

175 YEARS
Celebrating Life



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Working longer in Hong Kong

Challenges of an
ageing workforce



Written by

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Foreword

Hong Kong has one of the world's longest life expectancies. In fact, its citizens can expect to live to an average of 86 years, the world's second highest figure after that of Monaco. This means that Hong Kong's population is ageing and so is its labour force. The implication of this is that financial security in retirement is a cause for concern.

In an Asia-wide survey conducted by Economist Impact, we found that financial need is a major motivator in Hong Kong to prolong one's working life. Only half of the respondents from the territory are satisfied with the state of their financial health today while 59 per cent, the second lowest percentage across the 13 Asian markets surveyed, are confident of saving enough financially to enable living to or beyond age 80.

With rising lifespans in Hong Kong, it is clear that more people need and want to extend their work life. "*Working longer*

in Hong Kong: Challenges of an ageing workforce" explores citizens' motivations for choosing to work longer and its implications for their quality of life in older age. The report features the insights of experts in this field to understand what governments and employers can do to help citizens of all ages learn new skills to keep them productive and help them to finance longer lives.

A desire to remain engaged and active past 65 years may be a motivation for some, but many are also clearly concerned that they won't have enough savings or other resources to make ends meet past retirement age. We hope this research will spark conversations and actions to better support the people in Asia in leading longer and more fulfilling lives.

Lilian Ng
Managing Director,
Strategic Business Group
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Hong Kong's labour force is noticeably ageing. Between 2011 and 2021, the share of labour force participants aged 55 to 64 years rose from 49% to 59%, and that of people aged 65 and over more than doubled, from 6.2% to 12.5%.¹ That is partly a by-product of an ageing population, in which the share of over-65s has also grown.

But people nearing or past age 65 are increasingly choosing to work longer. In an Asia-wide survey conducted by Economist Impact, more respondents (76%) 35-44 years of age in Hong Kong want to work and progress continually in their career until they are ready to retire, compared to the younger cohort,

aged 24-34 (63%).² To understand citizens' motivations for making this choice and its implications for their quality of life in older age, we spoke with two experts in this field.

To make ends meet

Financial need is a major motivator in Hong Kong to prolong one's working life. Only half of the 300 respondents from the territory (52%) are satisfied with the state of their financial health today. 59%, the second lowest percentage across the 13 Asian markets surveyed, are confident of saving enough financially to enable living to or beyond age 80. Conversely, 18% say they are not

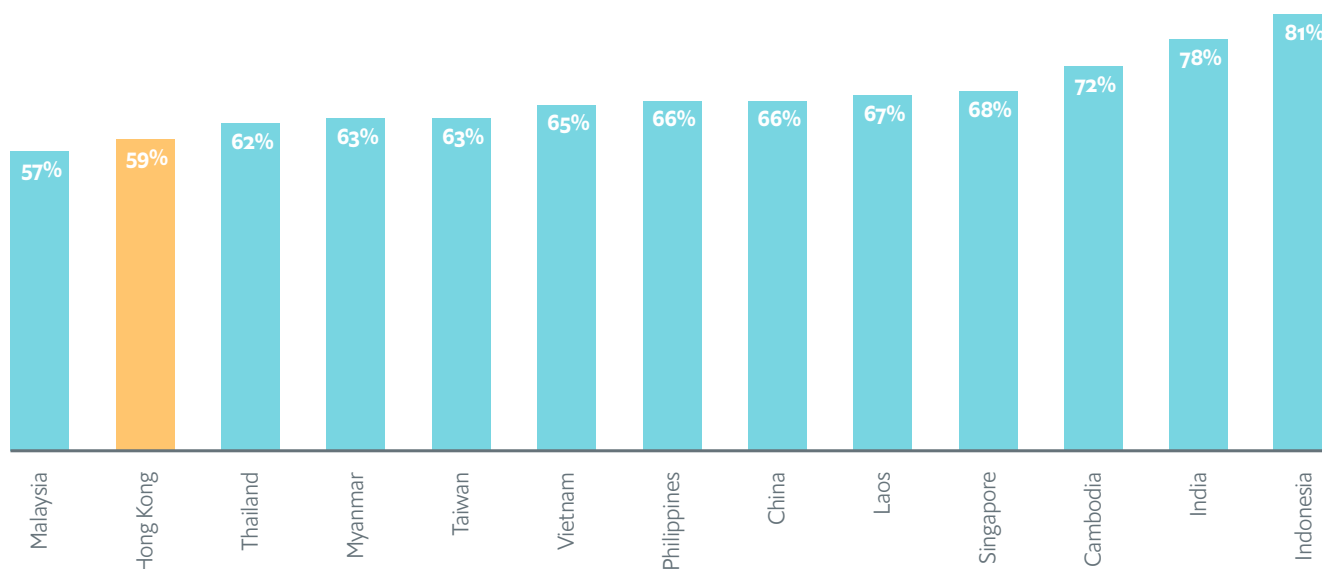
confident, tying with Malaysia for the lowest percentage in the region (respondents can also neither agree nor disagree).

