

Box 6.1

Degree-educated persons⁽¹⁾⁽²⁾ in the labour market

Similar to many other advanced economies, Hong Kong's labour force has become better educated over time. *Chart 1(a)* shows the evolution in education profile⁽³⁾ of our labour force over the past twenty years. While the share of labour force having attended upper secondary or post-secondary non-degree education stayed broadly the same in 2017 as in 1997, there was a notable increase in the share of labour force having attended degree education. Specifically, the proportion of those with undergraduate education more than doubled from 10.8% to 25.5%, while the corresponding proportion with post-graduate education⁽⁴⁾ increased by almost four times from 1.5% to 7.3%.

Chart 1(a): Labour force by highest education level attended

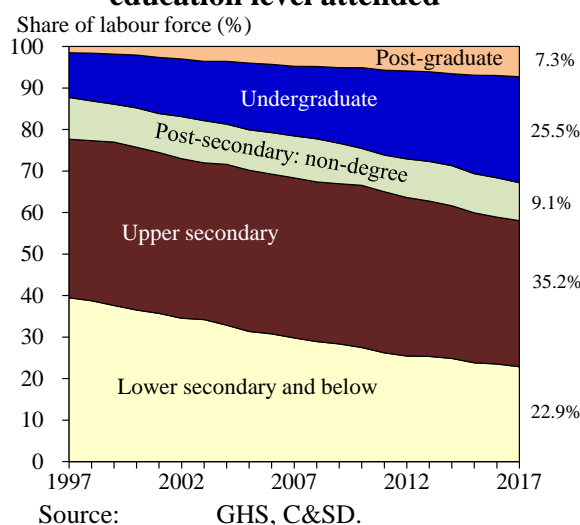
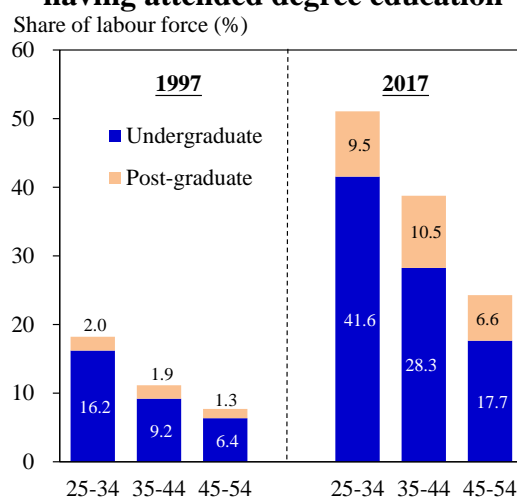


Chart 1(b): Percentage of labour force having attended degree education



Workers with degree education by age group

The rise in share of persons with degree education in the labour force was widespread across age groups. As shown in *Chart 1(b)*, workers in different prime working age groups were all substantially better educated than their counterparts 20 years ago. Specifically, 41.6% of the labour force aged 25-34 attended undergraduate education in 2017 and 9.5% had post-graduate education, way above the corresponding figures of 16.2% and 2.0% two decades ago. Workers in other age groups also witnessed a notable improvement in education level over the same period.

Comparing workers' education profile across different prime working age groups in the same year, it is noted that the share of labour force with degree education was higher among younger generations in both 1997 and 2017. Moreover, this educational difference between workers in different age groups has widened over time. In 2017, the share of workers aged 25-34 with degree education was around 12 percentage points higher than the corresponding figure for those aged 35-44 and around 27 percentage points higher than that for those aged 45-54, while the differences in 1997 were only around 7 and 11 percentage points respectively.

- (1) Figures in this article are from the General Household Survey (GHS) conducted by the Census and Statistics Department (C&SD) and exclude foreign domestic helpers.
- (2) In this article, degree-educated persons refer to those who have attended education at undergraduate level or above.
- (3) The education profile is based on the highest level of education ever attended by a person in school or other educational institution, regardless of whether he/she had completed the course.
- (4) Post-graduate education includes not only master and doctoral degree courses, but also other post-graduate formal courses, such as post-graduate diploma and certificate courses.

