

# Hong Kong: What does the future hold?

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SERVICES FOR  
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CONFERENCE 2014

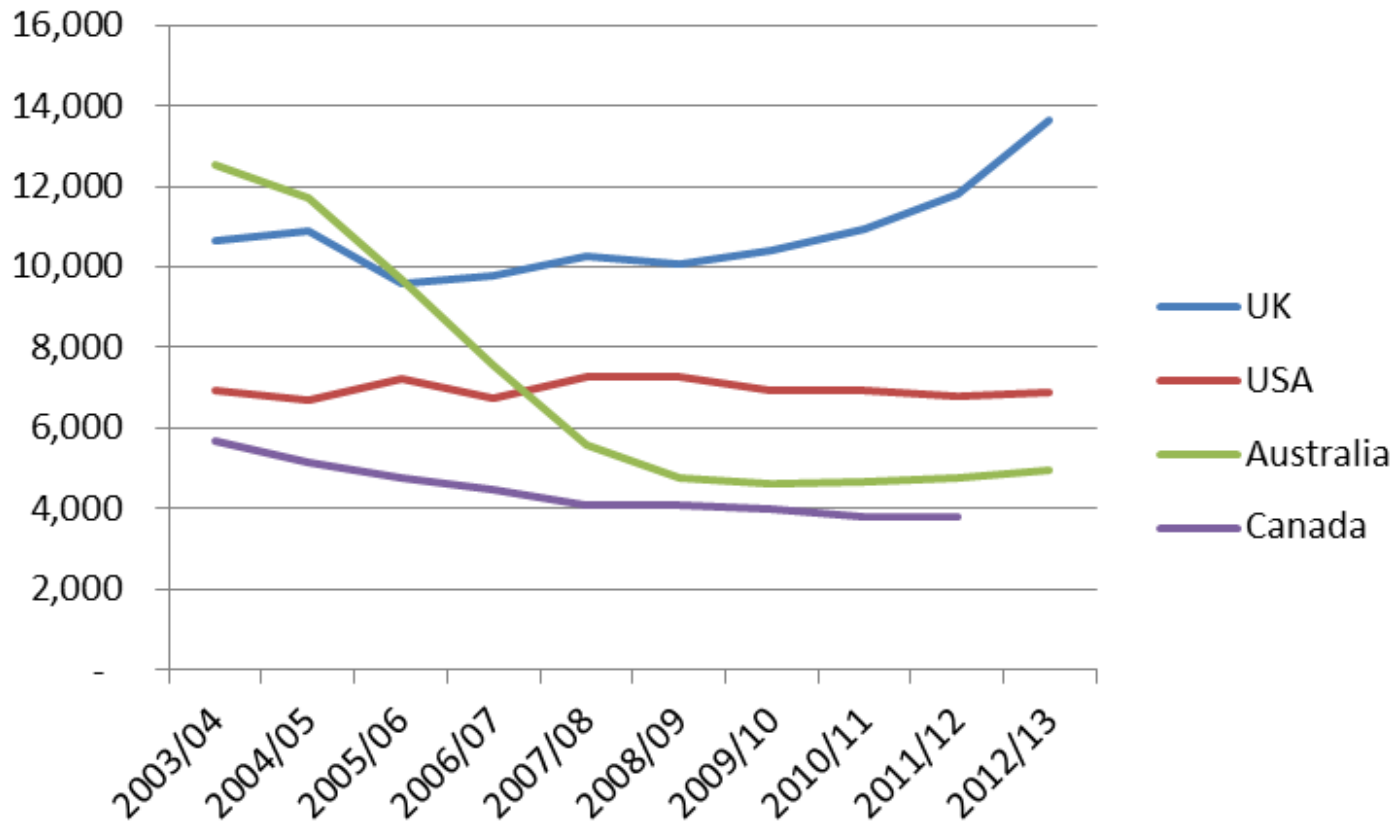
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# Hong Kong





