



HONG KONG
RETAIL MANAGEMENT
ASSOCIATION

香港零售管理協會

Hong Kong Retail Management Association Response on "Thoughts for Hong Kong" – Population Policy

19 February 2014

Retail Industry and Population Policy

1. As a major industry in Hong Kong, the retail industry employs around 260,000 employees, or about 10% of Hong Kong's workforce. In recent years, the industry's growth in employment is above that of the general workforce. Hence, it is a major new job contributor. In corollary, Hong Kong's supply of workforce will affect the industry dearly.
2. The industry's GDP contribution is 3.9%, which is just second to the leading properties industry. It is also closely intertwined with other sectors, like transportation, storage, postal and courier services, accommodation and food service activities, information and communications, tourism, etc. Its performance produces a significant economic multiplier effect.
3. The industry is vital to the well-being of the community as it serves everyone living or visiting Hong Kong, as well as supporting many other economic sectors. Equally important, the industry is playing a pivotal role in sustaining Hong Kong's internationally renowned status as a shopping paradise.
4. Given these, the retail industry is sensitive to Hong Kong's demographic and socio-economic changes. It has a major stake in how our population policy is shaped and developed. The Government should heed the voice of the industry in formulating population policy given its significance to Hong Kong's workforce and economy.

General Positions and Response Highlights

5. At the outset, it is of paramount importance for the Government to devise an overarching vision for Hong Kong's long term economic and social development, at least in the next 10 to 20 years' time. Only with a clear roadmap of development, the Government can set out effective strategies to cope with the population challenges in the long run.



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6. While economic and social objectives are both important and mutually supportive, we are of the view that Hong Kong should focus more on economic objectives at start. With a population policy that could initially facilitate our economic development, more opportunities will then be available to achieve the aspired social objectives.
7. Since the population policy would be addressing the future needs of industries as well as economic and social activities, the Government should conduct a thorough and coordinated exercise on an overall manpower projection by different business sectors.
8. Quality of the population is important. The Government should conduct an in-depth study to gather demographic data on both immigrants and emigrants in order to grasp a deeper understanding on the flow of talents over a period of time. Such findings will have important implications for the types of talents to be attracted and retained.
9. The labour mismatch problem in Hong Kong is increasingly deteriorating. The Government should review the prevailing tertiary education, and promote technical and vocational training to young people on a large scale without delay.
10. The Association agrees that Hong Kong's aging population will bring major challenges to her economic growth and fiscal sustainability. It will also create stresses to her economic activities and community services.
11. We concur to the five ways to manage Hong Kong's population challenges, namely, (a) increase quantity of labour force; (b) enhance quality of labour force; (c) build up human capital more proactively; (d) remove barriers to childbearing and assist families' care-giving responsibility; and (e) tap elderly resources to create new impetus. They are the right directions forward. In line with the reason mentioned, we consider (a), (b) and (c) should be Hong Kong's more imminent foci.
12. Highlights of our suggested response in population policy are:
 - (a) Establish a dedicated standing taskforce to explore how to unleash the potential of various target population groups.
 - (b) Encourage and recognize organizations to adopt flexible / family-friendly workplace arrangements.



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- (c) Revamp importation mechanism of less-skilled labour to help those industries experiencing persistent labour market tightness, which include the retail industry, to resolve operation pressure and improve performance. In particular, a legislative stipulation-based scheme should be developed to cope with the needed scale of labour importation.
 - (d) Commission studies and form a tripartite taskforce to embrace development of aging society and a vibrant silver hair market.
 - (e) Create a senior level coordinator in form of an independent authority or a cross-bureaux agency to steer and coordinate formulation and implementation of population policies.

Unleashing the Potential of Existing Population

- 13. We agree one priority for managing aging population issues is to encourage more of our people, who are capable, but now economically inactive, to join the labour force. It is also equally important to help those retired, or near retirement to extend their working life.
- 14. We consider that there should be a standing taskforce to explore how to unleash the labour participation potential of various target population groups, such as homemakers, professionals, ethnic minorities, youths and Hongkongers living in the mainland/abroad.

