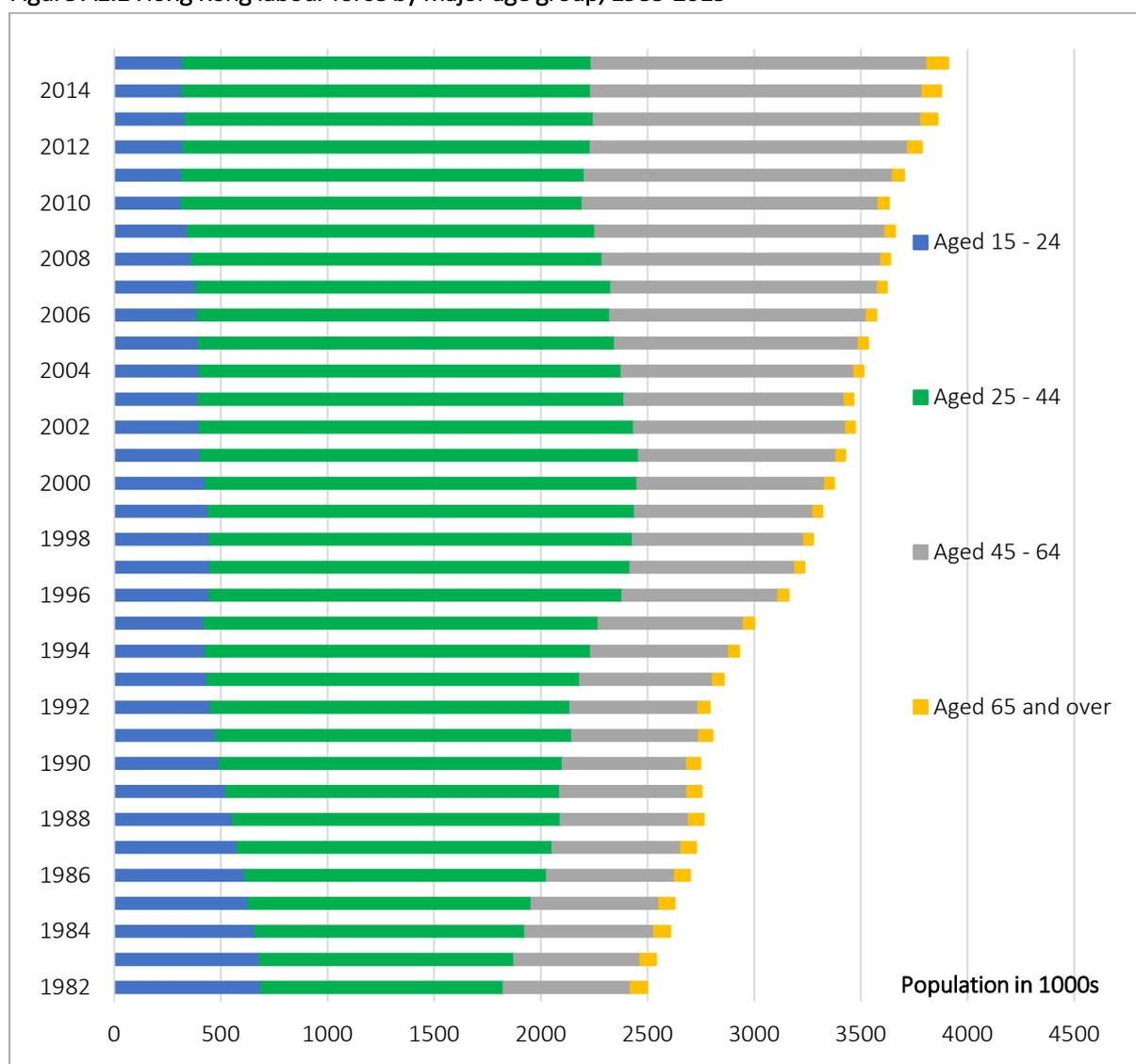
- While Hong Kong has introduced four anti-discrimination ordinances (sex, disability, family status, and race discrimination) that apply to employment, it has only issued non-legally enforceable guidelines on age discrimination for employers (Government of the Hong Kong Special Administrative Region, 2006). The introduction of legally enforceable anti-age discrimination could protect older workers at the same time as benefiting employers and the economy in the long-term.
- Employers could be supported to upskill their workforce in order to address future skills shortages.
- Campaigns by the government to promote the business case for an age diverse workforce in an era where people are living in good health for longer, could help to extend working lives. Using real-world case study examples of good practice from companies operating in Hong Kong could play a central role in promoting the business case for an age diverse workforce. This current research has pointed to some examples of good and poor practice. However, further work is needed to develop in-depth case studies, and a consensus on what good practices look like needs to be agreed.

## Appendix 1: The Hong Kong labour market

The makeup of the Hong Kong labour force by major age group from 1983 to 2015 is shown in Figure A1.1. During period, the overall size of the labour force increased - from 2.50 million in 1983 to 3.9 million in 2015.

The age profile of the labour force changed dramatically. The number of 15-24 year olds decreased from 689.1 thousand in 1983 to 324.1 thousand in 2015. The number of those aged 65 plus and 45-64 years in the labour market increased from 77.9 and 594.8 thousand in 1983 to 99.2 and 1573.6 thousand in 2015 respectively (Figure A1.1).