# The last few years have been the good times...

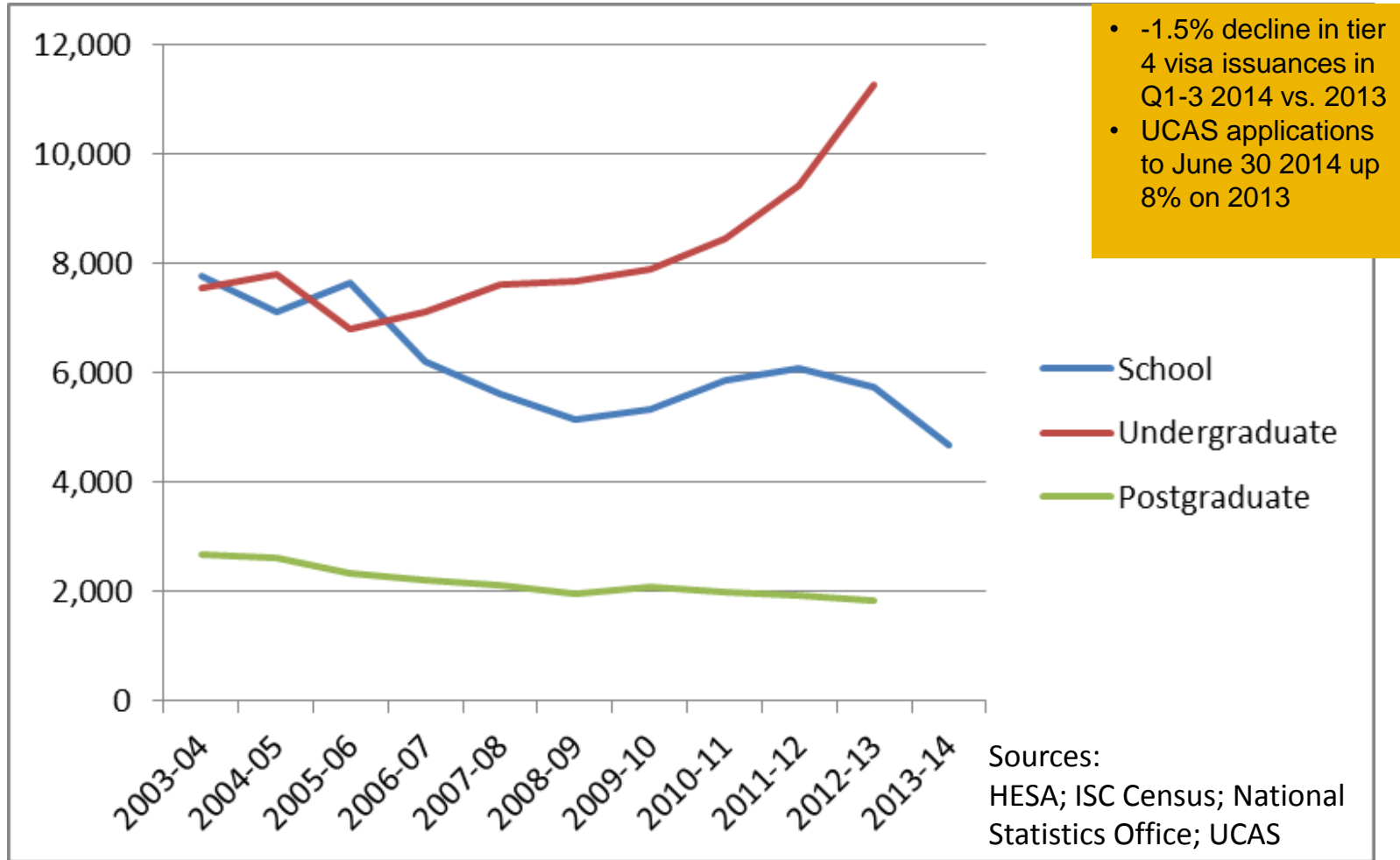


Sources: HESA, Institute of International Education, Austrade, Canada Immigration & Citizenship, Education New Zealand