14.1 Encourage female homemakers to work

According to the Government's statistics, there is a sharp decline of women's labour force participation rate within the 30-39 age range.

This situation echoed with our members' observation that many of their female staff often unwillingly resigned from work due to child care. Some female staff also expressed that they have to quit their job due to the high stress in retail industry caused by persistent shortage of manpower.

Thereby we support introducing measures to encourage homemakers, who are mostly economically inactive females shouldering family commitments, to join the labour force.



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We opine that the following supports are important to them:

- (a) More accessible childcare service (like with longer and more flexible caring time, with more affordable choices closer to home, and "community/neighbour nanny" arrangements)
- (b) Neighbourhood home care arrangement (like provision of general home care support service, or personal care for grown-up family members)
- (c) Labour market entrance supports (like provision of job market information, job matching, interview and work life counsel, retraining)

14.2 Facilitate professionals and specialists to return and practise

We support the Government to provide help for professionals and specialists (e.g. doctors, pharmacists, nurses, healthcare specialists, business professionals and IT specialists) of various trades living abroad to return and contribute to Hong Kong. For those who need a local license or registration before they can start working here, we consider it key to liberalize the respective requirements, and to provide flexibility in processing their applications.

14.3 Encourage ethnic minorities to join the labour market

The non-Chinese ethnic population is a valuable pool of manpower in Hong Kong. For example, one member of the Association in the catering sector reflected there are up to 6% of their kitchen staff is of South Asian origin. They indicated that given well-designed supportive measures, these ethnic minority groups are very productive and loyal.

We support the Government to study the employment challenges of various racial minority groups. Tailored support measures should be provided to help them overcome cultural and employment barriers to join the labour force.

14.4 Adopt flexible / family-friendly workplace arrangements

We consider the Government should provide encouragement and recognition to organizations, via provision of tax incentive and positive publicity or award scheme, to promote adopting flexible / family-friendly workplace arrangements. In fact, many big organizations in Hong Kong have already been providing such arrangements like:



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- (a) Part-time
- (b) Job-sharing
- (c) Flexible work hours / place
- (d) Home office

14.5 Extend work life (i.e. raise retirement age)

Increasing number of retirees prefers continue working on full or part-time basis. Members of our catering and supermarket sectors indicated that this situation is getting more common for certain job types such as kitchen hands and meat-cutting workers.

We support the Government to provide greater incentive and support to staff near retirement to extend their work life. However, we consider it inappropriate to set a common retirement age, or make it mandatory across the board.

In fact, many big organizations have already made their own operation assessments and set up respective retirement policy to fit their running and considerations of staff, who may be affected differently, therefore requiring handling with special care and sensitivity.

Enhancing the Quality of our Home-grown Talent

15. We agree that population policy should also seek to enhance the quality and productivity of the workforce, matching the requirements of the economy and community, in addition to increasing its number.
16. We opine that more refined and timely manpower projections should be conducted, not just to follow Hong Kong's economic diversification strategy once it is established, but also to cater for the changing needs of our community with an aging population.

16.1 Curb the over-expansion of sub-degree programmes

There has been a rapid expansion in the sub-degree programmes over the past decade. The result of such is the inflated aspiration of young people on continued pursuit of tertiary education as their prime goal. The situation has to be rectified by widening the perspective and exposure of youngsters so that they could see there are



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ample of career choices and opportunities offered by vocational education and training.

16.2 Step up vocational and technical training

We support the Government to build on the existing measures and schemes to strengthen the impact of post-secondary education, vocational education and continuing education to enhance the quality of our workforce.

It is important to change the mindset of key influencers including secondary school headmasters, career counselors, and parents so that they will encourage young people to venture into vocational training and take up related jobs.

