



Bridging the skills gap:

Fuelling careers and the economy in Hong Kong

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Economist Impact, supported by Google, conducted a survey of 1,375 employees across Asia-Pacific (APAC), including 100 employees from Hong Kong, between November 2022 and January 2023. It also interviewed employers and industry experts across the region to understand their perspectives on skills gaps, as well as reskilling and upskilling aspirations.

The survey respondents were drawn from across 14 markets in the region, out of which 11.8% were Gen Z (born in 1997-2012), 63.2% were Millennials (1981-96) and 25% were Gen X (1965-80). They all worked in a diverse mix of industries.

The research shows that across the region, common understanding is lacking between employers and employees about future skills and the best way to develop them. In some instances, there is also an expectation mismatch between what employers want and what employees see as being important. Understanding these gaps will be instrumental in creating a workforce that is prepared for the economy of the future.

This article—one in a series of 12 market reports—examines these issues in Hong Kong. This series complements a research paper that looks at the reskilling and upskilling imperative across APAC.

Key takeaways:

- Almost half (47%) of employees in Hong Kong report a poor understanding of what skills are needed in the market.
- Although analytical (66%) and self-management (65%) skills are top priorities for employees due to their wide application, advanced digital skills will be key to supporting Hong Kong's digital economy aspirations. Hong Kong employees view cybersecurity (64.9%) and data analysis and visualisation (54.1%) as must-have advanced digital capabilities.
- Over half (51%) of employees in Hong Kong report that their employers are shifting their hiring processes to refocus on skills-based qualifications rather than full-time degrees, placing more importance on the role of employers and the government to provide support and clarity into what skills are needed in the market.

Despite being a major global business hub, the city's intensifying talent crunch¹ is severely impacting its companies' access to workers with a specific set of skills. Without action, the economy could lose out on US\$220bn in unrealised value due to lack of talent by 2030.²

The government has acknowledged the decline in the city's workforce in the past couple of years and developed policies aimed at attracting high-skilled talent.

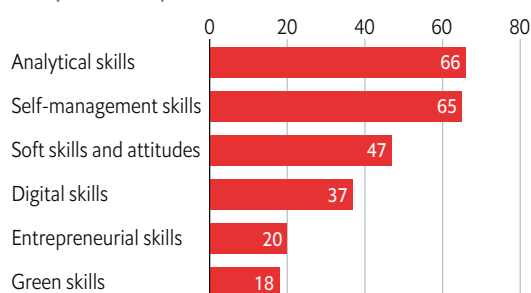
The future of the city's workforce is further complicated by a rapidly ageing population.³ By 2050 roughly 40% of citizens will be aged 65 years or above.⁴ With longer life expectancies keeping people in the workforce for longer, sustaining Hong Kong's economy will require a focus on empowering older workers and bolstering their skills with re-education where required.

Hong Kong employees consider analytical and self-management skills as most important

Similar to their counterparts in Australia, the Philippines and Taiwan, Hong Kong employees consider analytical (66%) and self-management (65%) skills as priority areas. This is likely due to their high degree of transferability and cross-role application (Figure 1). Apart from these skills, more than half of employees in Hong Kong consider advanced digital skills like cybersecurity (64.9%) and data analysis and visualisation (54.1%) as "must haves" (Figure 2). Hong Kong is especially vulnerable to cyber-attacks as a result of low awareness among businesses to monitor these threats. This, along with the rising

Figure 1: Analytical and self-management skills are considered most important by Hong Kong employees

Which skill categories do you think are the most important for the workforce in your sector to acquire today? (% of respondents)



Source: Economist Impact, 2023.

cost of breaches, is driving more demand for cybersecurity skills.⁵

Employees are unsure of in-demand skills

Motivations to pursue skills vary. Career progression and promotion opportunities are major drivers for workers to acquire analytical and digital skills, demonstrating their widespread application to different occupations (Figure 2). In comparison, 33% report that their pursuit of soft skills is motivated by personal development and lifelong learning. When asked about the benefits of upskilling and reskilling for their jobs, employees report significant boosts to their salaries and bargaining power (63%) and high improvements in their performance in their current role (55%).

Despite these net positives, many workers in Hong Kong report insufficient time to pursue upskilling and reskilling due to long working hours and other commitments - a trend

¹ <https://focus.kornferry.com/leadership-and-talent/hong-kong-must-use-its-competitive-advantages-to-close-the-skills-gap/>

² Ibid.

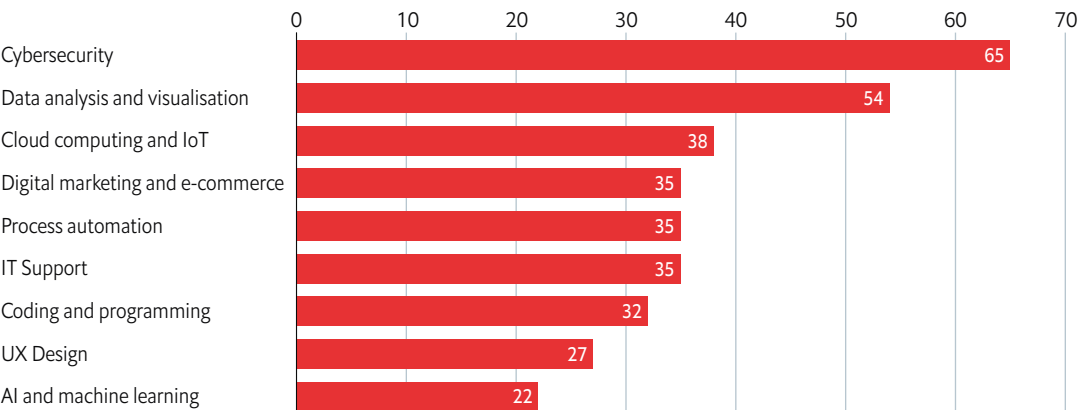
³ <https://www.reuters.com/breakingviews/brain-drain-solution-is-staring-hong-kong-face-2022-10-19/>