Figure A1.1 Hong Kong labour force by major age group, 1983-2015

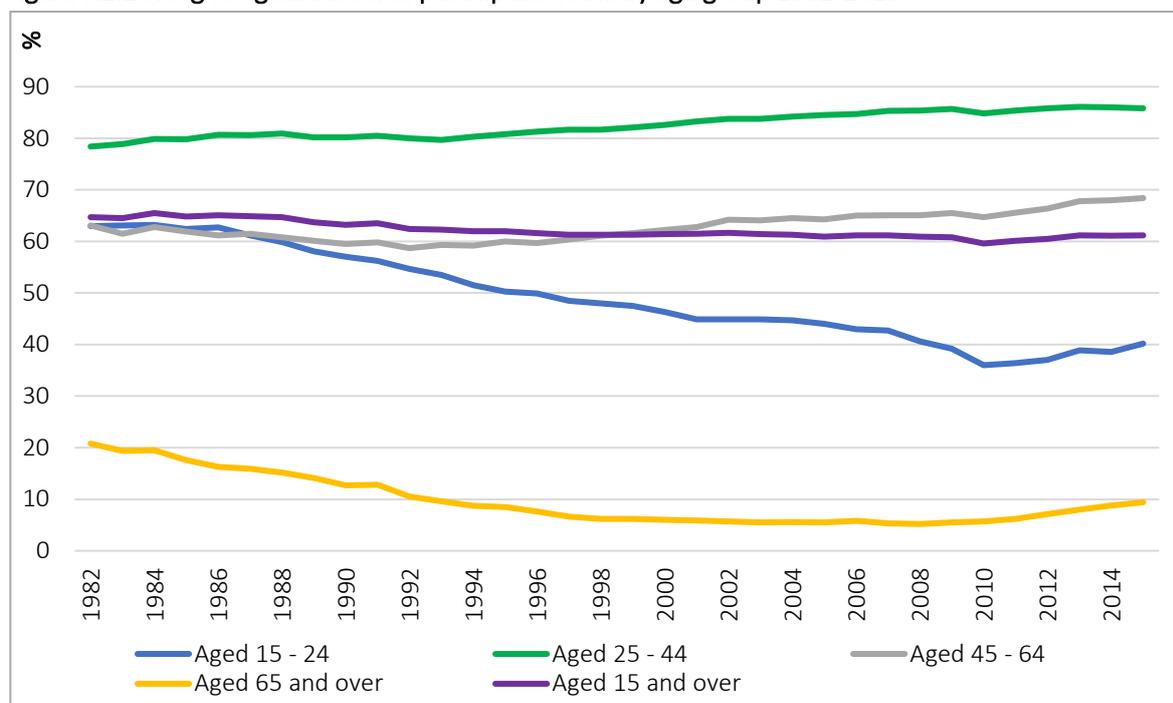


Source: Census and Statistics Department

The labour force participation rate (the proportion of labour force in the total land-based non-institutional population aged 15 and over) varied between age groups during the period of

1983-2015. For the whole labour force aged 15 and over, the participation rate did not vary much and only dropped slightly (from 64.7% in 1982 to 61.2% in 2015). The 25-44 year old age group had the highest labour force participation rate, rising from 78.4% in 1982 to 85.8% in 2015. It was a similar situation for the 45-64 year old age group (63.1% in 1982 and 68.4% in 2015) (Figure A1.2).

Figure A1.2 Hong Kong labour force participation rate by age group 1982-2015



Source: Census and Statistics Department Hong Kong

Note: The Labour Force Participation Rate refers to the proportion of labour force in the total land-based non-institutional population aged 15 and over

The labour force participation rate for workers aged over 50 years steadily increased between 2004 to 2014 (see Table A1.1).

Table A1.1 The labour force participation rate for those aged 50 plus

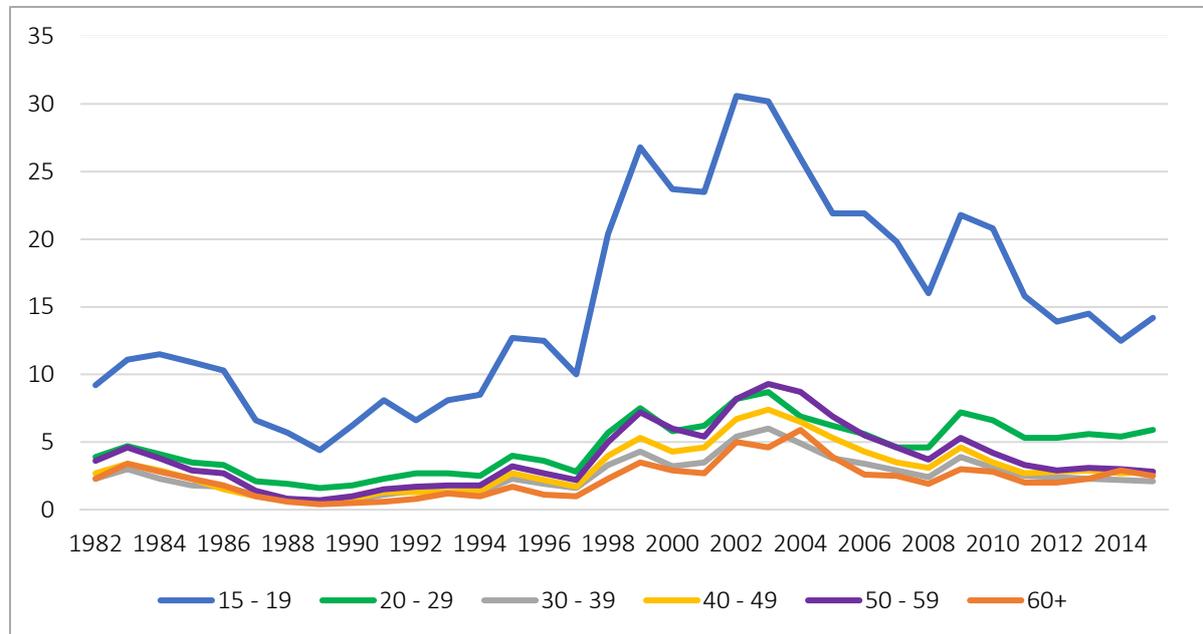
Age group	2004	2009	2010	2011	2012	2013	2014
50-54 years	71.0	73.0	73.1	74.2	75.2	77.2	77.2
55-59 years	55.7	58.1	58.0	60.2	61.9	63.9	64.9
60-64 years	29.1	34.3	33.5	35.7	37.8	39.5	41.0
65 years plus	5.6	5.5	5.7	6.2	7.1	8.0	8.8