Complementing our Existing Population and Workforce with New Sources

17. We opine that the Government should address the growing demand for talent through a more proactive approach.

17.1 Talent admission

We support continuing, fine-tuning, better coordinating and taking a more proactive stance in the existing talents attraction schemes, including General Employment Policy, Admission Scheme for Mainland Talents and Professionals, Quality Migrant Admission Scheme, Capital Investment Entrant Scheme, and Immigration Arrangements for Non-local Graduates to attract various types of talents to Hong Kong from all over the world.

We also support stepping up promotion efforts and introducing more facilitative immigration arrangements to bring home Hong Kong people now studying or living abroad.

17.2 Importation of less-skilled labour

17.2.1 Persistent labour market tightness warrants admission of new helping hands

We acknowledge that, because of Hong Kong's economic and social developments like other developed economies such as Singapore, South Korea and Taiwan, the labour market of a number of our major industries, especially those involving less-skilled labour (or "low-skilled workers" in the consultation document), has been tight over a long time.



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The situation has persisted, resulting in stressful working environment and challenges to service quality in various industries, including the retail industry. Hence, we support the Government's attempt to explore enlisting new source of help to resolve the problem.

17.2.2 Existing labour importation mechanism needs to be revamped

We consider that the current Supplementary Labour Scheme (SLS), which considers application on a case-by-case basis, being monitored by a tripartite Labour Advisory Board and administered by the Labour Department, is not capable of handling substantive labour importation required to fill Hong Kong's labour gap.

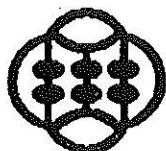
We opine that a new scheme should be developed, which should be based on clear and objective legislative stipulations. Organizations should then be able to import labour by following the legislative stipulations, adhering to the standard procedures and abiding by the respective regulations during their employment term.

17.2.3 Learn from abundant policy experiences

We opine that Hong Kong can learn from the abundant local and foreign experiences to well plan importing less-skilled labour, which has become an effective and long-standing policy of many countries to fill the manpower gaps of their labour market.

It is noticeable that at end 2012, Hong Kong's imported labour only made up of 0.1% its total labour force, while Singapore is 28%, and Macau is 26%. The Government should consider importation of less-skilled labour without further delay. It could draw reference of the systems adopted by Singapore and Macao, which are relatively more flexible and effective.

We believe, with prudent planning, Hong Kong can put in place a labour importation scheme that suits her needs, while protecting interests of local workers and ensuring outside helpers are imported in a limited, temporary and regulated manner.



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17.2.4 Need to consider auxiliary policies

We recognize that a major importation scheme will also add demand in auxiliary policies in serving an expanded work population. These policy areas should include housing, healthcare, transportation, etc.

With Hong Kong's proximity to the Pearl River Delta (PRD) region while sharing same language and culture, the Government might consider importing potential labour from the PRD region. These labour could return to their home in PRD region daily after work and this might solve the housing issue. In actual fact, similar arrangements for the imported low-skilled workers in Singapore and Macau are now in practice.

With the irrevocable trend of closer integration between Hong Kong and the PRD region as well as the improved communication network between the two places, such as the Hong Kong-Zhuhai-Macao Bridge to be complete in 2016, Hong Kong is advantageous to overcome hurdles on the provision of auxiliary facilities to imported labour.

17.2.5 Benefit to local workers and Hong Kong

The internal conflicts we are facing in Hong Kong are a reflection of people looking for improvements in their lifestyle. This can only be achieved with an improving economy.

We consider that outside helping hands can be the strategic impetus for sustaining Hong Kong's economic growth and social development. They will create benefits to local workers and Hong Kong.