⁴ <https://www.weforum.org/agenda/2023/02/world-oldest-populations-asia-health/>

⁵ <https://www.scmp.com/tech/tech-trends/article/3188979/hong-kong-organisations-are-easy-targets-hackers-more-cyberattacks>

Figure 2: Importance of advanced digital skills among Hong Kong employees

Percentage that consider advanced digital skills as “must-haves” (% of respondents)



Source: Economist Impact, 2023.

common across all skill sets. Nearly half (47%) of surveyed employees have a poor understanding of what skills are needed in the market. Mr Jim So, regional development manager of Asia at Skills Consulting Group, shares that even when employees are offered upskilling opportunities, many choose not to pursue them because they “don’t necessarily see the direct benefits”. This might explain why only 18% of Hong

Kong employees prioritise green skills, as the applications are still nascent.

The workplace’s key role in upskilling

Employers can play a central role in filling these gaps, as workplace training remains an important source for workers to acquire digital (44%), analytical (37%) and soft (32%) skills. Online courses offer another recourse to



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Jim So, regional development manager, Asia, Skills Consulting Group

employees’ lack of time, offering flexibility and affordability. More than half (52%) of workers in our survey believe that employers now value online certificates. Experts agree. Over half (51%) of employees in Hong Kong report that their employers are shifting their hiring processes to refocus on skills-based qualifications rather than full-time degrees. In addition, recruiters are increasingly prioritising “experience, attitude and skills over paper”, according to Mr So.

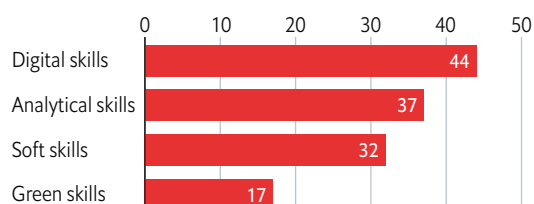
Employees also expect their employers to provide information on emerging skills (65%) and offer financial incentives (62%) to reskill and support their mental well-being (44%). To remain competitive, firms could build working environments that appeal to employees’ changing needs—for instance, understanding employees’ needs and providing them with flexibility for working and learning. Furthermore, creating the right policies to enable further learning and embedding incentives would help encourage the upskilling they need to plug labour gaps. For instance, employers should look to align remuneration with skills, especially as the higher skills-based pay is a motivator for digital (25%) and analytical (30%) upskilling.

Government support can reshape Hong Kong upskilling

While employers play a crucial role in supporting the upskilling of their workforces, the

Figure 3: The workplace is a key source of upskilling opportunity

Share that agree that workplace training helps in acquiring different kinds of skills (% of respondents)



Source: Economist Impact, 2023.

government could pivot the macro-environment to incentivise and enable upskilling. One way they can do this is with financial incentives and subsidies. Several initiatives such as the Continuing Education Fund grants HK\$25,000 (US\$3,185) to eligible adults to upskill or reskill. Recently, Hong Kong’s Innovation and Technology Commission established a programme⁶ that will subsidise local firms’ efforts to upskill their employees in advanced technologies.

One key role for the government is to raise awareness of in-demand skills. At present, only a quarter of Hong Kong employees receive information about future skills from government awareness programmes compared with the regional average of 42.5%. Almost a quarter of employees (27%) also identify lack of information as a significant obstacle to learning. To overcome the communication gap, the government could provide clarity on valuable future skills by publishing reports that identify in-demand skills. Working with firms and industry associations, the government could better promote specific reskilling courses that are on offer. Doing so would also support the government’s efforts to bolster its digital economy and solve its tech talent crunch.⁷

⁶ <https://www.itf.gov.hk/en/funding-programmes/nurturing-talent/rtfp/>

⁷ <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3201238/where-are-all-tech-experts-hong-kongs-got-plenty-jobs-not-enough-talent-and-employers-are-fed>



There is an opportunity for the government to step into this gap and provide “investment and support” for learners “to be able to anticipate and adapt” to a changing marketplace and environment.

Jim So, regional development manager, Asia, Skills Consulting Group

There is room for improvement around developing green skills. While most employees in Hong Kong are aware of sustainability issues, says Mr So, companies could do much more to prioritise green skills and increase awareness of

the commercial as well as environmental benefits they can bring. The city’s scramble for talent has accelerated with the requirement of Hong Kong-listed firms to disclose sustainability reports. However, the shortfall in talent is a significant break on the city’s aspiration to become a sustainability hub. In addition, most green upskilling is currently motivated by personal interest (25%). Mr So remarks that there is an opportunity for the government to step into this gap and provide “investment and support” for learners “to be able to anticipate and adapt” to a changing marketplace and environment.

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