

Greater Bay Area Youth Employment Scheme Impact Study **Phase 3** Executive Summary

 **MWYO**
Thought Leadership on Youth Development

Partner organisation


Hong Kong General Chamber of Commerce
香港總商會1861



Research Background and Methodology

- The “Greater Bay Area Youth Employment Scheme” (hereafter the Scheme) was launched by the HKSAR Government (hereafter the Government) in 2021 to encourage enterprises with operations in both Hong Kong and the Greater Bay Area (hereafter the GBA) to recruit and deploy local university / tertiary institution graduates to work in the Mainland cities of the GBA. In view of the positive feedback collected by the Government from the enterprises and the employees under the Scheme, the Government announced the regularisation of the Scheme in the 2022 Policy Address, and its details on 1st March 2023. As of late 2022 and early 2023, the employees were nearing the completion of the pilot Scheme (some of them had already completed it).
- To assess the effectiveness of the Scheme, MWYO launched a longitudinal research study in four phases in September 2021. This report is for phase 3, conducted between November and December 2022. The Hong Kong General Chamber of Commerce (hereafter HKGCC) distributed the online employer questionnaire to its members and its members distributed the employee online questionnaire to their employees. Also, HKGCC arranged in-depth interviews with the employers.
- We received responses from 88 employees and 28 employers. The number of employee responses is estimated to be 13% of all employees hired and still working under the Scheme (around 700). The survey findings were based on 70 employees who had returned the questionnaires both in phase 2 and phase 3, and 13 employers who reported that they had hired successfully under the Scheme (hereafter the companies).
- For the limitations of this study, please refer to the first section of the full report – research background and methodology.

Highlight of Findings

- 1 As the employee respondents found the Scheme useful, nearly 70% of them said they would introduce their friends to join. The vast majority of the employee respondents agreed that the Scheme allowed them to “understand more about GBA Mainland cities” and “gain more work experience”, thus achieving two main objectives of the Scheme.
- 2 Although over 80% of the employee respondents reported that they could adapt to the public security and probity situation of GBA Mainland cities, the proportion declined when compared with the phase 2 results. The reason behind this might be that as the employee respondents spent more time there, they were more perceptive about the cultural difference. The Government should provide more relevant information.

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- 3 After working for a period in GBA Mainland cities, the employee respondents remained confident about their skills in certain areas (such as work ethic, English speaking skills, independent skills, and English writing skills) and began to understand their relative disadvantages (such as general skills, work efficiency, leadership, and professional skills). Their views after self-evaluation were similar to that of the companies. It showed that the Scheme could help the employee respondents identify their competitive advantages in the job market of GBA Mainland cities and have better career development there.
 - 4 Interestingly, even though most of the employee respondents thought that they had competitive advantages over Mainland graduates, those not to stay in their current jobs did not feel confident about finding a desirable job in GBA Mainland cities in the short run, likely due to the fact that some of them might lack relevant professional and adaptability skills compared to their Mainland counterparts. Also, if the employee respondents were unfamiliar with the tax and subsidy arrangement in GBA Mainland cities, they would be expected to encounter more difficulties during job seeking. Moreover, it was not easy for them to find a job which could meet their expected salary due to the fact that the average salary for most of the jobs in GBA Mainland cities has less than that in Hong Kong.
 - 5 A vast majority of the companies reported having a new employment arrangement with their employees, with many of them retaining all employees. Some of the companies gave employees hired under the Scheme permanent contracts from the beginning. Most importantly, nearly all of the companies were willing to offer a salary of more than HKD18,000 plus other allowances. It reflected that the Scheme could be beneficial to the long-term human resources strategy of the companies. However, according to the employee survey results, only nearly 40% received a new employment contract which was lower than reported by the companies, showing a lack of communication or a mismatch of expectations between the companies and the employees. The companies and the employees should have more communication on this. Most of the employee respondents would accept new employment contract from the companies. For those who rejected such a contract, it was likely because they had better job opportunities or decided to opt for further studies in GBA Mainland cities or elsewhere, proving that they would have further career development opportunities after participating in the Scheme.
 - 6 There was higher demand for electronic or computer engineering and business graduates than humanities graduates in GBA Mainland cities. The Government should provide more information and support for humanities graduates.
 - 7 Small and medium-sized enterprises (hereafter SMEs) might encounter more difficulties in recruiting suitable employees. The Government should provide more information and support for them. Especially as they might have insufficient resources to help employees search for and rent suitable housing. As shown in our study, employees were greatly concerned about rental issues.

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- 8 The Scheme was launched during the COVID-19 peak and the companies did not have enough time to prepare. Therefore, there were many problems at the beginning. But most of the problems were solved in the end. Some of the companies were able to offer better salary packages for the employees, and the retention rate was satisfactory overall. However, the SMEs were unable to retain talents easily and were also more cautious about the return and risk of joining the Scheme again.
- 9 In general, the companies were looking forward to the regularisation of the Scheme. After the relaxation of COVID-19 restrictions, they hoped there would be more flexibility in the Scheme, for instance allowing the employees to work outside of GBA Mainland cities for a certain period. This might be beneficial for the companies in terms of their operation in the Mainland and communication with the employees, as well as for the employees' development.