# ...although UG focused

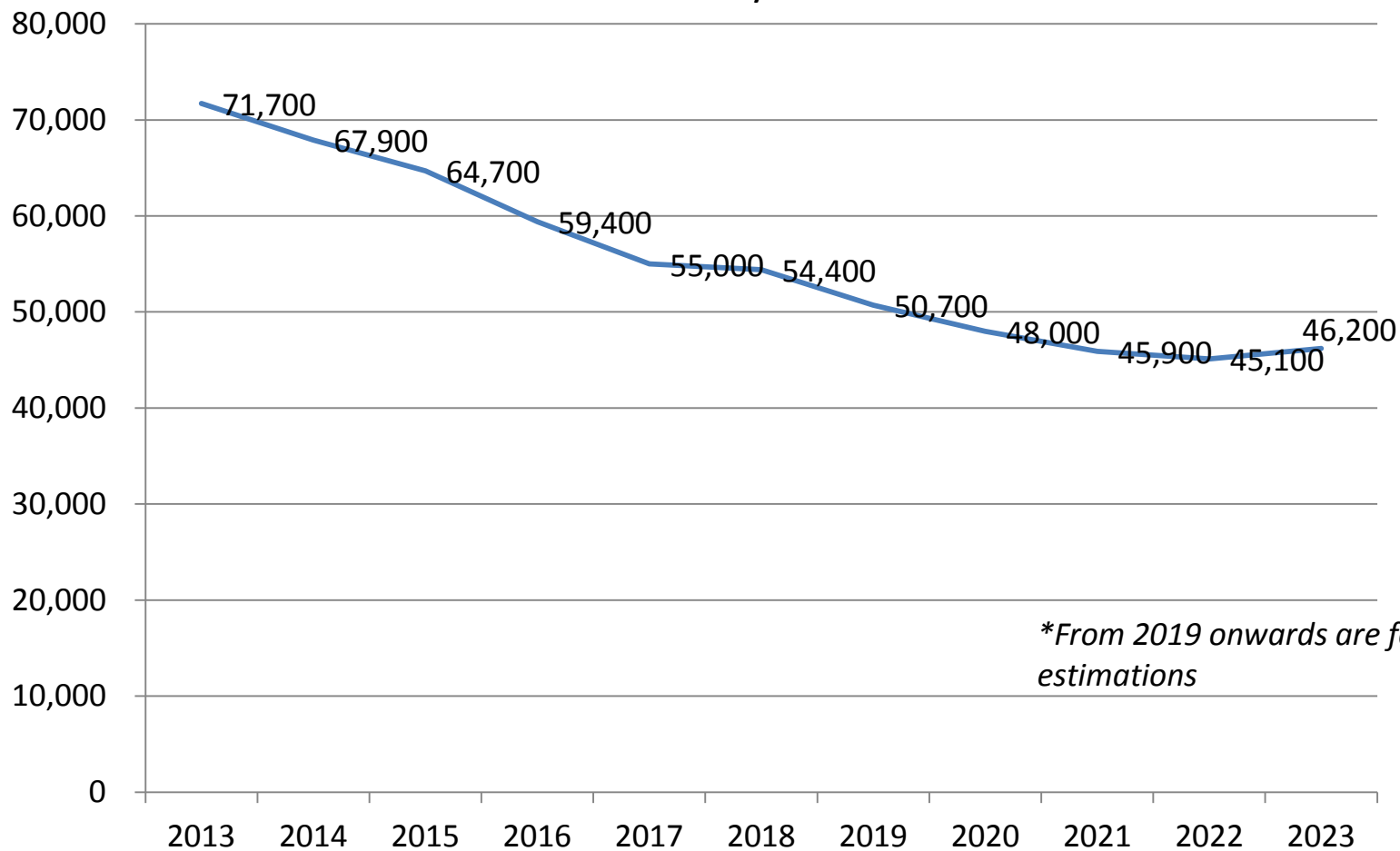
## Hong Kong students in the UK



# Disappearing student pipeline



Number of Secondary 6 students by year



*\*From 2019 onwards are forward estimations*

*Source: Hong Kong Education Bureau*



# From shortfall to over-supply

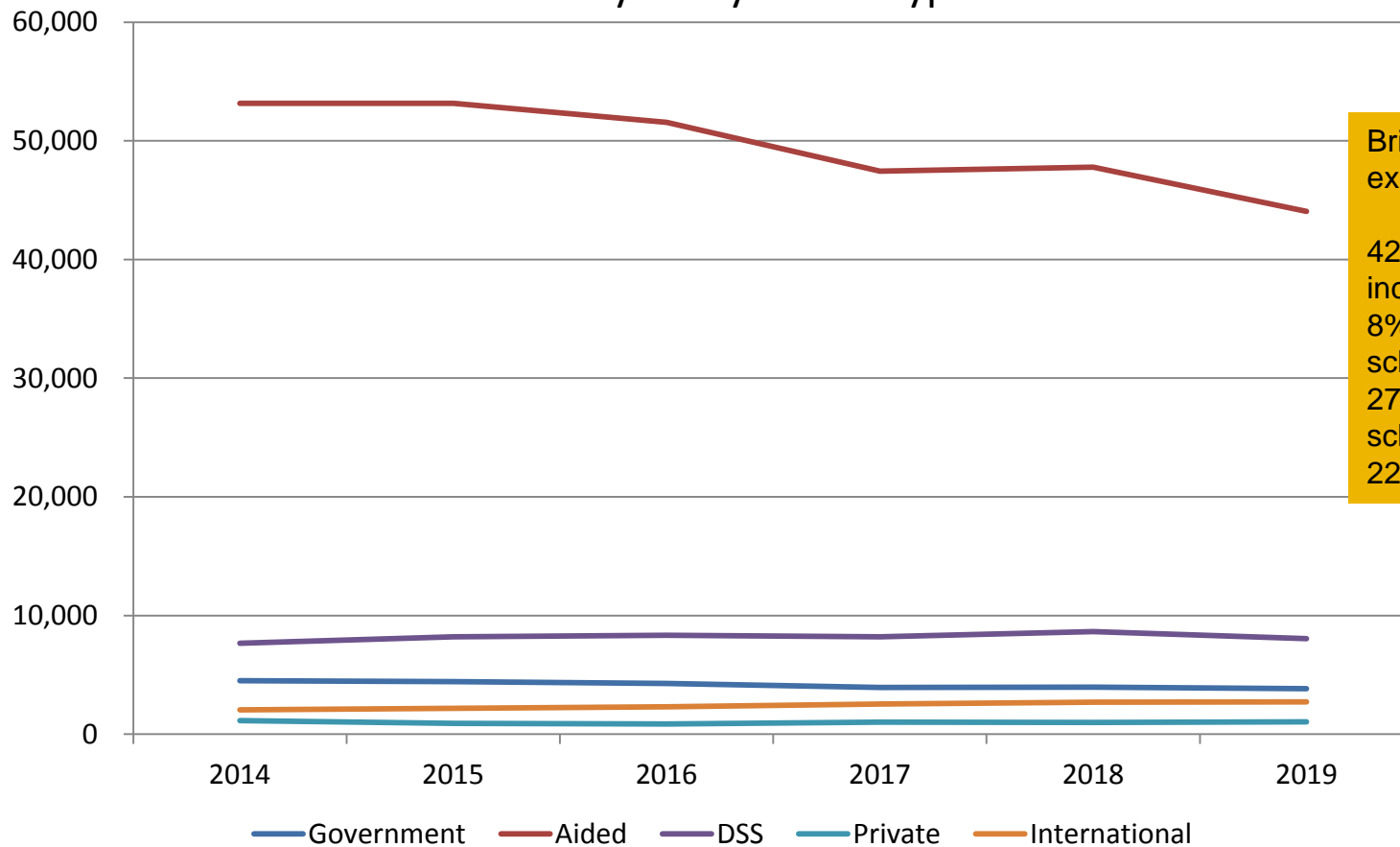
2014	
HKDSE Candidates	79,572
Met local university requirements	27,744
<i>Did not meet</i>	<i>51,828</i>
JUPAS first year degree places	12,000
<i>Non JUPAS first year degree places</i>	<i>3,000</i>
Met requirements but unsuccessful	15,744
Self funded degree places	7,363
Sub degree places	36,324
<b>HE shortfall/over-supply</b>	<b>-23,885</b>