Firstly, as the economy expands, more jobs will be created, offering more job choices to local workers. Secondly, this will cater more opportunities for local workers to get promoted or upgraded to take up roles as supervisors and managers, which will naturally bring them higher salary. Thirdly, helping hands will share workload to ease the demanding working condition of many industries, thus improving the quality of work life for local workers. Fourthly, these helping hands will naturally boost domestic economic demands, eliciting a multiplier effect to enhance Hong Kong's economic vigor and vibrancy.



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17.2.6 Importation levy for supporting local worker

We suggest the Government to study the feasibility of introducing a levy system for importing labour, the proceeds of which could be channeled to support local workers in knowledge and skill development programmes in order to equip them to fit in with the new labour environment.

We strongly agree that the interest of local labour always come first, and that the importation of labour must not suppress local wages, nor deprive local workers of job opportunities.

17.2.7 Policy questions for planning

We support the Government to form a dedicated taskforce to discuss importation plan issues and formulate plan details. In particular, we consider the following questions are important:

- (a) How to achieve protection of local workers' interest, while satisfying needs of the Hong Kong economy and community?
- (b) What should be the scale of importation? (e.g. in number; restricted vs open to all sectors; quota for various sectors)
- (c) What terms / limitations should be imposed? (e.g. duration of stay; allowance for reapplication; condition of stay; remuneration and benefit packages)
- (d) What is the approval process? (e.g. which bureau / department / new agency will be involved; participation of social sectors in making decisions; length and steps of application; adjustment mechanism upon change in economic and social circumstances)
- (e) How to protect imported workers from unfair treatments?
- (f) How to integrate imported workers with the local population?
- (g) What are the supporting auxiliary policies to ensure importation planning can match with circumstantial changes?



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17.3 Manpower Shortage Situation in Retail Industry

With the introduction of Individual Visit Scheme (IVS) since 2003, the total number of inbound tourists increased by 250%, from 15.5 million in 2003 to 54.3 million in 2013; while the retail sales value grew 188% from 172 billion in 2003 to 494.5 billion in 2013. However, over the same period, the size of retail workforce only increased by 24.2%. (*For details, please refer to Appendix- Table A*)

Over the past decade, the retail industry has been increasingly facing a labour shortage, which is further worsened by the implementation of Minimum Wage in 2011. As a result, retail practitioners have to bear with stressful working environment and long working hours, which posed great challenges to Hong Kong's service quality.

17.3.1 Misleading Industry Perception

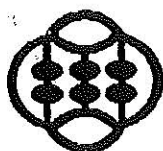
According to some members, the tightening manpower situation is further worsened by the fact that some university graduate frontline staff were asked by their parents to quit their job in the retail sector, even their salary are higher than graduates working in other industries and with a better career prospect.

In the contrary, according to a recent survey on salary level of different job types in the luxury retail sector and the banking sector, the monthly salary of a sales assistant of a luxury retail store can reach at a range from \$18,200 to \$30,700, which doubled a banking clerk's monthly salary of \$9,000 - \$12,500. These evidences show that the retail industry is not a low paying sector as perceived. (*For details, please refer to Appendix- Table B*)

17.3.2 Prevailing High Vacancy Rate

The worrisome manpower shortage situation could be reflected by high vacancy rate of the retail industry. The Association's survey findings showed that the vacancy rate for frontline staff rose from 1.3% in 2003 to 9.5% in 2013; while the Census & Statistics Department (C&SD) recorded a vacancy rate at 3% in 2013.

The discrepancy in the vacancy rate from the two sources was due to the fact that the C&SD survey covered all retail establishments (63,909 in 2013), of which 80% are employing less than 4 staff in the outlet. These SME retailers often do not have any vacancy as their staff is individual proprietors, partners or family workers.



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Nevertheless, both survey sources showed a rising trend of vacancies which is a result of labour shortage in the retail industry.

17.3.3 Government Projection on Tourist Growth

According to the "Assessment Report on Hong Kong's Capacity to Receive Tourists" released by the Government in December 2013, it is projected that visitor arrivals would exceed 70 million in 2017, which is a 28.9% increase over the number of visitors in 2013.

