

Box 6.2

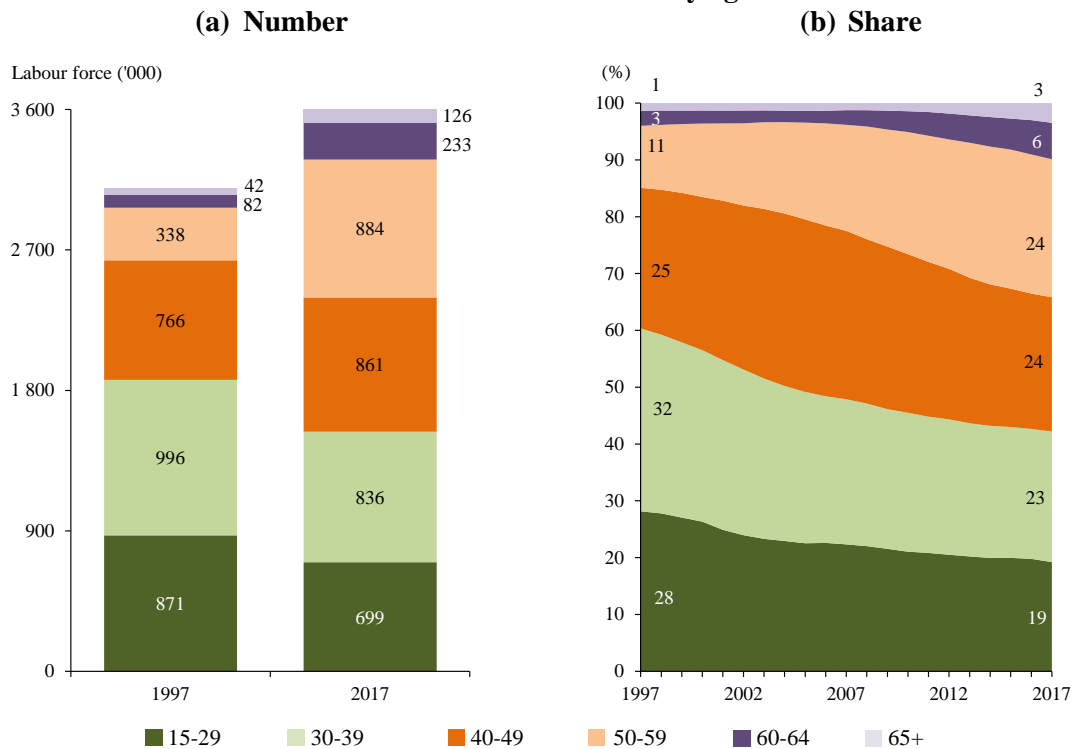
Some structural changes in the labour force amid population ageing

Many of the developed economies are facing the challenges of population ageing. Hong Kong is no exception. According to figures⁽¹⁾ from the Census and Statistics Department (C&SD), the population in Hong Kong is ageing rapidly as many of the post-war baby boomers have reached their fifties and sixties. In particular, the number of persons aged 50-59 increased by 128% in the two decades to 2017, and those aged 60 or above by 84%, substantially above the 12% growth in the total population over the same period. In terms of share, those aged 50-59 and 60 or above accounted for 17% and 25% respectively of the total population in 2017, up significantly from 9% and 15% in 1997. The trend of ageing has seemingly affected the age profile and years of service pattern of the labour force.

Age profile of the labour force

Hong Kong’s labour force aged considerably amid the demographic changes in the underlying population. *Chart 1(a)* compares the age profile of our labour force in 2017 with that in 1997. While the total labour force increased by 18% over this 20-year period, this gain was mainly attributable to the older age groups. Specifically, the labour force aged 50-59 (up by 162%), 60-64 (up by 186%), and 65 or above (up by 201%) combined more than doubled over this period. In contrast, the number of those in the younger age groups (i.e. under 30) declined.

Chart 1: Labour force by age



Note: Figures may not add up to 100% due to rounding.

Source: General Household Survey, C&SD.

(1) Figures quoted in this article exclude foreign domestic helpers. Also, as figures for 2018 from Annual Earnings and Hours Survey (AEHS) are not yet available, for the sake of comparison, figures in this article are presented up to 2017 only.