2020	
HKDSE Candidates	48,000
Met local university requirements	16,320
<i>Did not meet</i>	<i>31,680</i>
JUPAS first year degree places	12,000
<i>Non JUPAS first year degree places</i>	<i>3,000</i>
Met requirements but unsuccessful	4,320
Self funded degree places	7,363
Sub degree places	36,324
<b>HE shortfall/over-supply</b>	<b>7,687</b>



# International schools will remain the same but the local school market is shrinking

## Number of Secondary 6 students by year by school type



British Council August exhibition visitors:  
42% Local schools incl. DSS  
8% International schools  
27% Overseas schools and colleges  
22% Local HEI

Source: Hong Kong Education Bureau

# Government Education Policy



- Publicly funded provision to be maintained at current levels
  - 15,000 publicly funded university places per year
  - Desire to promote small number of universities as world class (quality over quantity)
  - Demographics also cited as reason for not increasing
- Message to self funded institutions: “weather the storm”
- Not likely to see respite for TNE → consolidation inevitable
  - Pressure to focus on local qualifications

*The "zero delivery quota" policy implemented last year for expectant Mainland mothers whose husbands are not Hong Kong residents has greatly relieved the pressure on local obstetrics and gynaecology services. Next, we will ensure adequate educational opportunities for local students, and continue to strive to alleviate the pressure arising from the demand for local school places by children born to non-local parents.*

*- 2014 Policy Address*





# Potential positives - Forecast GDP or HH income growth

	<b>Year</b>	<b>Figure</b>
GDP, <i>billions of USD</i>	2013	279.65
GDP, <i>billions of USD</i>	2018	419.34
Average annual real growth rate, %	2013-18	+4.21
GDP per capita (PPP), <i>USD</i>	2013	52,686.75
GDP per capita (PPP), <i>USD</i>	2018	69,034.49
Average annual growth rate, %	2013-18	+5.55