Source: Census and Statistics Department

Note: The Labour Force Participation Rate refers to the proportion of labour force in the total land-based non-institutional population aged 15 and over

The unemployment rate for the different age groups fluctuated from 1982 to 2014 with highest rate of unemployment in 2003 for all age groups (see Figure A1.3). The highest rate of unemployment was experienced by the youngest age group (15-19 year olds).

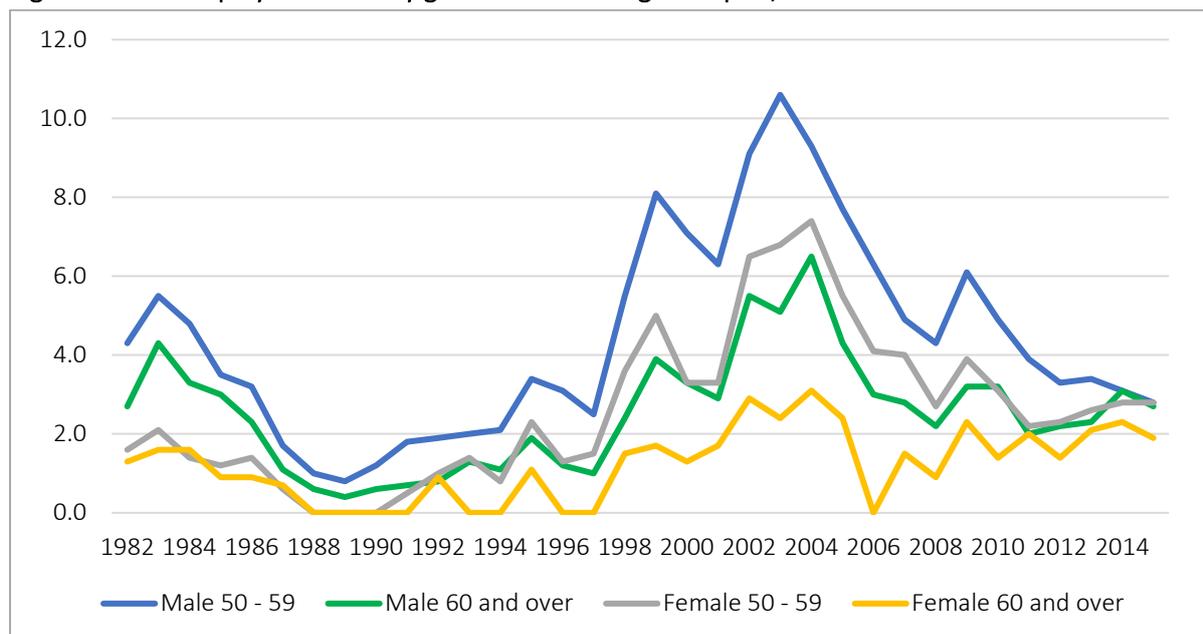
**Figure A1.3 Unemployment rate in Hong Kong by age group, 1982-2014**



Source: Census and Statistics Department

The unemployment rate by gender and age for those aged 50 plus, is displayed in Figure 2.9. Males aged 50-59 years had the highest unemployment rate, followed by those aged 50-59 years and males aged 60 plus. Females aged 60 plus had the lowest unemployment rate.

