



Labor force dynamics

Attracting and retaining the right talent for the GBA

People Advisory Services
Ernst & Young Tax Services Limited

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About EY People Advisory Services



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EY professionals advise clients on how to harness the power of their people agenda - having the right people, with the right capabilities, in the right place, for the right cost, doing the right things.

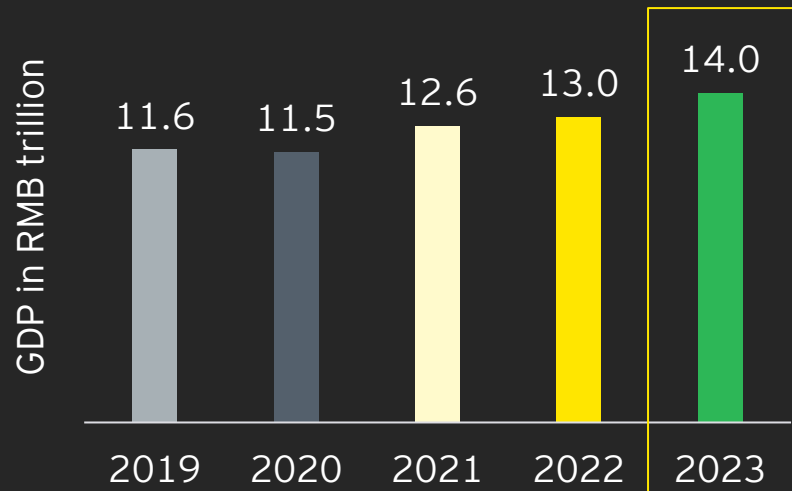
Putting humans at the center of EY solutions

- 1 Organization and workforce transformation
- 2 People experience and capabilities
- 3 Purpose, culture and leadership
- 4 Performance enablers and rewards



As the Greater Bay Area (GBA) continues to strengthen as a leading economy, is our talent landscape keeping up?

Gross Domestic Product (GDP) of the Guangdong, Hong Kong and Macao Greater Bay Area (GBA) by year



2019 data¹; 2020-2023 data²

- ▶ GBA's GDP exceeded RMB14 trillion in 2023
- ▶ GBA's GDP ranked 11th globally in 2022³, surpassing the ranks of leading economies such as South Korea

Source:

1. People's Daily Online 2019
2. State Council of the People's Republic of China 2020-2023
3. World Bank 2023



Essential talent questions to enable the GBA's success:

- ▶ How has the GBA talent landscape evolved?
- ▶ What **obstacles** stand in the way of unleashing the GBA's potential as an integrated talent hub?
- ▶ What role do industry sectors and organizations play to **foster a more dynamic exchange of talent?**



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What obstacles stand in the way of unleashing the GBA's potential as an integrated talent hub?

What role do industry sectors and organizations play to foster a more dynamic exchange of talent?

More favorable policies and programs are introduced to attract and retain talent within the GBA



Policies and Programs



Talent mobility

To promote the mutual recognition of professionals and improve the mechanisms for qualification assessment. For example:

Shenzhen, Hong Kong & Macau

March 2024: HKIB* and SHMFTPP* signed a cooperation memorandum for mutual recognition of Fintech qualifications

Nansha

June 2023: Formulated the

- ▶ "List of Recognized Overseas Professional Qualifications" and
- ▶ "List of Highly Skilled and Scarce Overseas Professional Qualifications"



Talent attraction

Provided different support to talents in high demand jobs and create friendly environments for talents. For example:

Qianhai

April 2024: Implemented tax exemption policies for Hong Kong residents

Shenzhen

May 2023: Implemented a series of measures to provide Hong Kong and Macau youth subsidies



Talent nurturing

Promoted educational and institutional collaboration and share training resources. For example:

Hong Kong

February 2024: Regularized the Greater Bay Area Youth Employment Scheme

Shenzhen, Hong Kong & Macau

March 2023: Established the Shenzhen-Hong Kong-Macau Fintech Professional Program