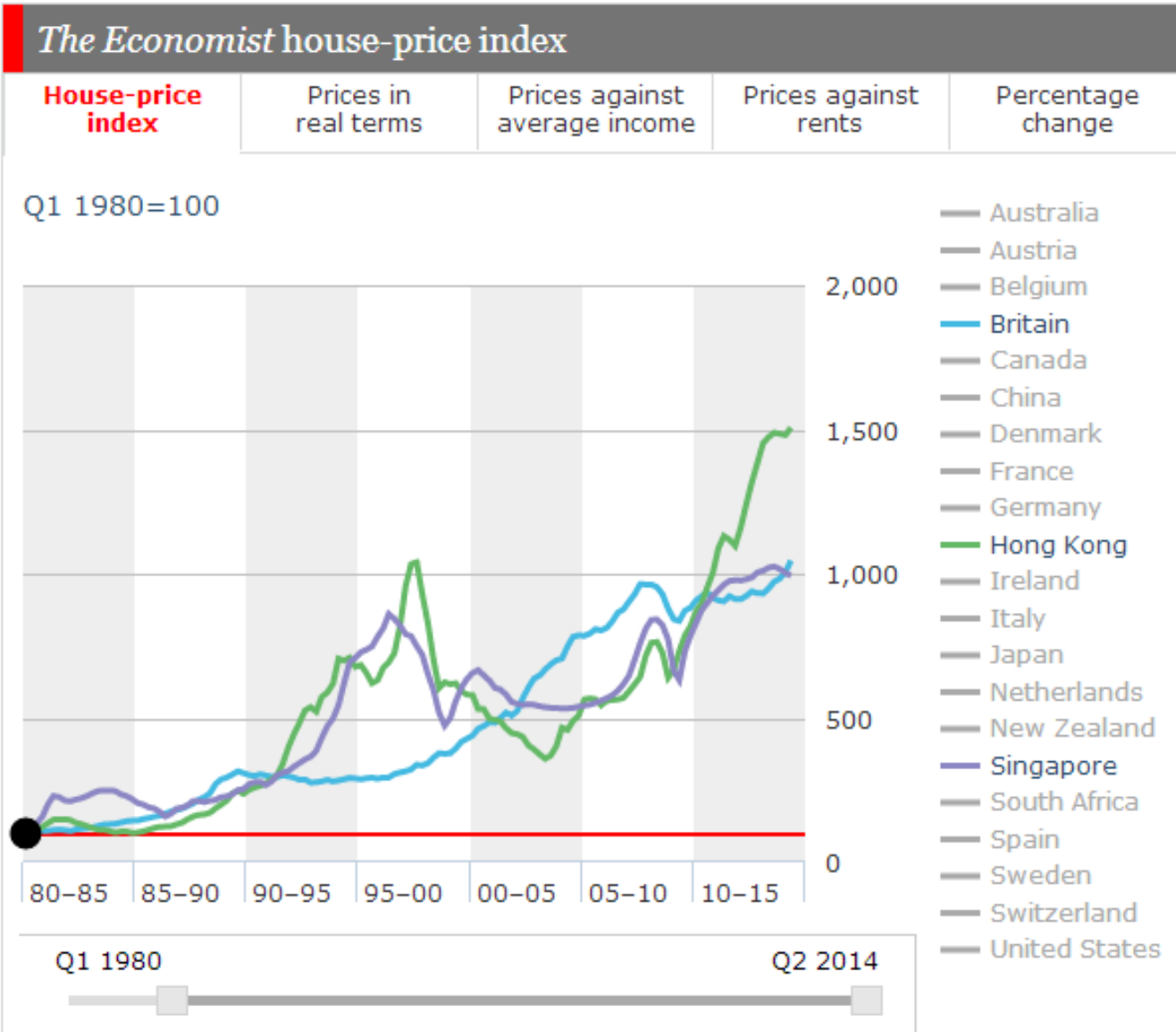
# Potential mobility driver - Political and Social Issues



- Parents of protestors were looked after by economic boom in 80's and 90's...
- ...however current student generation facing 'personal and social stagnation'\* and growing wealth disparity.
- Relatively low salaries but high cost of living (especially property).
  - median home price is 15 times the median annual household income
- Parents may be more inclined to send children abroad rather than see children involved in protests
  - Agents are reporting being busy
- Extent of effect on mobility might depend on continuation and intensity of protests

*\*Quote from SCMP*

# Political and Social Issues



# Government Economic Policy



- Liberalisation of trade in services with Mainland China
- Diversify economy
  - Cultural industries
  - Legal services
  - Innovation and technology
- Significant infrastructure projects for years to come
  - Excellent employment prospects for engineers and built environment grads



# Graduate Employability

- Salaries for fresh graduates are fairly consistent across industries at HKD12k per month – low compared with living costs
- However, for Engineering this is higher at HKD18k per month (SCMP).
- Work or internship experience is most highly valued attribute, followed by subject major
- Most employers have no preference for specific universities or whether the graduate has studied in HK or abroad
- Most cite soft skills as a weakness, including ability to work independently, analytical thinking and communication skills

*Source: Career Times Graduate Recruitment and Salary Survey*



# Graduate Employability – Average Hires

Industries	Median no. of fresh graduates recruited
Banking & finance	2.5
Building & construction	10
Education	1
Healthcare & pharmaceutical	21
Hotel & catering	7
Information technology	2
Manufacturing & trading	2
Media & communications	10
Non-profit organisation	2
Property developer & agency	7
Retail	4.5
Telecommunications	4
Travel & transportation	3