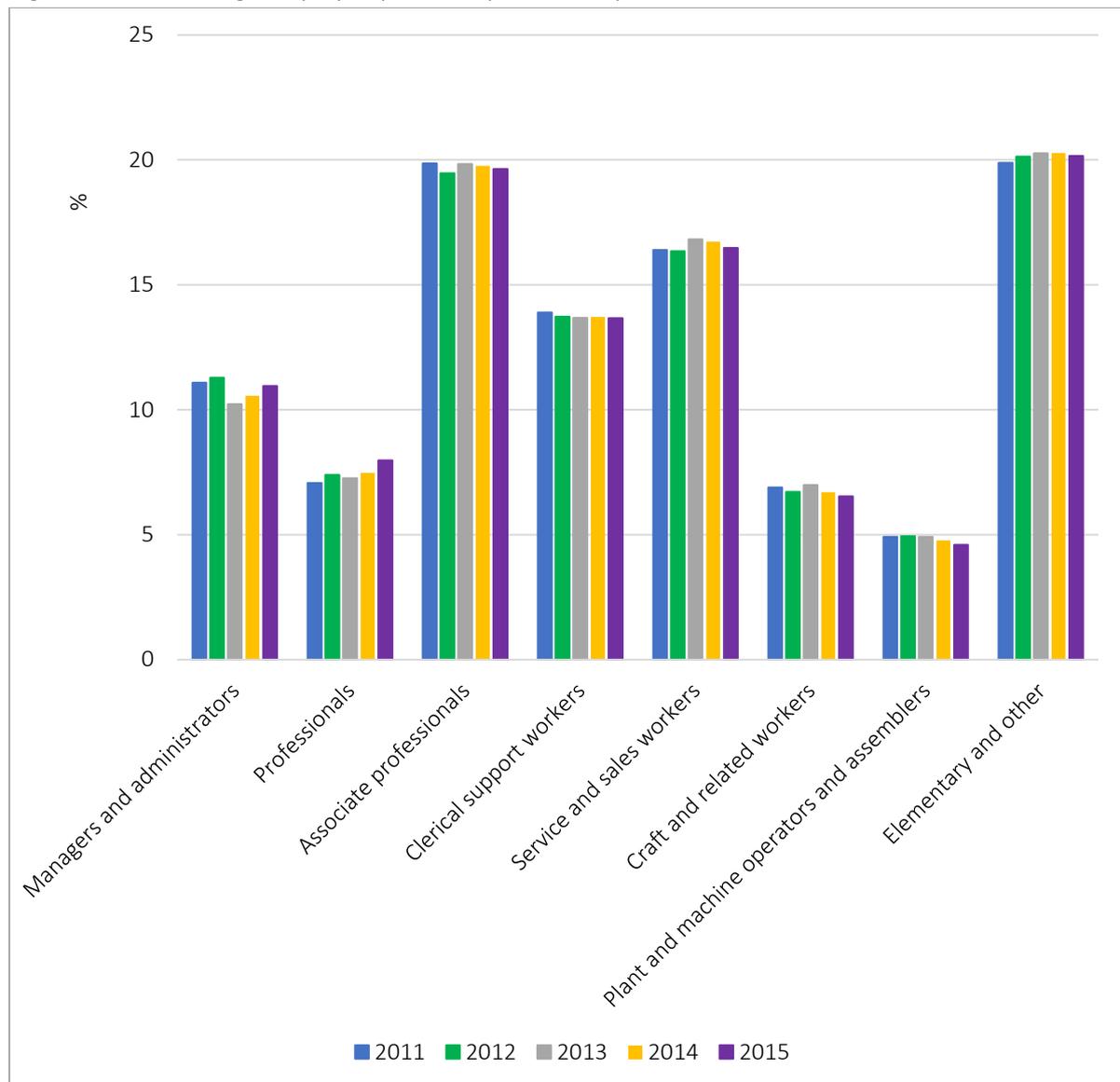
**Figure A1.4 Unemployment rate by gender for those aged 50 plus, 1982-2015**



Source: Census and Statistics Department

Figure A1.5 shows the percentage of employed persons by main occupation for 2011-2015. There are only marginally different between the five years across all the categories. The top three occupations are “elementary and other”, “associate professionals” and “service and sales workers”.

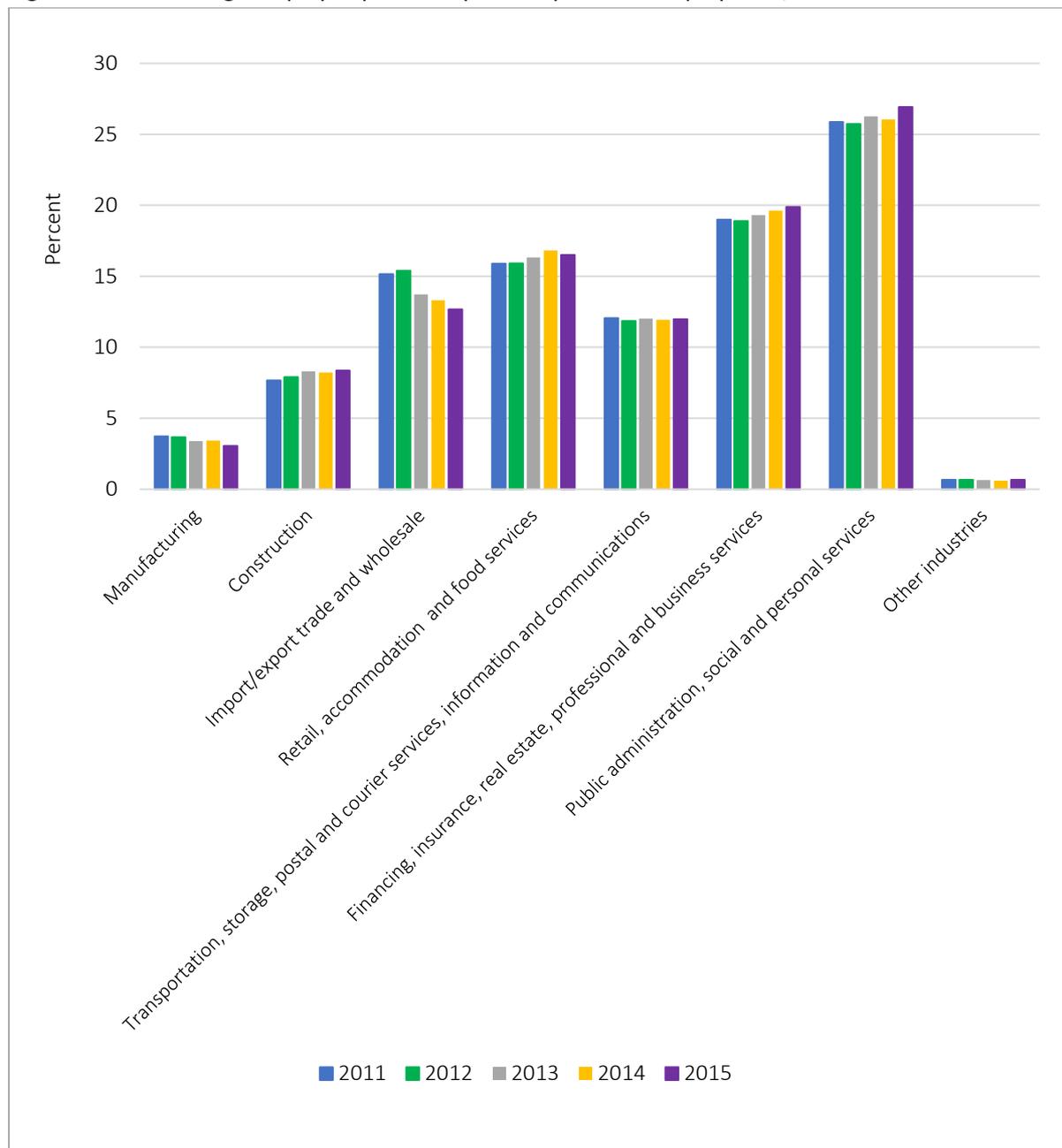
**Figure A1.5 Percentage employed persons by main occupation, 2011-2015**