By 2023, the total visitor arrivals will exceed 100 million, representing an 84.2% increase over 2013. In view of the current tight labour market, we are deeply concerned where we can get enough helping hands to meet the enormous tourist growth. *(For details on projection, please refer to Appendix-Table C)*

Embrace Opportunities in an Aging Society

18. We agree that supporting active aging and building an age-friendly environment can improve quality of life of senior citizens. We also support that developing a vibrant silver hair market can bring benefits to senior citizens and the community.
19. Because of the scarcity of experience on this front, we propose the Government to commission studies to make reference to prominent country examples like Canada, Germany, Japan, U.S., etc. Because of the diverse development pathways and culture-specific experience, we also suggest forming a taskforce with tri-partite participation of the Government, the business sector, and senior citizen service specialists to consider others' experience and develop the market based on Hong Kong's special cultural and social-economic situation.

Build an Effective Policy Coordination Mechanism

20. We consider it key to maintain seamless coordination in managing the wide range of policy areas associated with population policy. These areas can include education, healthcare, labour, manpower, land use planning, public finance, public infrastructure planning, transport, welfare, etc.
21. We propose creating a dedicated senior level coordinator to steer and coordinate policy formulation and implementation in population policy. We consider the coordinator can be in the form of an independent authority, or a cross-bureaux

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agency, advised by a range of non-government stakeholders and specialists, and operating under the stewardship of the Chief Secretary for Administration.

22. In formulating the response policies, plans and implementation arrangements, we propose building a standing consultative practice to involve the business, industry and trade sectors, among other key stakeholder groups, for inputs and comments.
23. We also propose the Government to conduct thorough public consultation, engagement and promotion activities to the public to ensure the response policies, plans and implementation arrangements are well communicated and understood by the community.

- END -

About HKRMA

The Hong Kong Retail Management Association (HKRMA) was founded in 1983 by a group of visionary retailers with a long-term mission to promote Hong Kong's retail industry and to present a unified voice on issues that affect all retailers. Established for 30 years, the Association has been playing a vital role in representing the trade, and raising the status and professionalism of retailing through awards, education and training.

Today, HKRMA is the leading retail association in Hong Kong with membership covering more than 7,800 retail outlets and employing over half of the local retail workforce. HKRMA is one of the founding members of the Federation of Asia-Pacific Retailers Associations (FAPRA) and is the only representing organization from Hong Kong. FAPRA members cover 17 Asian Pacific countries and regions.



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Appendix

Table A

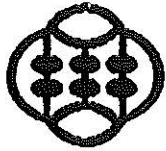
	2003	2013	Growth (2003 to 2013)
Total Tourist Arrivals	15.5 million	54.3 million	250%
Retail Sales Value	172 billion	494.5 billion	188%
Retail Work Force	213,211	264,751 (as of Sep 2013)	24.2%
Retail Vacancy Rate (based on HKRMA Survey)	1.3%	9.5%	+8.2%

Source: Census & Statistics Department, HKSARG

Table B

Luxury Retail - Frontline	Luxury Retail Sales / Back Office	Banking
Shop Manager \$38,500 – 54,200	Manager \$67,100 – 89,900	Manager \$40,000 – 60,000
Shop Supervisor \$27,100 – 36,100	Officer \$20,700 – \$28,300	Officer \$15,000 – 25,000
Sales Assistant \$18,200 – 30,700	Clerk \$10,700 – 13,600	Clerk \$9,000 – 12,500

Source: HRBS LGI Compensation Survey (July 2012 to June 2013)



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Table C

Year	Projected Total Tourist Arrivals	Projected Growth Rate over 2013
2013	54.3 million (actual figure)	---
2017	70 million	28.9%
2023	100 million	84.2%

Source: *Assessment Report on Hong Kong's Capacity to Receive Tourists (Dec 2013)*

(19 February 2014)