Source: Career Times Graduate Recruitment and Salary Survey



# Graduate Employability – Average Salaries

Industries	Median monthly salary for fresh graduates
Banking & finance	\$12,250
Building & construction	\$17,000
Education	\$10,000
Healthcare & pharmaceutical	\$11,750
Hotel & catering	\$12,500
Information technology	\$12,500
Manufacturing & trading	\$11,750
Media & communications	\$11,000
Non-profit organisation	\$11,500
Property developer & agency	\$13,750
Retail	\$12,000
Telecommunications	\$15,000
Travel & transportation	\$11,000

Source: Career Times Graduate Recruitment and Salary Survey

# Education and Labour market mismatch







# Education and Labour market mismatch

- Ironically, the economy will need more degree qualified personnel

## Where the demand lies

Projected manpower\* by education level in 2022

	Supply	Requirement	Resource balance
Lower secondary and below	717,000	772,800	-55,700
Upper secondary	1,272,100	1,366,200	-94,100
Diploma	204,600	188,200	16,300
Sub-degree	251,300	238,400	13,000
First degree	914,300	965,000	-50,800
Postgraduate	317,000	263,600	53,400
All levels	3,676,300	3,794,200	-117,900

Source: Legislative Council

\*individual figures may not add up to the totals due to rounding SCMP ↵



# Hong Kong increasingly integrated with PRD

Some agents reporting increased business from across the border

- These agents are equipped to handle visas in China
- By 2017 getting to Macau & Zhuhai will take 40 minutes and Guangzhou 48 minutes



Hk-magazine.com



# The other S.A.R.



- Small but affluent population
  - Average household income has caught up with Hong Kong
- 12% economic growth in 2013 vs. 3% in Hong Kong and 7.7% in China
- Desperate need to diversify economy
- No standard education system but international qualifications offered – A-Levels and IB.
- Secondary schools report UK is under-represented compared with Australia and the US
- Numbers of students going abroad rapidly increasing, Macao Tertiary Education Office reports over 700 in 2013.
  - Many have Portuguese passports

# The other S.A.R.



## Student Recruitment

- Requires a targeted approach
- Small number of secondary schools cover the bulk of the market
- Might be potential to recruit Chinese PG students from private HEI

## Partnerships

- Local HEI looking to diversify subject offerings – consistent with government drive to diversify economy
- Strong appetite for internationalisation - student and faculty exchanges



# What does the future hold?

- Boarding schools market will continue but at a lower level
  - More year 9 and 10
- UG market will shrink to some extent
- Decline will hopefully be offset to some extent by incomes and political/social concerns
- Implications of increased integration with PRD not yet clear, but will impact Hong Kong generally
- Macau will continue to grow – easy to get to Hong Kong but better to go there

# Implications for TNE



- Survival of the fittest
- Crucial to offer good student experience and face time with awarding institution
- Demonstrate internationalisation e.g. student exchange
- Programmes must relate to labour market and industry needs (top-ups and PG)
  - Research qualifications requirements at different levels within relevant industries
  - Education Bureau wants vocational based top-up degrees

# Implications for Mobility



- Schools will need to leverage word of mouth and emphasise safety and security
- UK education must demonstrate employability/benefit for career development and upward mobility
- Alumni networks as a support mechanism for career development?
- Work placements/internships to demonstrate career benefit and need to communicate these to potential students
- Need a mind-set change in terms of employability prospects by industry, e.g.:
  - Aviation
  - Logistics
  - Green construction



# What will you need to do

- Keep existing focus on international schools – this segment won't shrink
- British Council will promote Hong Kong exhibitions in Guangdong – remains to be seen whether Hong Kong as a recruitment 'hub' is realistic
- Continue to use messages that appeal - safety and academic quality
- Expect tough competition – need to stand out with clear USP
- Leverage existing student base and alumni
- Demonstrate employability
- A joint effort between International office, faculties and careers office



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