Source: Census and Statistics Department

The top three industries by the percentage of employment in Hong Kong are “public administration, social and personal services”, “financing, insurance, real estate, professional and business services” and “retail, accommodation and food services” (see Figure A1.6). There was not much change over the period across the industries with the exception for “import/export trade and wholesale” which experienced a downturn.

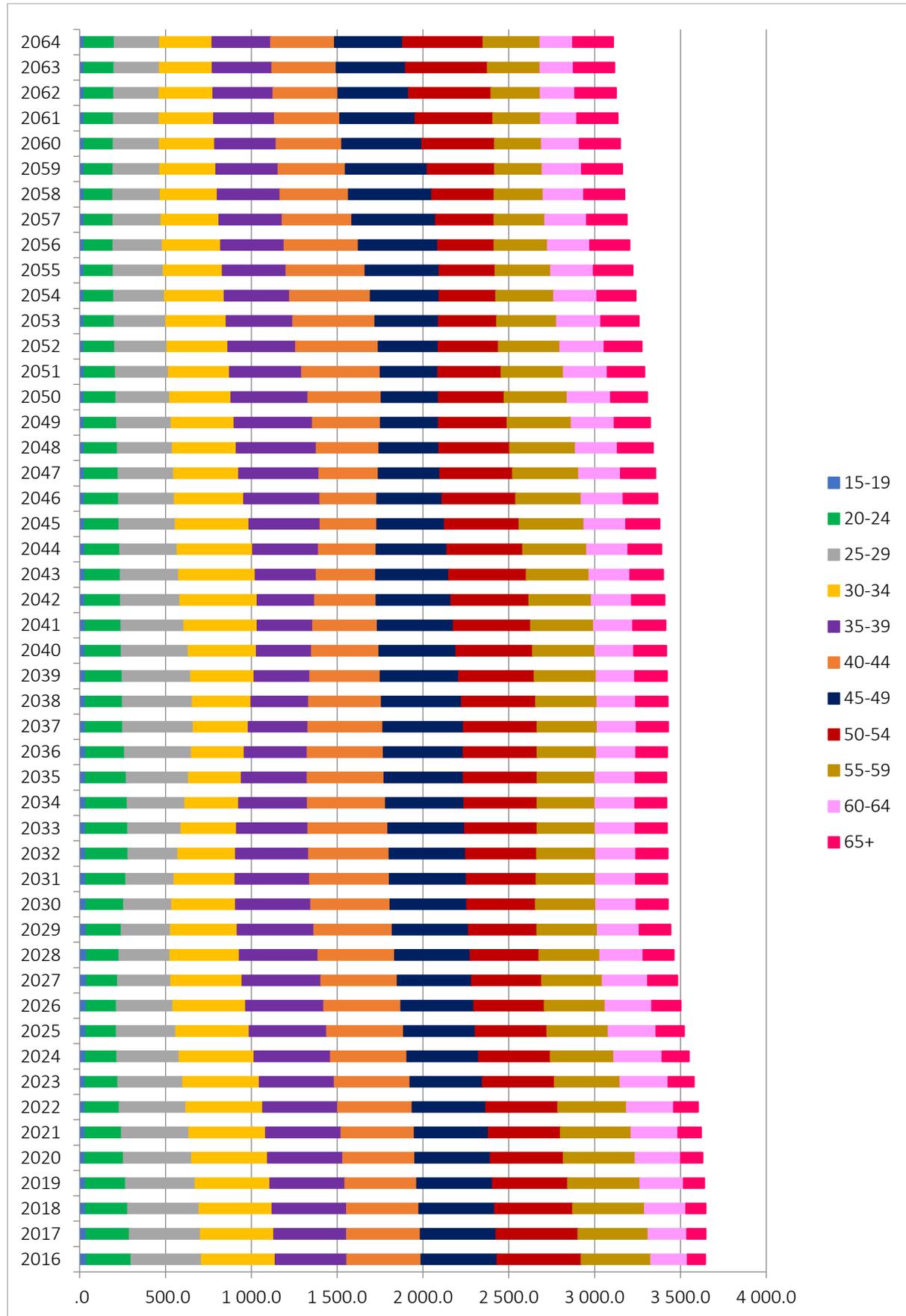
Figure A1.6 Percentage employed persons by industry of main employment, 2011-2015