Increasingly, they can expect to live until age 80 or longer: average life expectancy in Hong Kong is now 86 years which, according to the United Nations, is the world's second highest figure after that of Monaco.³

"While remaining active is often part of the motivation for choosing to work past retirement age, the primary reason for most people is financial," says Peace Wong, chief officer of policy research and advocacy with the Hong Kong Council of Social Service, a non-governmental organisation (NGO).

Will I have enough to live when I'm old?

Share of respondents who are confident of being able to save enough financially to enable living to age 80 or beyond



Source: Economist Impact survey, 2023

1 International Labour Organization, ILOSTAT data explorer

2 The survey of 5,000 people across 13 Asian markets was conducted in September-October 2022. See Re-thinking well-being in Asia: How outlooks on life are changing, for an analysis of the region-wide survey results

3 United Nations Population Division, Data Portal

That exigency is particularly acute today for lower income citizens in their late 50s and older, says Mr Wong. “Few of them have accumulated any savings or pension benefits,” he explains. Hong Kong’s Old Age Living Allowance of HK\$4,060 per month—a means-tested benefit paid to over-65s—helps, he says. “But it’s not enough to help people survive if they also have to pay rent, incur unexpected medical costs or have other expenses.” When asked if government policies and support are helpful in enabling them to improve their financial well-being, 21.3% of Hong Kong respondents disagreed, the second highest in the region.

Even middle-income older people with some savings will struggle to make ends meet without working, says Mr Wong. And, as we discussed in our report *Re-thinking wellbeing in Asia*, people’s expectations of receiving financial assistance in older age from their grown children are declining, in Hong Kong as elsewhere in Asia.

All the above factors leave few options for many retirement-age citizens other than to keep working to make ends meet.