An increasing number of Hong Kong businesses are tapping into the GBA talent pool to address talent shortage challenges

Hong Kong businesses tap into the GBA to address talent shortages

“ **Wholesale and Retail sector Urges for GBA Talent Schemes to Fill 40,000 Vacancies** ”
 - on.cc (Apr 23’)

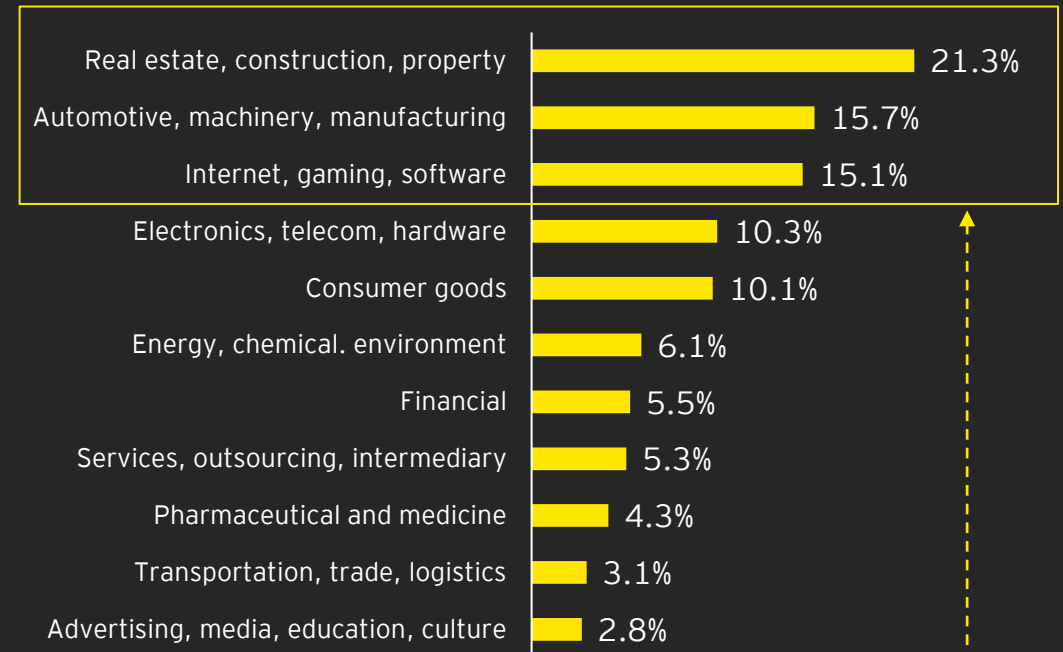
“ **Hong Kong Turns to Mainland China to Fill the 40,000 Labor Gap in the Construction Industry** ”
 - Channel News Asia (Apr 24’)

“ **Recruiting Qualified Lifeguards from GBA an Option to Address 360 Labor Gap** ”
 - The Standard (May 23’)

“ **An International Airlines Seeks Talent from the Pearl River Delta to Address Staffing Shortage** ”
 - Ming Pao (Oct 23’)

“ **An Asian Financial Organization to Boost Greater Bay Investments and Hiring** ”
 - Finews.asia (Aug 23’)