Source: Census and Statistics Department

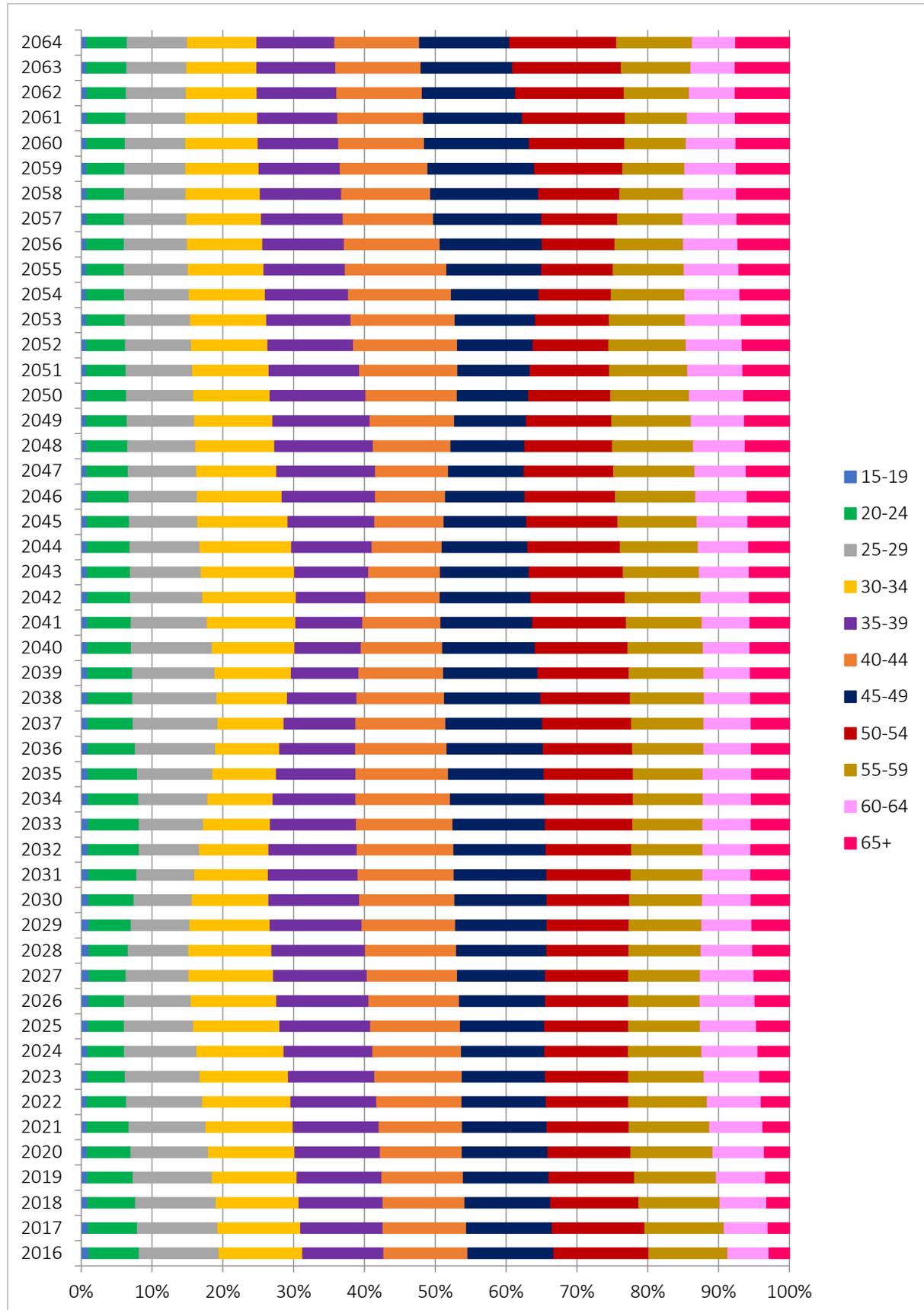
Illustrated in Figure A1.67 is the projected labour force size by age group for 2016 to 2064. The general trend is one of downturn (535.8 thousand) in the period. The number of those aged 20-24 (83.1 thousand), 25-29 (145.2 thousand) and 30-34 (decrease of 126.2 thousand) will decrease the most. On the other hand, the only age group that will increase in size is those aged 65 plus (131.4 thousand), followed by those aged 15-19 years (14.7 thousand), those aged 50-54 years (20.9 thousand) and those aged 60-64 years (22.0 thousand). This means the labour force in Hong Kong is going to be ageing more quickly in the next 50 years. Figure A1.8 shows a similar picture.