Evaluation of the Scheme

The Scheme is successful

- According to the Labour Department, a total of 1,091 employees were hired by enterprises through the Scheme. As of end-Oct 2022, 39 employees had completed the Scheme and about 700 of them were still working. Under the COVID-19 peak and stringent measures, about 70% of the employee respondents were expected to complete the Scheme, which is a very good result.
- From the employer survey, 11 out of 13 companies (including all large-sized enterprises) had arrangement of retaining employees hired under the Scheme. Among the 11 companies, 10 of them had already decided the number of employees they wanted to retain. The retention rate is about 50%. As of January 2023, for the companies participating in in-depth interviews, nearly 85% of the employees hired under the Scheme were still working there, with the companies deciding to retain all of them. According to the employee survey, among the 67 employee respondents who were still working under the Scheme, 26 of them (about 40%) had already received new employment contracts from the companies.

Positive feedback from the employee respondents

- About 70% to over 85% of the employee respondents agreed that the Scheme could be beneficial to their future employment. Nearly 70% of the employee respondents would recommend the Scheme to their friends. The feedback was all positive.
- About 70% to nearly 90% of the employee respondents thought that they had competitive advantages when compared to the young graduates in the Mainland, an opinion echoed by the companies in their evaluation of employees. They became more confident about finding a job in GBA Mainland cities after joining the Scheme.
- A total of 26 employee respondents (nearly 40%) received new employment contracts. Among those 49 employee respondents who would not stay in their current job (including six who rejected a new employment contract), 13 of them felt confident about finding a desirable job in GBA Mainland cities. In sum, 33 employee respondents (nearly half of the 70 employee

respondents) who had returned the questionnaires both in phase 2 and phase 3 had a relatively positive outlook on their career development.

- Among the employee respondents who would not stay in their current job, over 55% of them planned to seek jobs in Mainland cities, an important success for the Scheme. However, the ability of these employee respondents to find a desirable job there (for example, one with a monthly salary over HKD18,000) depends on the Mainland job market and their personal situation.

Positive feedback the companies

- Over 90% of companies agreed that the Scheme met their expectations.
- Among the 11 companies that decided to offer new employment contracts, only three of them would arrange for the employees to work exclusively in Hong Kong. Eight of them would arrange for the employees to work either in the Mainland or both Mainland and Hong Kong. Even if they are working in Hong Kong, the job nature will be related to the GBA too. Moreover, the vast majority of these companies (10 companies) will provide a monthly salary of over HKD18,000 (96.3% of the employees who had received new employment contracts will have offers over HKD18,000). The companies agreed that the employees had improved continuously as the Scheme progressed.
- Some of the companies offered permanent contracts when the employees joined under the Scheme and provided training and additional allowances. It demonstrated the companies' confidence in the Scheme and their determination to retain talent.

Recommendations for the Scheme

Nine policy recommendations can be divided into two categories: “should do” and “can do”. For the “should do” category, there are six recommendations (the first and second recommendations, and the sixth to ninth recommendations). The third to fifth recommendations are in the “can do” category which and relate to some legal and technical issues that the Government may need more time to evaluate before deciding on a course of action.

Recommendation 1: Should be upgraded to “GBA talents scheme”

- The monthly salary allowance should be increased in order to attract more young people.
- The monthly salary allowance should take reference from the Innovation and Technology Fund's “Research Talent Hub”, where the maximum monthly allowance is HKD18,000 for research talents with a bachelor's degree, and HKD21,000 for those with a master's degree, and HKD32,000 for those with a doctoral degree. The maximum engagement period is 36 months.
- The Government should increase the allowance for different educational attainment while holding employers' contribution constant at HKD8,000 each. If the employers are able to hire employees with more experience, they should be able to offer a higher salary. For example, HKD20,000 for experienced employees with a bachelor's degree (the allowance from the Government being HKD12,000/month), and HKD23,000 for those with a master's degree (the allowance from the Government being HKD15,000/month).

Recommendation 2: Should expand the eligibility requirement

The Government should allow people who have graduated within the past five years to apply for the Scheme instead of the current three years so that more youths who are interested can join. The employers can have a better chance of hiring suitable employees too.

Recommendation 3: Can expand the employers' eligibility

Hong Kong-registered companies with only affiliated companies in the GBA (or companies that have a close business relationship with GBA enterprises) could also be included in the Scheme. This type of companies can offer valuable job opportunities for Hong Kong young people as well. Also, the young people can help the companies develop their business in GBA Mainland cities.