Box 6.2 (Cont'd)

Echoing the change in number, the share of workers in their fifties recorded a significant increase from 11% in 1997 to 24% in 2017. Meanwhile, the share of those aged 60-64 went up from 3% to 6%, and that of those aged 65 or above from 1% to 3%. On the other hand, the share of labour force under 30 years old dwindled over the period in tandem with the decline in number, and the proportion of those aged 40-49 remained relatively stable.

The increases in labour force participation rate (LFPR) among older age groups have also played a part in the upsurge in the number of older workers. Specifically, the LFPR of those aged 50-59 increased by 9.7 percentage points over 1997 to 72.2% in 2017, and that of those aged 60-64 by 14.9 percentage points to 45.2%. The LFPR of those aged 65 or above also went up, though to a lesser extent, by 4.5 percentage points to 11.0% over the same period.

The marked increases in LFPR of the older age groups are conceivably attributable to a number of factors. First, older workers nowadays can choose to stay in the labour force longer because of their generally improved health conditions. Also, as Hong Kong has transformed into a highly service-oriented and knowledge-based economy, there are more physically-less-demanding jobs, thereby providing more employment opportunities for older workers. Furthermore, the largely favourable macroeconomic environment in recent years and the brighter income prospects in the lower-skilled segment upon the implementation of the Statutory Minimum Wage in 2011 have also attracted more people in these age groups to stay in or re-enter the labour market.

Employees' years of service

The changing demographics may also have some bearing on the years of service patterns among different age groups in the labour force. Conceivably, as life expectancy lengthens and general health conditions improve, some older workers may have different retirement preference compared to their previous generations. This would have an impact on the years of service patterns in the labour force, especially among the older age groups.

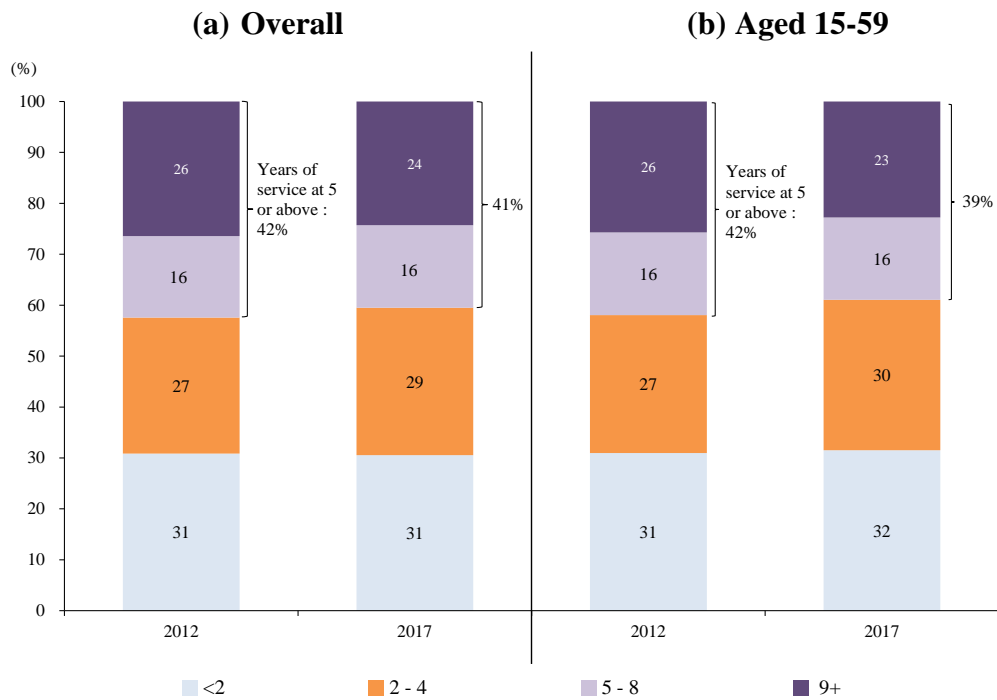
The AEHS conducted by C&SD regularly collects information on the years of service of employees in the private sector, though the relevant figures⁽²⁾ are only available starting from 2012. While there are likely some year-to-year fluctuations in the patterns due to employees entering or exiting the labour market or changing jobs over time, some broad inferences on the years of service patterns can still be drawn from the data available.