Figure A1.7 Projected labour force in number ('000) by age group 2016-2064



Source: Census and Statistics Department

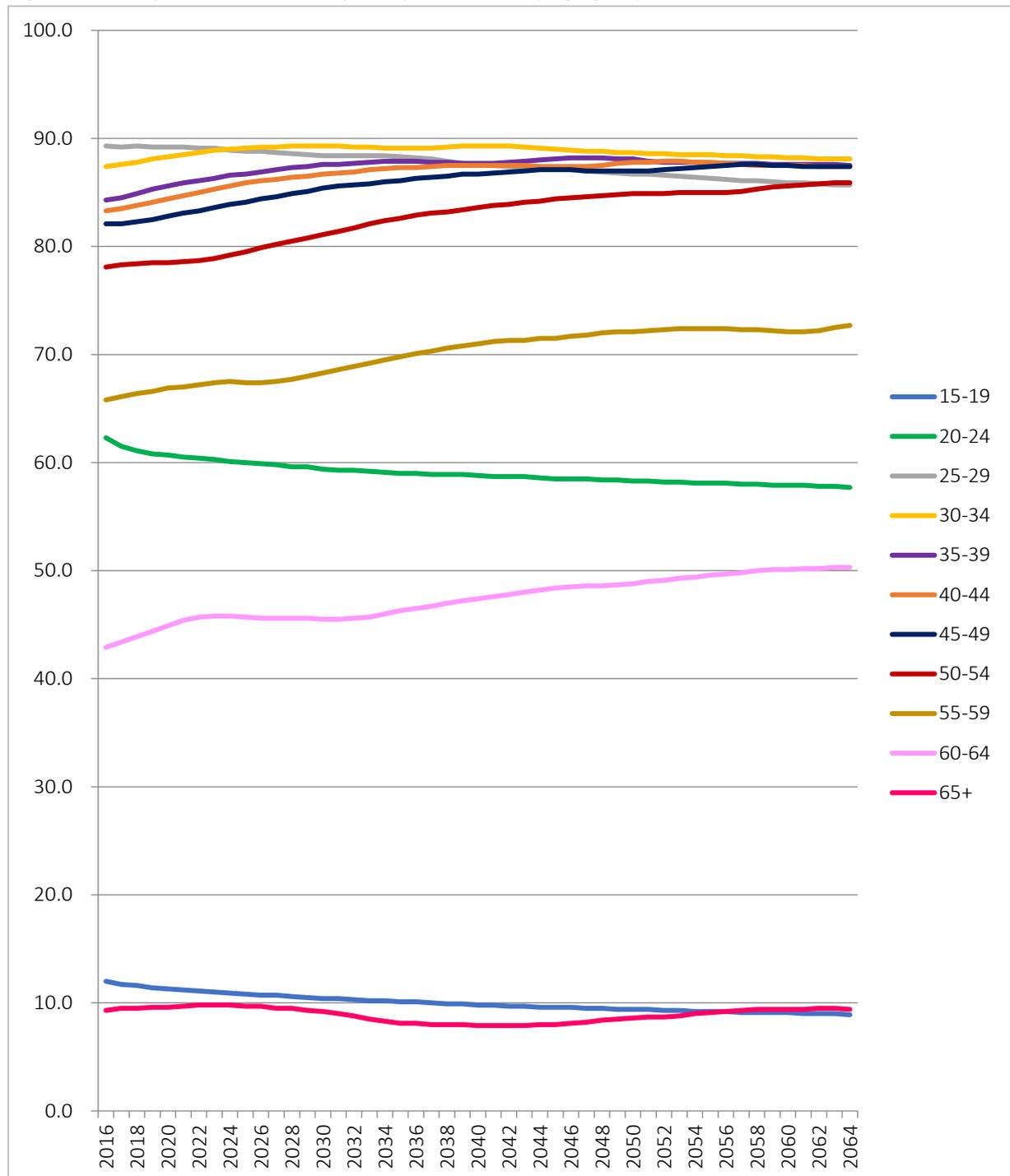
Figure A1.8 Projected labour force in percentage by age group 2016-2064



Source: Census and Statistics Department

The total labour force participation rate is projected to decrease by 11.1% from 2016 to 2064. The age groups projected to decrease the most in terms of labour force participation are the younger age groups: 20-24 years (-4.6%), 25-29 years (-3.6%) and 15-19 years (-3.1%). Conversely the relatively older age groups are projected to increase their labour force participation: +7.8% for those aged 50-54 years, +7.4 % for those aged 60-64 years and +6.9% for those aged 55-59 years (see Figure A1.9).

