

Survey on Manpower Shortage and Importation of Labour in the Hotel Industry

Tourism is one of Hong Kong's four key economic pillars. The industry suffers acute manpower shortage, concernment with other sectors, since the territory reopened its borders early this year and underwent a gradual economic recovery. In light of the persistent labour shortage in the hotel industry, the Federation of Hong Kong Hotel Owners (FHKHO) conducted a "Survey on Manpower Shortage and Importation of Labour in the Hotel Industry" in May 2023. The result demonstrates that the hotel industry is short of over 9,000 practitioners, a marked difference from the 2,200 indicates in the "Quarterly Report of Employment and Vacancies Statistics" of the Census and Statistics Department published in December 2022. Given the completion of new hotels in the coming four years, the number of guest rooms will surpass 91,000, leading to a critical staff shortage of over 12,000. Understaffing will adversely affect the receiving capacity and service quality of hotels, and will have negative impacts on the development of the hotel and tourism industries as a whole. Therefore, top priority must be given to resolving the urgent manpower shortage in the industry.

This situation is continuously worsened by the city's aging population and declining birth rate, coupled with the current manpower shortage and talent loss in the overall hospitality industry. Other sectors, such as retail, catering and financial services, are plagued by similar issues, leading to a vicious cycle of competition for talents.