Box 6.1 (Cont'd)

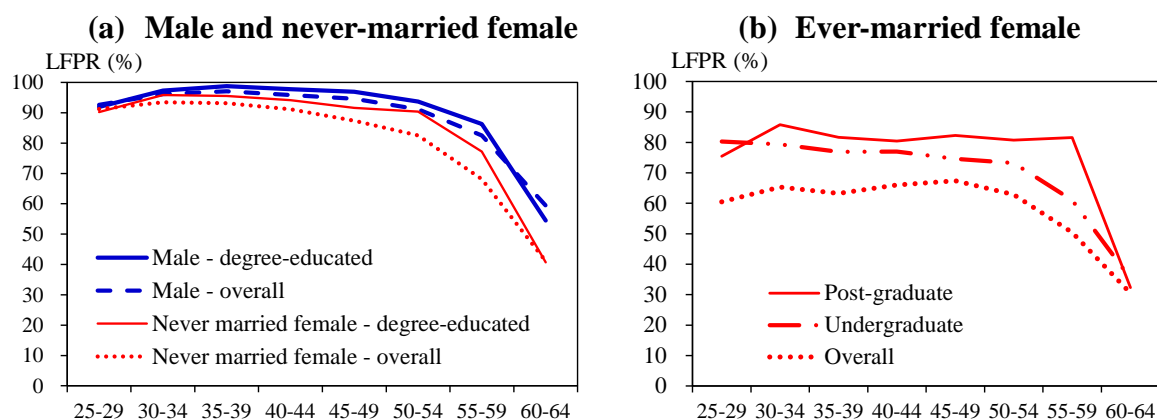
Several factors may have contributed to the appreciable increase in the share of degree-educated persons in the local labour market. Firstly, the Government's initiatives to broaden access to higher education and the associated investment over the years have opened up a lot more opportunities for the younger generations to receive university education. Secondly, the continued upgrading of the economy has also created large number of high-skilled jobs that needed to be filled by higher-educated persons, who tend to be more versatile, productive and adaptable to changes. Thirdly, from the perspective of students and even existing workers, they also have strong incentive to pursue university education due to the good job prospect and earnings premium enjoyed by university graduates in general⁽⁵⁾.

Labour force participation rate

Higher level of education is typically associated with better remuneration from work and thus higher opportunity cost of not working. As such, education profile would have effect on the labour force participation rate (LFPR), though by varying degrees for different groups of people.

Analysing by gender, the LFPR of men with degree education was broadly the same as the overall male LFPR in 2017 (*Chart 2(a)*), conceivably because of their traditional breadwinning role in the family. A similar observation was made for never-married women, with the LFPR of those with degree education being only slightly above the overall LFPR of never-married women.

As for ever-married women, the level of education seems to play a more important role in their decision to work (*Chart 2(b)*). LFPR of ever-married women with post-graduate education was higher than the LFPR of those with undergraduate education (except for those aged 25-29 as some of them were conceivably still in full-time post-graduate education), and both were substantially higher than the overall LFPR of ever-married women.

Chart 2: LFPR by highest education level attended in 2017

Note: Figures for younger age groups are not shown because many of them were still in full-time education.

Source: GHS, C&SD.

(5) For detailed discussion, see Box 5.1 in the Half-yearly Economic Report 2017.

Box 6.1 (Cont'd)**Unemployment and underemployment situation**

The unemployment rate of degree-educated workers has been persistently lower than the overall figure (*Chart 3(a)*), reflecting their better employment situation than their less educated peers. In 2017, the unemployment rate of those with undergraduate education was 2.8%, and that of those with post-graduate education was even lower at 1.7%. The underemployment rates of those with undergraduate or post-graduate education remained below 1% over the past two decades, which compared favourably to the overall underemployment situation (*Chart 3(b)*).

Chart 3(a): Unemployment rate by highest education level attended

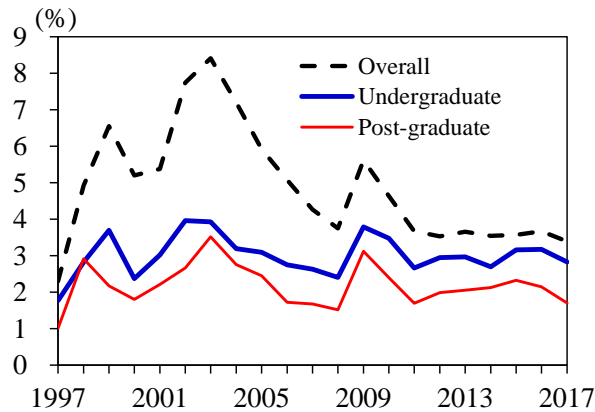
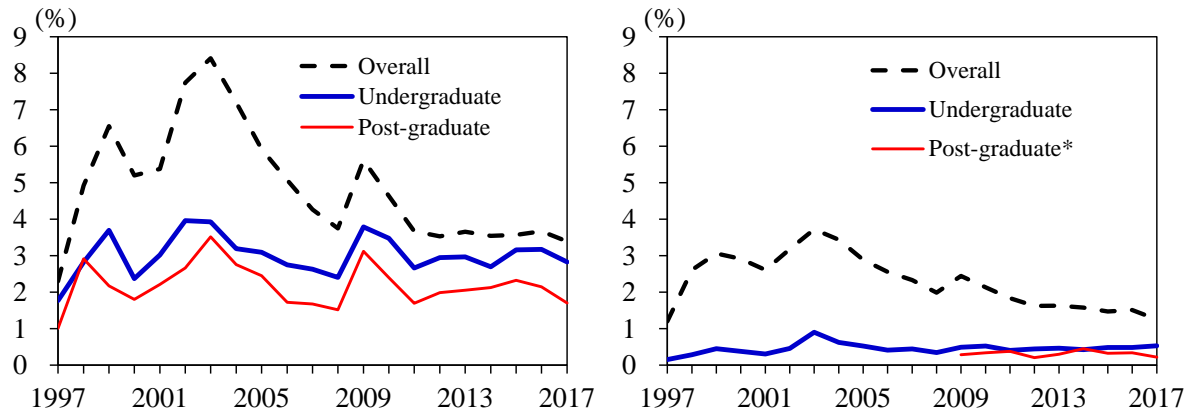