**Figure A1.9 Projected labour force participation rates by age group 2016-2064**



## References

- Census and Statistics Department. (2016). The Four Key Industries and Other Selected Industries in the Hong Kong Economy. *Hong Kong Monthly Digest of Statistics, March 2016*.
- Chan, C.-M. A., & Liang, J.-S. E. (2012). Active Aging: Policy Framework and Applications to Promote Older Adult Participation in Hong Kong. *Ageing International, 38*(1), pp. 28–42.
- Chan, R. K. H., & Wang, Y. T. (2009). Promoting the Employment of Senior Citizens in Taiwan and Hong Kong. *The Journal of Comparative Asian Development, 8*(1), pp. 1–24.
- Cheung, C., & Kwan, A. Y. (2011). City-level Influences on Chinese Filial Piety practice. *The Journal of Comparative Asian Development, 8*(1), pp. 105–123.
- Chiu, S., & Ngan, R. (1999). Employment of Chinese older workers in Hong Kong: Cultural myths, discrimination and opportunities. *Ageing International, 25*(3), pp. 14–30.
- Chiu, W. C. K., Chan, A. W., Snape, E., & Redman, T. (2001). Age Stereotypes and Discriminatory Attitudes towards Older Workers: An East-West Comparison. *Human Relations, 54*(5), pp. 629–661.
- Chong, A. M. L., & Liu, S. (2016). Receive or give? Contemporary views among middle-aged and older Chinese adults on filial piety and well-being in Hong Kong. *Asia Pacific Journal of Social Work and Development, 26*(1), pp. 2–14.
- Chou, K.-L., & Chow, N. W. S. (2005). To Retire or Not to Retire: Is There an Option for Older Workers in Hong Kong? *Social Policy and Administration, 39*(3), pp. 233–246.
- Chow, Y. (2016). Hong Kong must end age discrimination in the workplace. *South China Morning Post*.
- Civil Service Bureau. (2015). Retirement. Retrieved from [www.csb.gov.hk/english/admin/retirement/183.html](http://www.csb.gov.hk/english/admin/retirement/183.html)
- Consumer Search Hong Kong Limited. (2016). *Exploratory Study on Age Discrimination in Employment*.
- Flynn, M. (2016). *Pension coverage and pension freedoms: Lessons from Hong Kong*.
- Flynn, M., Schröder, H. S., & Chan, A. C. M. (2017). The Impact of National Context on Age Diversity and Age Management: The Case of the UK and Hong Kong, in: *The Palgrave Handbook of Age Diversity and Work*, pp. 499–519. London: Palgrave Macmillan UK.
- Government of the Hong Kong Special Administrative Region. (2006). Eliminating Age Discrimination in Employment - A Simple Guide to Employers. Retrieved from <http://www.labour.gov.hk/eng/plan/pdf/eade/Employers/SimpleGuide.pdf>
- Heywood, J. S., & Jirjahn, U. (2016). The hiring and employment of older workers in Germany: a comparative perspective. *Journal for Labour Market Research, 49*(4), pp. 349–366.
- Hong Kong Institute of HRM. (2015). President's Message. Retrieved July 27, 2016, from <http://www.hkihrm.org/index.php/pr/president-s-message>
- Lee, W. K. M., & Hong-Kin, K. (2005). Older Women and Family Care in Hong Kong: Differences in Filial Expectation and Practices. *Journal of Women & Aging, 17*(1–2), pp. 129–150.
- Lee, W. K. M., & Law, K. W.-K. (2004). Retirement Planning and Retirement Satisfaction: The Need for a National Retirement Program and Policy in Hong Kong. *Journal of Applied Gerontology, 23*(3), pp. 212–233.
- Leung, C. (2015). *The 2015 Policy Address*. Hong Kong: The Printing Department.
- Mak, B., & Woo, J. (2013). Retirement and Postretirement Issues, in: *Aging in Hong Kong*, pp. 69–91. Boston, MA: Springer US.

- Naegele, G., & Walker, A. (2006). *A Guide to Good Practice in Age Management*. Luxembourg: Office for Official Publications of the European Communities.
- Ng, A. C. Y., Phillips, D. R., & Lee, W. K. (2002). Persistence and challenges to filial piety and informal support of older persons in a modern Chinese society: A case study in Tuen Mun, Hong Kong. *Journal of Aging Studies*, 16(2), pp. 135–153.
- Ng, K.-H. (2016). Future of family support: Projected living arrangements and income sources of older people in Hong Kong up to 2030. *Australasian Journal on Ageing*, 35(2), pp. 113–118.
- Ng, K. C. (2015). Hong Kong's new civil servants' retirement age increased by five years. *South China Morning Post*.
- Ng, T. W. H., & Feldman, D. C. (2012). Evaluating Six Common Stereotypes About Older Workers with Meta-Analytical Data. *Personnel Psychology*, 65(4), pp. 821–858.
- Siu, P. (2014). Retirement age of new Hong Kong civil servants to rise to 65 under new plans. *South China Morning Post*.
- TAEN. (2007). *Managing the Ageing Workforce: An Introductory Guide to Age Management for HR Professionals*. London: The Age and Employment Network.
- The Equal Opportunities Commission. (2014). Exploratory Study on Age Discrimination in Employment. Retrieved from [www.eoc.org.hk/eoc/upload/userfiles/file/researchproject/2014jan/files/agediscrimination\\_estudybrief.pdf](http://www.eoc.org.hk/eoc/upload/userfiles/file/researchproject/2014jan/files/agediscrimination_estudybrief.pdf)
- The Hong Kong Management Association. (2015). *A Study of Trends and Challenges Facing Hong Kong*. Hong Kong: The Hong Kong Management Association.
- United Nations Department of Economic and Social Affairs Population Division. (2015). *World Population Ageing 2015 - Highlights (ST/ESA/SER.A/368)*. New York: United Nations.
- Yip, P. (2014). Raising the retirement age can work for the whole of Hong Kong. *South China Morning Post*.
- Zou, M. (2015). The Coming of Age: Mandatory Retirement and Age Discrimination Law | Hong Kong Lawyer. *Hong Kong Lawyer*. Retrieved from <http://www.hk-lawyer.org/content/coming-age-mandatory-retirement-and-age-discrimination-law>