Recommendation 4: Can allow more flexibility to the job arrangement

The employers can apply to employ workers under the Scheme for 18 or 24 months. To avoid the abuse of this system, Labour Department has the responsibility to supervise and approve any applications.

Recommendation 5: Can provide additional allowance to the employers

The Government can provide an HKD50,000 yearly allowance for each employee hired to SMEs employers as a token of appreciation.

Recommendation 6: Should improve the efficiency of the job and allowance application processes

The Government should make better use of online platforms by aggregating all applications into a centralised online database where they could be pre-screened based on eligibility and sorted according to criteria such as education background and work experience before they are provided to the employers in an organised manner. The employers should also be able to apply for government allowance online, thereby reducing the administration costs of filling out application forms.

Recommendation 7: Should provide services to the employees directly in GBA Mainland cities

Based on current supportive services provided by different institutions, the Government should consider delegating suitable institutions to provide support to the employees, in order to help them adapt to the working and living environment in the Mainland.

Recommendation 8: Should provide more information and utilise more effective promotional channels

- The Government should include more FAQs on the Scheme's official website to address questions from employers and employees.
- The Government should collaborate with social media platforms and websites commonly visited by young people for promotional campaigns in order to reach out to young graduates and employees.
- The Government should set up a task force composed of relevant government officials to exchange views and solve problems with the Scheme's employers and employees on a regular basis.
- The Government should themselves or via designated third parties to facilitate the setup of employee group chats to disperse relevant information and address the concerns of employees. Employees can also help each other through the group chats, the Scheme's website or group messaging Apps.

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- The Government should invite young people with work experience in GBA Mainland cities (especially experience of working under the Scheme) to share their stories, and reach out to companies from a wider range of industries and share with them some successful cases.
 - The Government should strengthen communication with Mainland authorities and provide relevant information on immigration, rental housing, subsidy, tax, holiday, entertainment and new policies to employers and employees regarding the requirements and policies imposed by Hong Kong and Mainland authorities.

Recommendation 9: Should continue to assess the effectiveness of the Scheme and provide improvement measures

The Government should collaborate with other organisations to periodically assess the effectiveness of the Scheme and enhance the Scheme. Data collection can be done at various stages of the Scheme in order to observe changes related to employers and employees, review whether the Scheme's objectives have been met, and make the necessary adjustments and improvements.

Summary

- The phase 3 report provides a more complete picture of the effectiveness of the Scheme. We believe that it has been quite successful overall. The Scheme was conducted during the COVID-19 peak and stringent measures, and it is remarkable that the majority of employees were able to complete the Scheme and received offers of continual employment. Both evaluations by employees and employers are consistently positive. In particular, most employees claim to have gained a better understanding of GBA Mainland cities, their strengths and weaknesses, and are more willing to continue working or studying in the Mainland. This reflects that the Scheme has generally achieved its major objectives. What is even more encouraging is that most employers are satisfied with the performance of their employees and will continue to participate in the next phase of the Scheme, which proves that both employers and employees can benefit from the Scheme.
- However, we should pay special attention to some areas. Although most of the employees consider seeking jobs in GBA Mainland cities, there are still many obstacles to finding a desirable job, with the salary gap between Hong Kong and the GBA probably the most important factor. Although the Scheme can help the employees further develop their careers, those who do not stay in the companies still face many uncertainties. We plan to study this in more depth during phase 4. The employers participating in the Scheme come from a wide variety of industries and have their own business needs. SMEs in particular appear to face more difficulties when participating in the Scheme as it seems to be not flexible enough to meet the needs of different companies. We hope that the Government can improve the Scheme so that the companies can have more flexibility to arrange more diversified work and activities for their employees.

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- We have summarised the results of three phases of our longitudinal study and further refined the policy recommendations made in the phase 1 report. We hope the recommendations can serve as a reference for the Government to formulate improvement measures for the regularised Scheme. The phase 4 study will be conducted in April 2023, about three months after the conclusion of the pilot Scheme. This will enable us to evaluate the effectiveness of the Scheme on the future career development of the employees (especially in GBA Mainland cities). Also, we can have a better understanding of the plan and arrangement of employees after the completion of the pilot Scheme, and whether the employers are satisfied with the employees who have stayed.

About us



Thought Leadership on Youth Development

Founded in 2015, MWYO is a youth-based independent think-tank, which works closely with different youth stakeholders through means such as reports and articles, community projects, and workshops, under five aspects of youth life: Education, Life Planning, Well-Being, Civic Participation, and the Future of Hong Kong. MWYO seeks to encourage youth development by bringing new perspectives and approaches to the discussions.

Key contributors

Mr. David Lai | Deputy Research Director

✉ david.lai@mwyo.org

Mr. City Chu | Associate Researcher

✉ city.chu@mwyo.org

Dr. CK Law | Special Advisor

✉ ck.law@mwyo.org

Contact

Mr. Alan Tse

☎ +852 2508 5177

☎ +852 9736 9067

✉ alan.tse@mwyo.org

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