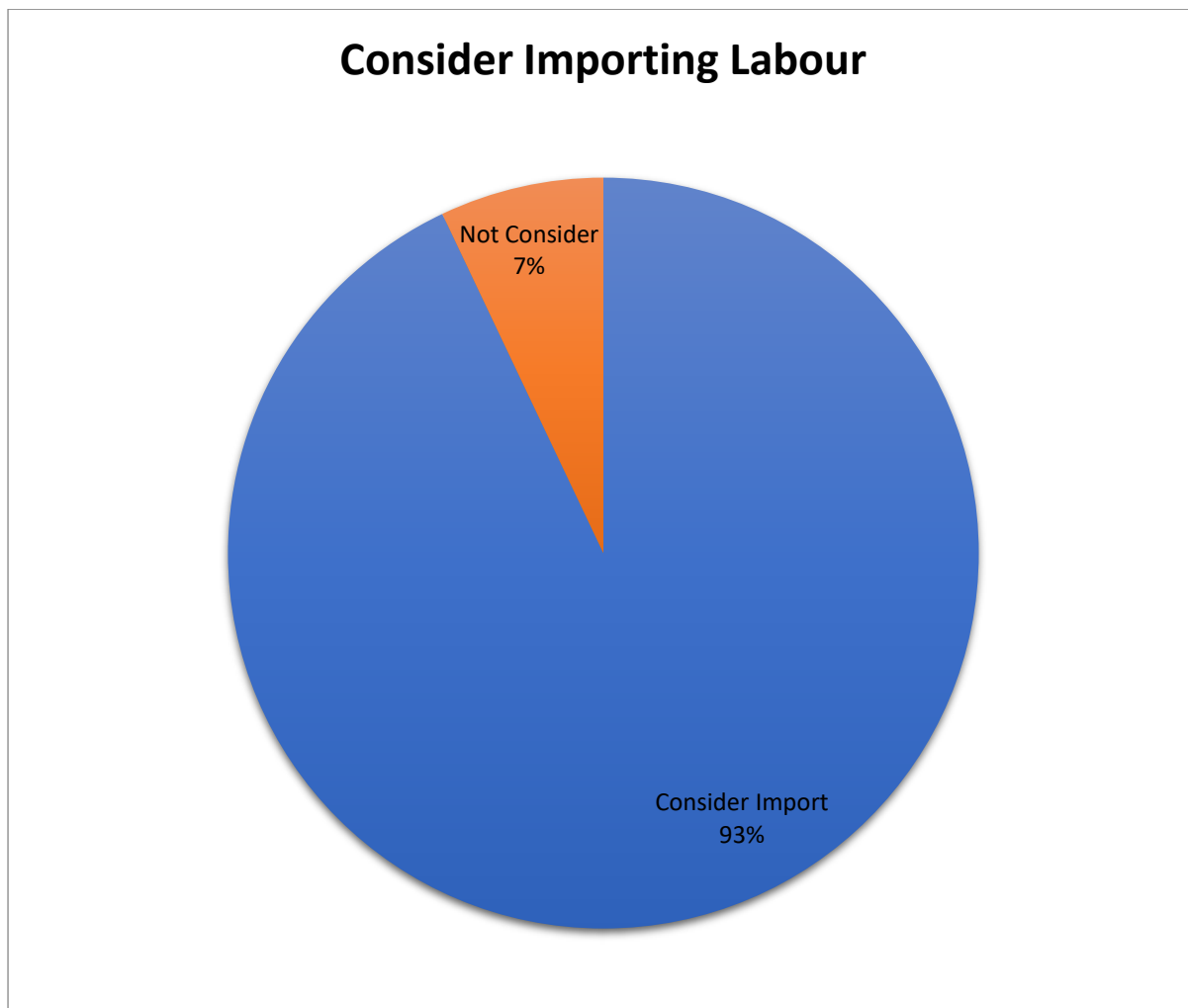
Labour shortage situation in Hong Kong

- Our recent survey indicates estimated vacancies of 9,000 in Hong Kong, almost 4 times figures of Census and Statistics Department figures from Dec 2022¹.
- Base on the most recent survey, the Hotel industry has an estimated shortage of 12,000² headcount in Hong Kong.
- 93% of respondents would consider importation of labour to fill vacancies.
- 100% of respondents will consider importation of labour to fill Front Office vacancies, followed by 72% for Back Office vacancies and 49% Supervisor grade staffs.
- The highest demand by Job Nature ranked:
 - Housekeeping 35%
 - Food & Beverage 31%
 - Front Office 20%
- Breakdown of Types of vacancies ranked:
 - Room Attendant and Public Area Cleaners 28.92%
 - Front Desk 17.83%
 - Captain, Waiter/Waitress 14.89%
 - Chefs and Cooks 9.47%
- Other notable vacancies
 - Technician
 - Laundry & Uniform Attendant
 - Security Officers
 - Dishwasher
- 76.47% of respondents prefers labour source from Mainland cities.
- 48.24% of respondents willing to offer Housing subsidy to reside in HK, 31.76% prefers Cross-border commuting daily, and 31.76% will offer staff quarters

¹ C&SD Quarterly report of Employment and Vacancies Statistics December 2022 indicates 2,285 vacancies

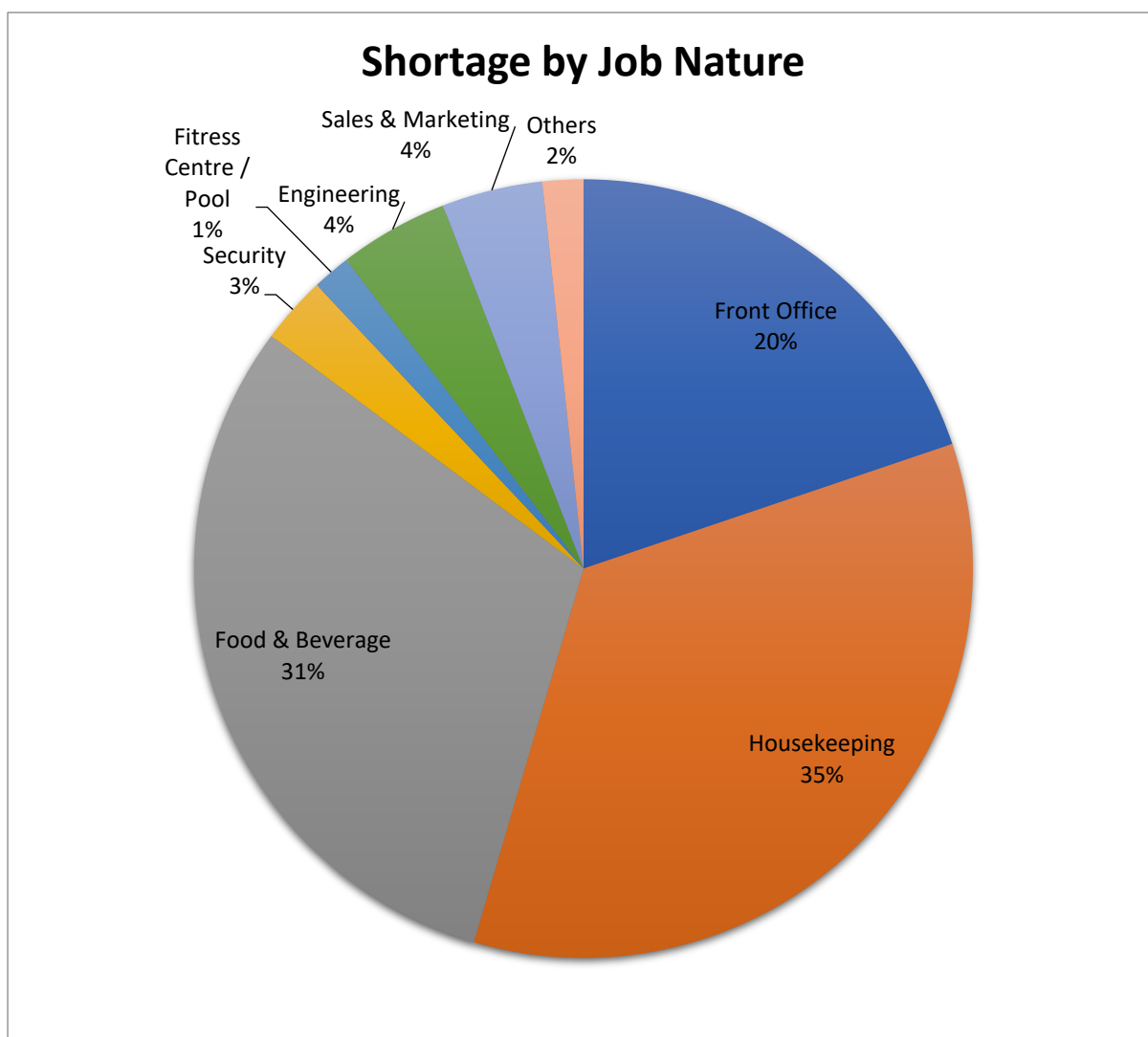
² Manpower required to service over 91,000 rooms for hotel and guesthouses, and hotel projects in the next five years and projects without specific completion date