Percentage of talent inflow to the GBA in 2022 by industry¹

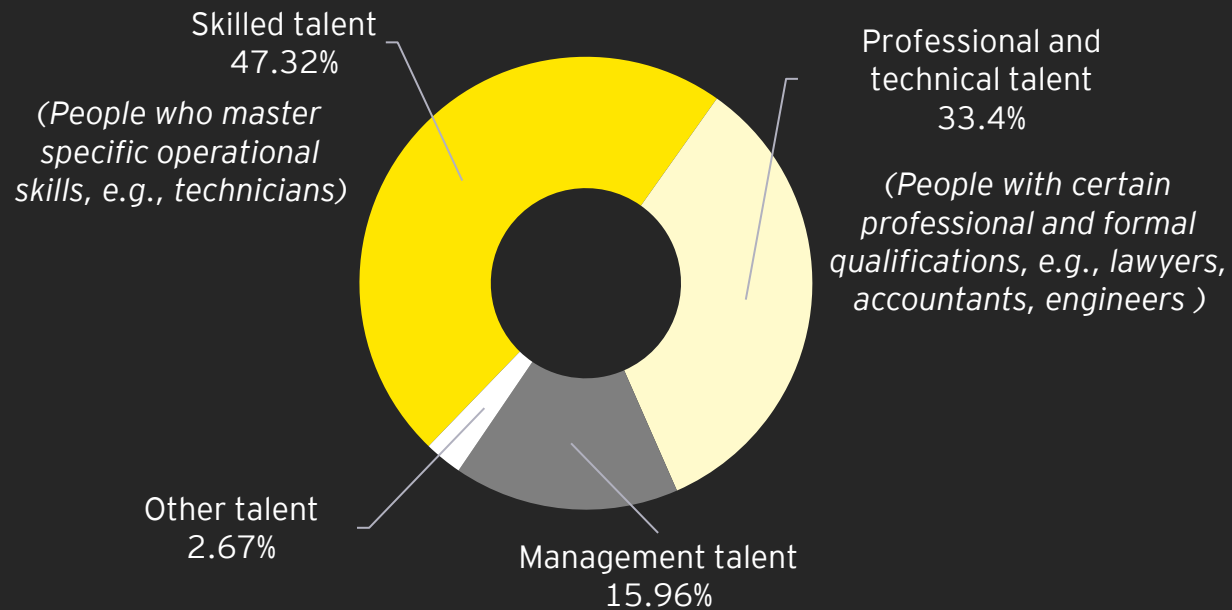


- ▶ Talent inflow into the GBA is primarily concentrated in **real estate, construction, property, automobile, machinery, manufacturing, internet, gaming, software industry**

Source:

Skilled talent, and professional and technical talent are currently in high demand

Demand in different types of talent¹ 2021 - 2025



Top 10 positions in demand in 2022²

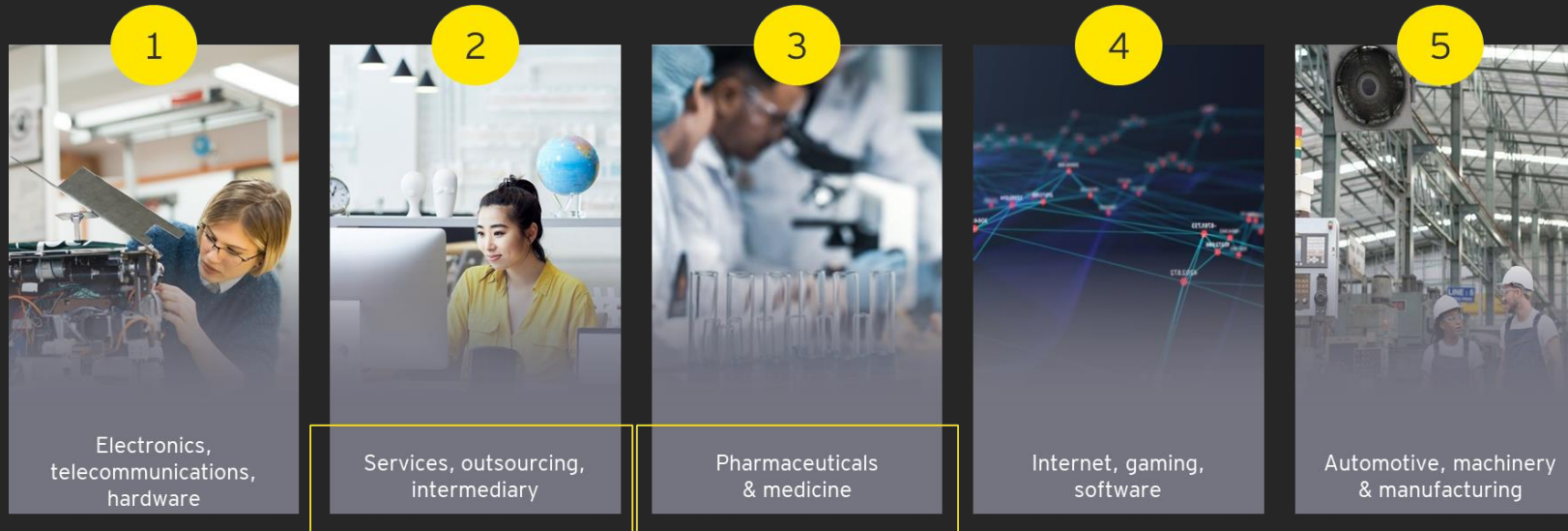
Top 10 positions in demand	
1	Sales manager
2	Product manager
3	Software engineer (Java)
4	Accountant
5	Embedded software developer
6	Hardware engineer
7	E-commerce operations
8	Finance manager
9	Human resources manager
10	Process engineer