Chart 3(b): Underemployment rate by highest education level attended



Note: (*) Due to data availability and large sampling error, underemployment rate for the post-graduate educated persons only started in 2009 in the chart.

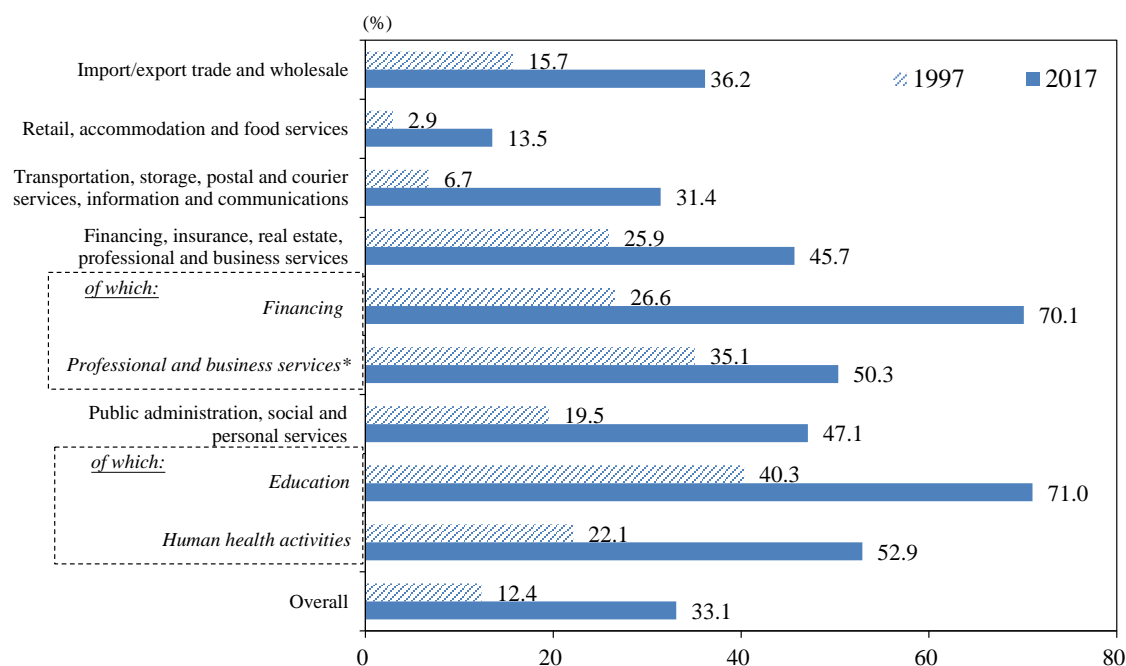
Source: GHS, C&SD.

Employment of degree-educated workers by industry

Analysed by industry, the share of workers with degree education was higher in education (71.0%), financing (70.1%) and human health activities (52.9%) (*Chart 4*). While the job nature of these industries may have already dictated that people engaged therein need higher qualifications, it is interesting to note that these industries also recorded a generally faster increase in the share of higher-educated workers between 1997 and 2017. The continued upgrading of these industries may be a major reason for the increase. Also relevant may be the relative high pay of jobs in these industries, which makes the investment of time and money in pursuing a degree worthwhile.

Box 6.1 (Cont'd)

Chart 4: Share of employed persons with degree education by industry



Notes: Statistics in 1997 are based on Hong Kong Standard Industrial Classification (HSIC) version 1.1, while those in 2017 are based on HSIC version 2.0.

(*) Excluding cleaning and similar activities.

Source: GHS, C&SD.

Concluding remarks

Education profile of Hong Kong's labour force has improved significantly in the past two decades, especially among the younger generations. This upgrade of human capital would help enhance our productive capacity and competitiveness, which is particularly important as Hong Kong continues to move towards a higher value-added and knowledge-based economy amid increasing competition from the region. In this regard, the Government will continue to nurture our home-grown talents by investing vigorously in education and training.