93% of respondents would consider importation of labour



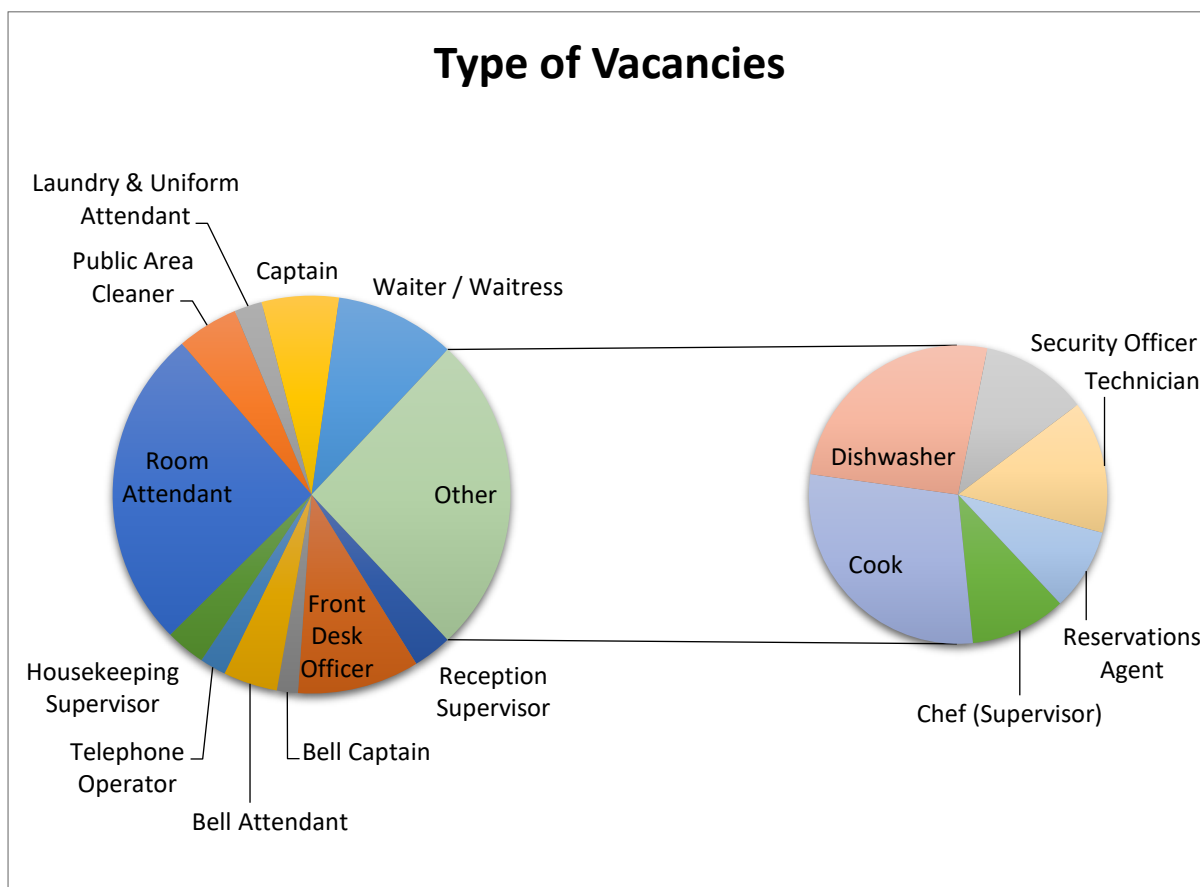
The biggest shortage by Job Nature ranked:

Housekeeping	35%
Food & Beverage	31%
Front Office	20%



Breakdown of types of vacancies ranked:

Room Attendant and Public Area Cleaners	28.92%
Front Desk	17.83%
Captain, Waiter/Waitress	14.89%
Chefs and Cooks	9.47%

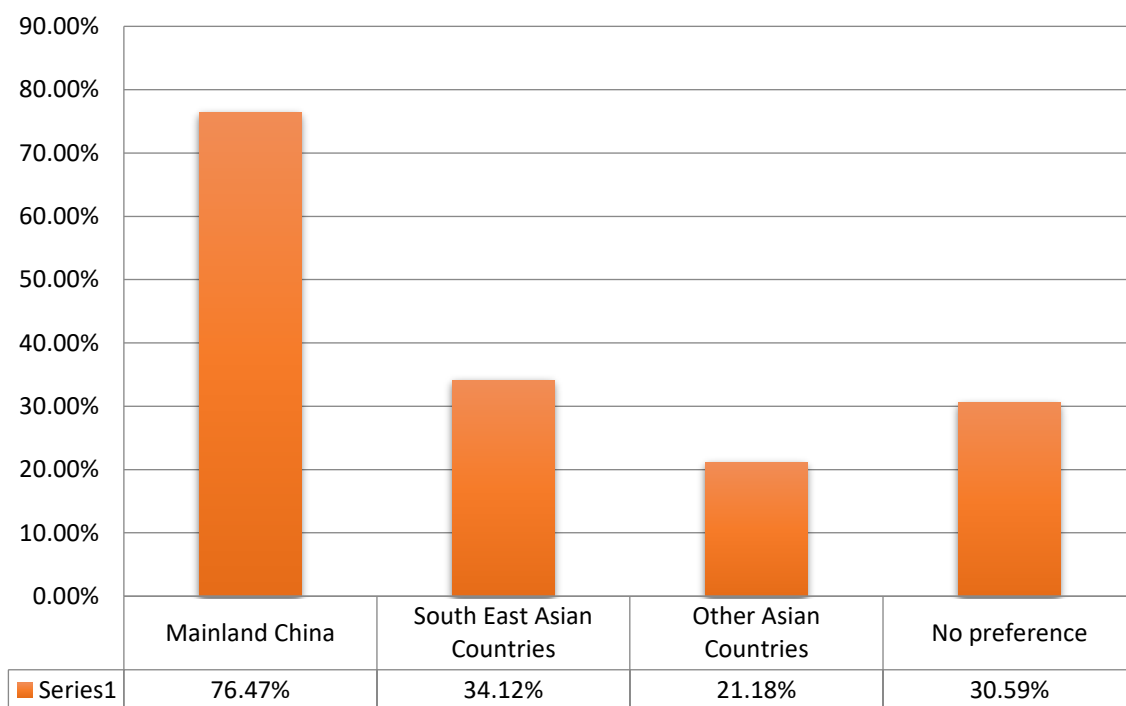


Other notable vacancies:

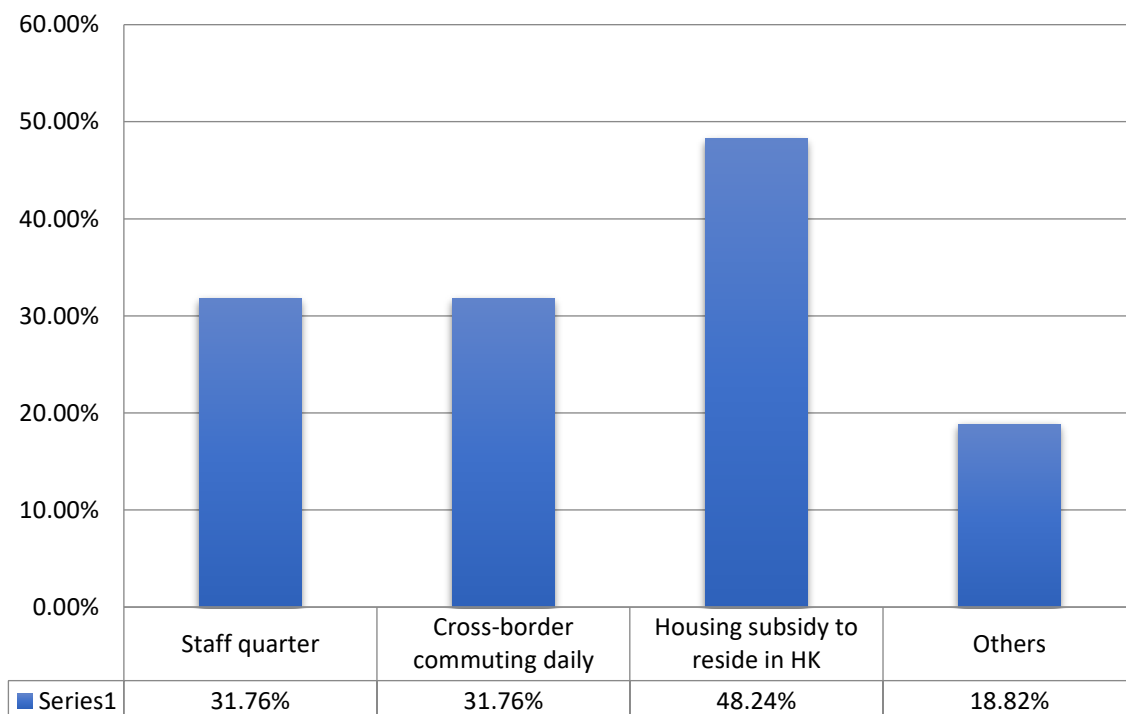
Technician, Laundry & Uniform Attendant,
Security Officers, Dishwasher



Origin of Imported Labour



Accommodation for Imported Labour



On the premise of safeguarding the employment priority for local workers, specific suggestions are as follows:

A. Unleash supply of local workforce

1. Strengthen support for Carers

An increasing number of workers left the workforce to take care of family. To facilitate carers in balancing family and work commitments, the Government, schools and non-profit organisations should enhance collaboration on “after-school care services”, so that carers can pick up their children only after work. This will provide an incentive for potential workforce to consider re-joining the labour market while achieving a balance between family and work, directly contributing to increasing the local labour supply.

B. Enhance Policies for attracting talents to Hong Kong

1. Partnership with institutions in the Greater Bay Area (GBA)

To solidly the Cultural and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the Plan) by the Ministry of Culture and Tourism, the Office of the Leading Group for the Development of the Guangdong-Hong Kong Macau Greater Bay Area and the People’s Government of Guangdong Province. The Government is recommended to promote cooperation between institutions in Hong Kong and the GBA to groom Mainland talents for the hotel industry. Hong Kong could act as the training hub for GBA, carry out various forms of cooperation in running education programmes, cultivate international tourism management talents and professional technicians, so as to maintain a high level of quality service and talents in the hotel industry.



2. Mutual recognition of academic and professional qualifications

Efforts should be made to explore pursuing the mutual recognition of specialist qualifications between the Mainland and Hong Kong. This will provide an opportunity for the diversified development of students and instil enormous momentum into the nurturing of talents between markets within the GBA region. Mutual recognition of qualifications plays an important role in driving the development of high-calibre talents, and should therefore be expedited to facilitate the establishment of qualification frameworks for various industries in Hong Kong and their Mainland counterparts. Deeper collaborations should be explored to provide more development and exchange opportunities for people from different sectors, who may continue to contribute to Hong Kong after completion of studies.

3. Extend local internship and exchange programmes

Currently, non-local students enrolled in full-time locally-accredited sub-degree local programme with a study period not less than two academic years may also apply to take up an internship of up to six months. However, such duration is too short for constructive training and internship purposes. The hotel industry suggests that the duration of the internship should be extended up to two years.