Source:

1. Guangdong's authorities, 2020 list of sought-after talent categories in the GBA
2. Liepin, Report on talent development in the GBA 2022

Despite an increasing flow of talent into the GBA, certain strategic industries continue to suffer from talent shortage

Top five industries with talent shortages in the GBA November 2021- October 2022¹



▶ Talent inflow only ranked 8th out of 11 industries¹

▶ Talent inflow only ranked 9th out of 11 industries¹

Talent retention challenges in the GBA

In the Guangdong area²:

- ▶ 50% of surveyed companies experienced involuntary turnover
- ▶ 12 - 20% turnover rate, especially among management layers
- ▶ Compensation as the main driver for turnover

Source:

1. Liepin, Report on talent development in the GBA 2022

Source:

2. Greater Bay Area Pay and Benefits Survey 2023



How has the GBA talent landscape evolved?

What obstacles stand in the way of unleashing the GBA's potential as an integrated talent hub?

What role do industry sectors and organizations play to foster a more dynamic exchange of talent?

Infrastructure hurdles, challenges with attracting and retaining talent continue to prevent GBA from flourishing as an integrated talent hub



Infrastructure hurdles: overcoming challenges in establishing the right policies and frameworks

- ▶ Do we have sufficient mutual recognition frameworks for skills high in demand?
- ▶ What policies do we have in place to address employment complexities e.g., tax, medical benefits coverage, pension?



Acquisition challenges: creating a differentiated EVP to appeal to GBA talent

- ▶ What might Hong Kong companies offer to win GBA talent over from local industry giants?
- ▶ What is the GBA proposition for Hong Kong companies, a low-cost talent hub or world-class CoE?



Integration challenges: embracing work cultural differences and assimilating talent into local communities

- ▶ How do we translate Hong Kong ways of working into interventions that make sense for GBA?
- ▶ How can we engage GBA talent by creating a sense of belonging that goes beyond a mere job opportunity?



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What obstacles stand in the way of unleashing the GBA's potential as an integrated talent hub?

What role do industry sectors and organizations play to foster a more dynamic exchange of talent?

Anticipating future talent needs through structured manpower studies and devising personalized employee experiences to attract target hiring groups

Robust workforce strategy that recognizes supply and demand ecosystem across GBA cities:

- ▶ Identify emerging and declining skillsets to determine future talent needs
- ▶ Gain competitor insights to stay informed about market trends and potential competition for skilled individuals
- ▶ Develop a strategy of buy, borrow, build and bridge based on internal and external talent supply assessments



Sector-specific workforce studies and strategy

Adopt a customized approach to consider local talent needs based on different personas. For example:

- ▶ Rewards strategy taking into account the differences in pay levels, income tax levels, criticality and talent scarcity
- ▶ Reimagine the GBA Employee Value Proposition to appeal to local talent and build a sustainable talent pipeline
- ▶ Customize recruitment strategies to engage a diverse talent pool