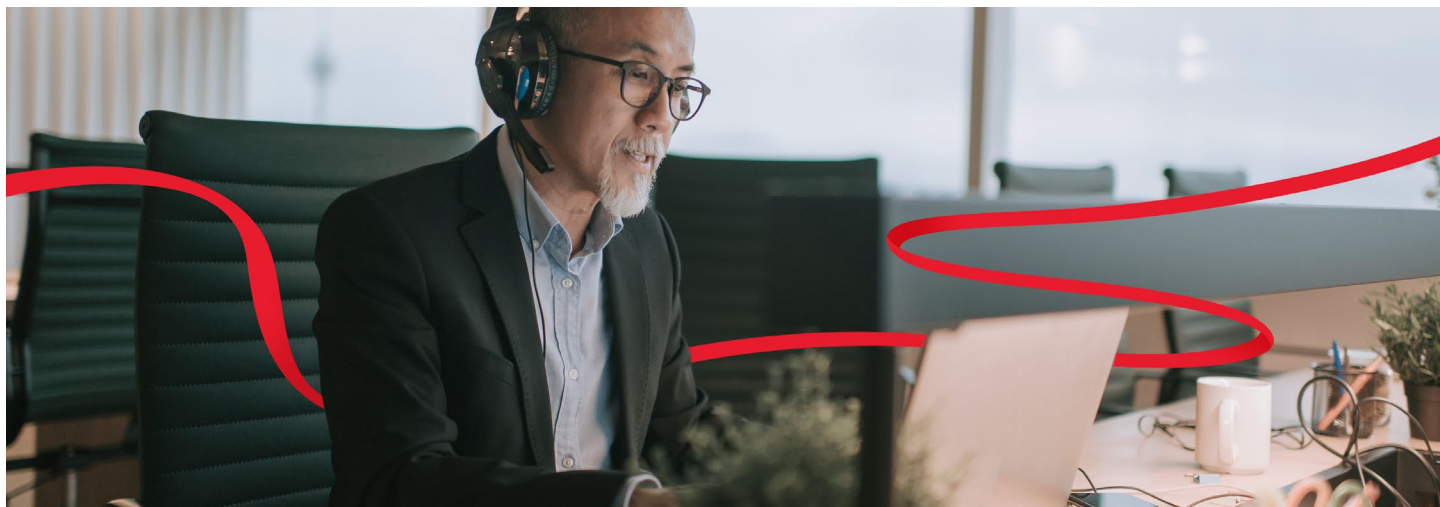
Re-thinking the career

Too often, people leave it late to begin thinking about the types of work they would like to engage in once they realise stopping work at 60 or 65 may not be an option, says Mr Wong. Many, he says, particularly the less educated, have little choice but to take up menial and often physically demanding jobs, such as janitors or in construction, where there are currently acute shortages of labour in Hong Kong.

Career longevity is not only about making ends meet. Studies in other countries have shown that older people seek to keep on working in order to maintain levels of mental stimulation and social engagement.⁴ And Dr Kim Mak Kin-wah, chairman of the Hong Kong Society for the Aged (SAGE),

says some of his NGO’s clients are looking to do that by embarking on new careers. But such people also need to start preparing for this well before retirement is upon them. “People often stop thinking about updating their skills,” he says. “They forget how to write a resume or handle a job interview.”

SAGE provides training to older workforce members in different skill areas, such as information technology. According to Dr Mak, graduates of its training programmes for those older than 50 have had success in opening up new career doors. “We’ve had accountants become pension advisers, and marketing professionals take up positions in department stores, using their English to serve overseas customers.” While not everyone can make such career shifts, he says, there are increasingly employment opportunities for older people in Hong Kong’s service-intensive economy.



⁴ See, for example, “Working later in life can pay off in more than just income”, Harvard Health Publishing (Harvard Medical School), June 1, 2018

Encouragement for employers and silver workers

With the size of Hong Kong's labour force declining in recent years⁵ and affecting several occupations, employers should be striving to retain their older workers. Mr Wong sees this happening in a few sectors such as construction, but otherwise, he says, encouraging retirement-age employees to remain on the job is not a common trend.

One way for employers to do so could be to increase the flexibility of their work arrangements, a measure that Hong Kong respondents 45-55 years of age say they take most regularly (48%) to increase their satisfaction with, and/or success in, their work. For the younger age groups surveyed, 35-44 and 25-34, the measures taken most frequently are adopting new technologies to help improve productivity and taking online or other courses to improve knowledge in their chosen field respectively.

Dr Mak says that employers need to start thinking differently about the older talent they have. "Organisations must start thinking about preserving such people's knowledge, particularly as the supply of younger talent in the workforce is declining," he says.

Concerned about the potential effect of labour shortages on the territory's economic growth, the government is seeking to

incentivise employers to hire and retain older workers to help minimise the negative impact. For example, it encourages employers to offer on-the-job training to older workers under its Employment Programme for the Elderly and Middle-aged (EPEM), although the programme mainly covers new hires rather than training for existing staff. Its main objective is to incentivise employers to hire older workers for new vacancies, offering a subsidy of up to HK\$5,000 per month to cover the wages of full or part-time employees aged 60 or over.

Mr Wong deems this initiative potentially impactful, although he feels that the amount of subsidy is not large enough to attract many employers. He believes the government could be doing more, however, to encourage citizens at younger ages to engage in skills development with career changes in mind.

According to Dr Mak, the government offers several different forms of assistance to older citizens that can help keep them in the workforce, but that few people know about them. In addition, he says, policies such as subsidised public transport and forms of health insurance, are implemented by different agencies and are not "joined up". Integrating these disparate initiatives and providing access to them through an integrated digital portal—a 'one-stop shop approach'—would be a major step forward to support older workers, he believes.