From a broad perspective, the proportions of employees with different years of service remained largely stable between 2012 and 2017 (*Chart 2(a)*). Specifically, those with years of service at less than 2 years, and at 2-4 years each accounted for roughly 30% of all employees, while those with longer years of service (i.e. those with years of service at 5-8 years, and at 9 years or above) roughly took up the remaining 40% in both 2012 and 2017.

(2) AEHS figures exclude government employees, as well as student interns, work experience students and live-in domestic workers as exempted by the Minimum Wage Ordinance.

Box 6.2 (Cont'd)

Chart 2: Proportion of employees with different years of service

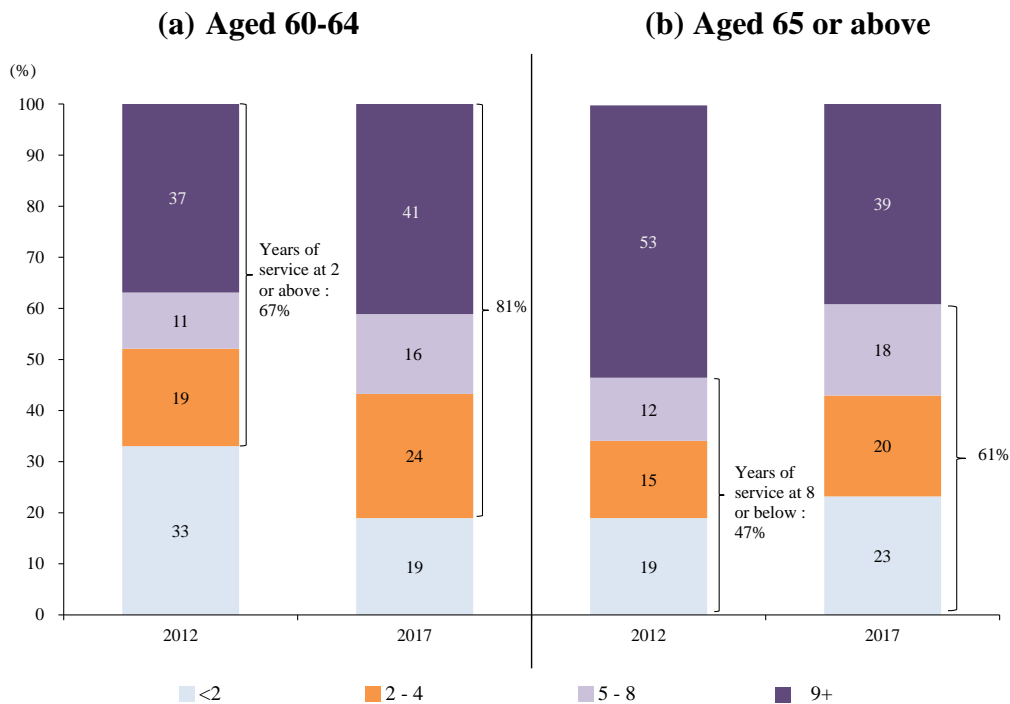


Note: Figures may not add up to 100% due to rounding.

Source: AEHS, C&SD.

A somewhat different picture emerged when analysed by age group. While the shares of employees with different years of service showed little change for employees aged 15-59 between 2012 and 2017 (*Chart 2(b)*), broadly similar to the overall situation, noticeable changes are observed for those aged 60-64, and 65 or above (*Chart 3*).

Chart 3: Proportion of older employees with different years of service



Note: Figures may not add up to 100% due to rounding.

Source: AEHS, C&SD.

Box 6.2 (Cont'd)

For employees aged 60-64, the years of service went up on average between 2012 and 2017 (*Chart 3(a)*). Specifically, the proportion of employees with less than 2 years of service decreased significantly by 14 percentage points over the 5-year period, whereas the shares of those with years of service at 2-4 years, 5-8 years, and 9 years or above all increased, possibly due to some workers choosing to delay their retirement.

As for employees aged 65 or above, the proportions of those with years of service at less than 2 years, 2-4 years, and 5-8 years all increased between 2012 and 2017, but the proportion of those with 9 or more years of service dipped by 14 percentage points (*Chart 3(b)*). This might reflect that some older employees might have re-entered the labour market or switched jobs after “retiring” from their previous jobs.

Concluding remarks

With our population ageing fast, older workers are envisaged to take up an even larger proportion in our labour force down the road. In this regard, the Government will continue to provide employment support for them through Labour Department’s various job centres, as well as programmes and resources targeted at mature workers.