4. Proactive promotion of retraining schemes

Proactive promotions of government schemes and provide appropriate employment services support for the industry. Incentive should be given to local workers to enhance their long-term earning capacity through retraining schemes. It is advised that the cap of retraining subsidy of \$5,800 be significantly enhanced, so that workers can make ends meet during retraining. It is also worth considering to incentivise those who finds a suitable job after completing the retraining course.

5. Proactive offering of “qualification framework” and “career-oriented” curriculums

Improve vocational education, enhance cooperation between the commercial and academic sectors in manpower training, actively facilitate the promotion of life planning at schools, proactively offer “qualification framework” and “career-oriented” curriculums, and arrange internship, job matching and other services for students, with a view of nurturing talents and enhancing the quality of the workforce.

C. Measures for importation of labour

According to the result of our “Survey on Manpower Shortage and Importation of Labour in the Hotel Industry”, over 90% of respondent would consider importation of labour to fill vacancies. The persistent manpower shortage in the hotel industry has not been fully addressed by the local supply, leading to increasing work anxieties stresses, worsened attrition of talents, low morale among employees and a long-term impact on service quality. All these demonstrate the critical need for the importation of labour.



1. Formulate special schemes for the hotel industry

Setting a quota of 9,000 imported workers for the hotel industry will help address the persistent manpower shortage in the industry. On the premise of safeguarding the employment priority for local workers, the Government can import labour on an appropriate and regulated basis, while enabling employers to apply for imported labour via different schemes to maintain the competitiveness and development needs of Hong Kong.

2. Lift restrictions on 26 trades

In 1996, Legislative Council passed the “Supplementary Labour Scheme”, of which has been carried out by the Labour Department. Yet, most workers with lower education levels/skills are not included in the Scheme. Accordingly, workers with lower education levels/skills are necessary for the tourism and hotel industries per our survey, such as room attendants, catering staff and receptionists, are excluded. The exclusion was in consideration of protection of local workers with lower education levels at the time. However, a policy introduced 25 years ago is obsolete with current situation. In response to social needs, the HKSAR Government should embark on a comprehensive reform. If imported labour can be made available effectively for certain trades, such as sales representatives, waiters/waitresses/receptionists, cooks, telephone operators, laundry washers, tourism-related staff and hotel cleaners, accordingly local workforce can be released to fill other job openings. The restriction lift on the 26 trades is conducive to address the shortage of labour the market needs.



3. Simplify application procedures

The Supplementary Labour Scheme has been implemented for more than 25 years. However, over the past five years, only an average of 952 cases were approved, of which the average number of imported workers for wholesale, retail, import/export trade, food and beverage, and hotel industries was 230 workers, with a success rate of only 52%. The processing time of an application can take nine months for approval in some cases. Approved cases overweigh in the welfare and elderly care sectors, and whilst the hotel industry applications dwindled due to the complexity of procedures. The industry is hopeful that that the Government can optimise and shorten the application procedures to two months.

4. Accommodation for imported workers:

According to our survey, the industry responded that accommodation could be arranged for imported workers in a flexible and innovative way. Generally the greatest difficulty for the importation of labour lies in employers' inability to provide accommodation for imported workers. In this regard, suggestions are made as follows:

- i) Accommodation for imported workers can be constructed by, for example, converting mobile cabin hospitals.
- ii) Point-to-point same-day transport services can be arranged according to work locations, with priority given to those who live in the Mainland, such as GBA cities Shenzhen and Zhuhai.
- iii) Government support can be provided for employers arranging accommodation for imported workers.



D. Innovative technology

Funding and policy support to promote and encourage the hotel industry to enhance service quality by increasing the application of technology. In order for the hotel industry to evolve with time, a new government funding scheme can be set up to promote hotels integration of innovative technology into operation and management, thereby enhancing the international image and competitiveness of Hong Kong's hotel industry. Artificial intelligence can also be applied to upgrade and transform business processes through the R&D of innovative technology equipment, which will in turn reduce the anxieties and strains as a result of manpower shortage.

The increasingly alarming staffing shortage in Hong Kong will inevitably affect the economic recovery of the market. The industry is hopeful that the Government will maintain closer communication and cooperation, empathize with its opinions, and adopt the above-mentioned suggestions, including unleashing the local workforce, enhancing education and training, facilitating innovative technology-enabled transformation and adopting measures for the importation of labour, so to tackle the root cause of manpower shortage and ignite the high-quality economic development of Hong Kong.

**The Federation of Hong Kong Hotel Owners
June 2023**