

Hong kong's economy development



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Hong Kong Economy

1. Introduction

The development of a knowledge-based economy is a global trend. By 2003, Hong Kong was following this direction to transform into a knowledge-based economy. During this economic restructuring, Hong Kong was suffering from structural unemployment, marginal labour and mismatches of jobs.

2. The importance for HK to develop its human capital

According to population's statistic, the median age of the labour force increased from 34 in 1991 to 37 in 2001 due to ageing of the overall population and delayed entry into the labour force as a result of increased postsecondary educational opportunities. Unlike, increases in gross domestic product (GDP), increases in the quality of human capital show the extent to which development has reached the population. Investment in education that caters to the immediate needs of industry both foreign and domestic is essential. The educational system should also maintain the long-term goal of self-reliance and promoting programmes that create thinkers, innovator and entrepreneurs.

Because of Hong Kong's neighbours such as Singapore has already owned a completely human capital strategy for rising in competitiveness. So Hong Kong needs to optimize the economic structure and labour pool. Obviously, Hong Kong need invest to human capital to reinforce the strengths of its four main economic pillars - finance, logistics, tourism and manufacturing services. The accumulation of human capital is an important contributor to economic growth. Although human capital takes at least eight years to mature and requires constant support, its returns are fundamental for

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improvement. Investment in human capital has proven successful in many developing nations. The attainment of education can contribute significantly to the generation of overall output in economy. The general finding is that more educated individuals tend to have higher employment rate and earnings and produce more output relative to those who are less educated. Moreover, education is deemed as an investment that enables individuals to be equipped with knowledge and skills that improve their employability and productive capacity.

3. The role of Government

The role of the government should be establishing the enabling environment and that of the public and private sectors as active partners in the provision of the economic services. Collaboration between public and private sectors in the productive economy is an area where the optimal use of public and private sector resources can create added value for a society as a whole.

4. Best work together with Private and Public sectors

The government should coordinate between the public and private sectors and give them some beneficial policy or regulation for their collaboration. Ideally, the collaboration between them should prefer use a project base. Moreover, the project should have a strong political commitment, open mindedness, clear responsibilities and the correct apportionment of risk for them. As a result, the private sector should cover the main commercial risks, including project completion risk, operating cost and market demand. However, the private sector may not be able to absorb the full market risk when it is not given direct access to the market. In these cases, long-term take or pay contracts with government may be required. Another

partnership, a fine balance must be struck by the public sector between easing risk perceptions of private sector partners and maintaining sufficient incentives for the efficient private sector management of projects.

5. Hong Kong needs Managerial and Professional people

During economic restructuring, the proportion of professionals, associate professionals, managers and administrators in the working population increased from 3.7%, 10.5% and 9.4% respectively in 1991 to 5.9%, 16.2% and 11.4% respectively in 2001. It represents that Hong Kong focuses on developing its four economic pillars. Therefore, Hong Kong needs many high-level people with managerial experiences in the fields of finance, tourism and logistics and manufacturing. Moreover, Hong Kong will also need professionals to develop the high value-added industry such as software development and innovative multi-media. The HK government also has the admission scheme to utilize the foreign talents and mainland's professionals.

6. The advantages and disadvantages of the Admission of Talents Scheme and the Admission of Mainland Professionals Scheme

The Advantage of two schemes

- Attract talents from outside Hong Kong with expertise and skills - not readily available locally, who could enhance the competitiveness of the territory's economy as manufacturing or services centre, particularly in technology-based, knowledge intensive or high-value-added activities.
- Different country's talent come to Hong Kong, it can make the Hong Kong has an international image.

The disadvantage of two schemes

- If the government is wrong to evaluate the application and approve the talent or professional for admission into HK, it may affect the local job vacancy.

The disadvantage of the Admission of Mainland Professionals Scheme

- Unlike talent schemes, the existing policy on entry of Mainland professionals was so restrictive that less than 600 Mainlanders were admitted under the Admission of Mainland Professionals Scheme in the past two years.

7. Hong Kong Long-Term Policy

The following policies could be used to improve the quality of skills in the Hong Kong's economy for long-term:

7. 1 Education and Manpower Policy

The HK government should continue to pursue extensive programmes to upgrade the educational attainment of population at all levels. At the same time, it also will promote and facilitate skills upgrading and life-long education. Especially, the low-level workers will need these programmes to enhance their skills to meet the changing demands of the economy. Consequently, HK government will adopt a strategic, responsive and coordinated approach to manpower planning and development.

7. 2 Admission of Mainland Professionals and Talent

The HK government should provide more flexibility and incentives to tertiary institutions to attract academics and students from the Mainland and overseas. Also, it may continue to improve arrangements for Mainland

businessmen to visit Hong Kong for business-related purposes. To step up efforts to encourage Hong Kong people being educated overseas to return to live and work here.

7. 3 Training and Other Needs of New Arrivals

The HK Government should continue to provide and develop appropriate programmes to address the training needs of new arrivals of different age-groups and foster closer partnership between the Government and Non-governmental Organizations to identify and address the needs of new arrivals in HK. This helps to enhance the employment skills of new arrivals.

7. 4 Investment Immigrants

The HK government should extend the existing immigration policy to cater for persons who will make substantial investment (HK\$6. 5 million) in Hong Kong but do not themselves run a business i. e. capital investment entrants and to apply this extended policy initially to foreign nationals, residents of Macao SAR and Taiwan.

7. 5 Policies Impacting on Childbirth

The HK government should continue with current family planning programmes emphasizing healthy, Planned Parenthood. On the other hand, HK government also should encourage the citizens to bear child and consider to granting the same level of tax deduction for all children irrespective of number.

7. 6 Elderly Policy

The HK government should revisit and redefine the notion of retirement and old age and continue to develop programmes that promote active and healthy aging. As a result, it may develop a sustainable financial support system for the needy elderly.

7. 7 Mobility of population

The HK government should have some policies to enhance mobility of people, portability in welfare, education and housing entitlements should be introduced. Cross-border taxation should also be studied.

7. 8 Portability of Benefits

For longer term, the HK government should address the issue of portability of public benefits taking into account the pace of economic integration with the Pearl River Delta (PRD) and examine in detail the cost implications of portable benefits on the Government fiscal position and the local economy.

7. 9 Reorganization of mainland universities

The HK Government should recognize the qualification from the mainland universities. The mutual recognition of professional and academic qualification between Hong Kong and the PRD needs to be speeded up. More generally, standards between Hong Kong and the PRD should be harmonized through a benchmarking process.

8. Conclusion

As Hong Kong developing into an innovative and knowledge-based society, Hong Kong was suffering from structural unemployment, marginal labour.

Therefore, the HK government should have a series of population policies to improve Hong Kong's soft and hard infrastructure to meet the challenges of a knowledge-based economy. Moreover, this population policy will be designed to fit Hong Kong's long-term social and economic development, complement family requirements and address the interests of different sectors.