The bright side

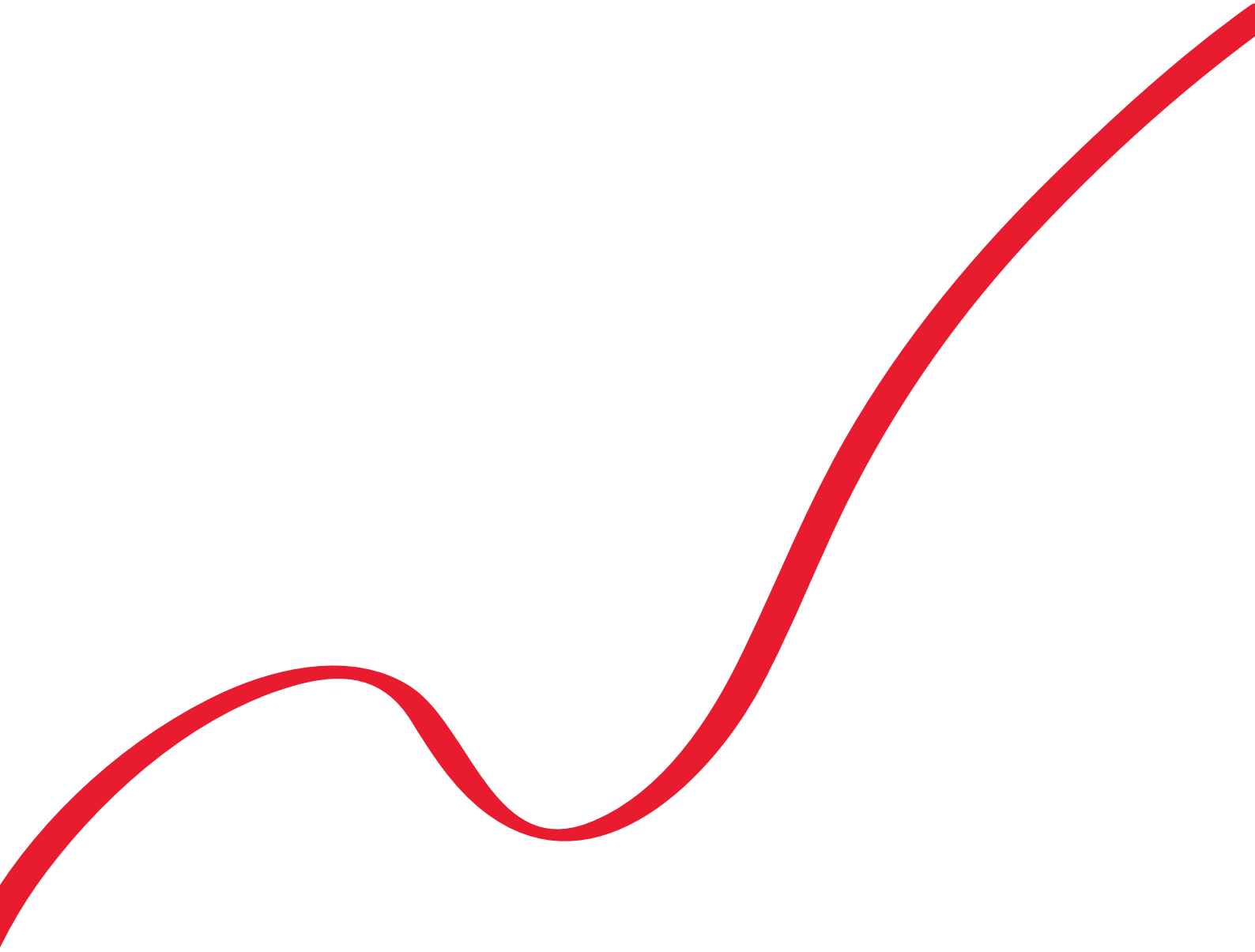
Even where financial considerations dictate the decisions that older citizens take to extend their working lives, Dr Mak believes that the positive implications of career longevity outweigh the negatives for seniors. One factor in this, he says, is that more people can work longer because their health allows them to do so. He also perceives a change in mindsets, at least among policymakers and NGOs, about what the definition of old age is: "The old paradigm of thinking of people above a certain age as a welfare case or dependent is on the way out."

As more employers come round to perceiving older workers as assets to be valued and further developed, the prospects of a fulfilling career longevity should increasingly come into view for workforce members in their 50s and 60s.

⁵ Census and Statistics Department, Statistics on labour force, employment, unemployment and underemployment (data sourced April 24, 2023)

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