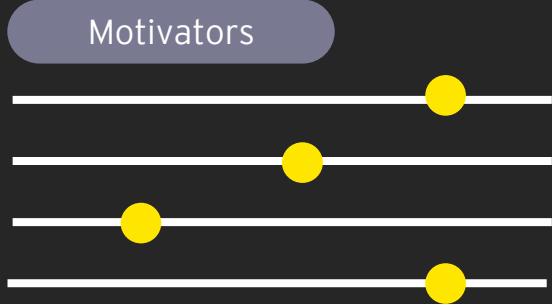
Personalized employee experience

Considering the unique needs and preferences of different talent personas allows businesses to develop more effective and specific acquisition approaches



Hong Kong youth talent

The GBA is a short-term experience that will make my CV stand out and open up new doors



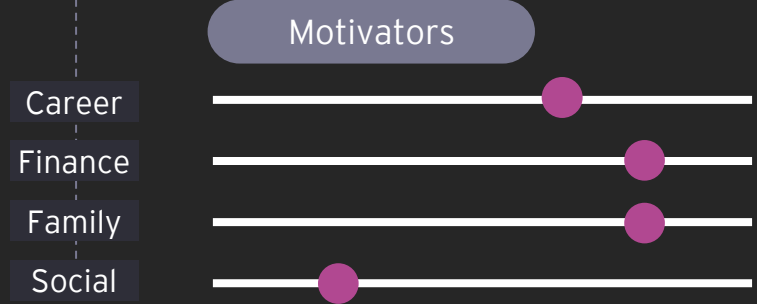
- Concerns
- ▶ Language and cultural differences
 - ▶ Social network and personal life
 - ▶ Perception from Hong Kong friends

- ▶ Devise an **early engagement strategy** with student candidates
- ▶ Review your **recruitment strategy and process** to appeal to youth talent



Seasoned head office employee

The GBA is an opportunity to work on a strategic initiative and a stepping stone to fast-track my career



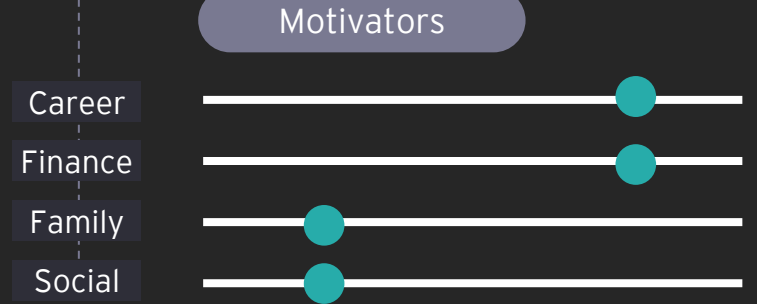
- Concerns
- ▶ Relocation with family
 - ▶ Impact to salary package and benefits
 - ▶ Establishing credibility in a new city

- ▶ Define your **career mobility strategy** that reflects your business strategy
- ▶ Develop a **people-centric onboarding approach** for relocating employees



Local mainland Chinese talent

Working at a regional HQ serves as a stepping stone for me to explore international opportunities



- Concerns
- ▶ Limited information about the company
 - ▶ Uncertain with the company's GBA strategy
 - ▶ Differences in quality of life across mainland China cities (e.g., Shanghai vs Guangzhou)

- ▶ Build an **employee value proposition (EVP)** that speaks to the values and needs of local talents
- ▶ Adopt **local recruitment channels and communities** to establish presence



A talent ecosystem contributed and sustained by different stakeholder groups

Short term

Governments, industries and enterprises must lift the global profile for the labor markets of the GBA and enhance the allocation efficiency



Government

Long term

Efforts should be dedicated to nurturing talent in the higher education institutions, with the aim of improving talent service and retention

Mutual recognition of qualifications and standards to facilitate information sharing and talent mobility

Industries and sectors

Employers

Set strategic visions and prioritize the selection, management, training and retention of talent

Set up talent frameworks and pool educational resources

Higher education institutions

Individuals

Maintain motivation and enthusiasm for continuous learning

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