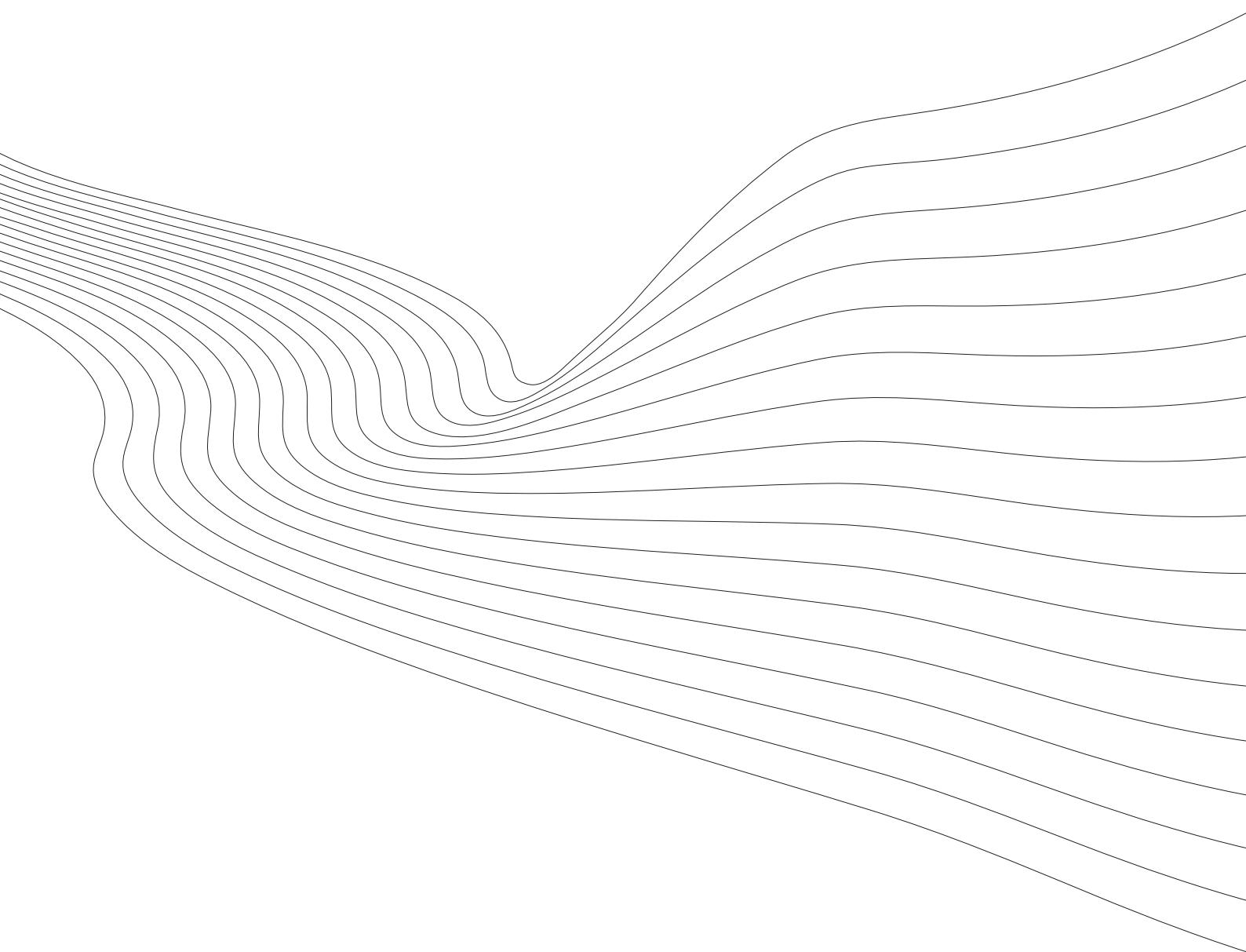


KOF Factbook Education System Hong Kong



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List of Abbreviations

CIA	Central Intelligence Agency
CIC	Construction Industry Council
CITA	Clothing Industry Training Authority
DVE	Diplomas in Vocational Education
EDB	Education Bureau
ERB	Employees Retraining Board
FSTB	Financial Services and Treasury Bureau
GDP	Gross Domestic Product
GII	Global Innovation Index
HKAPA	Hong Kong Academy for Performing Arts
HKCAAVQ	Hong Kong Council for Accreditation of Academic and Voc. Qualifications
HKDSE	Hong Kong Diploma of Secondary Education
HKEAA	Hong Kong Examinations and Assessment Authority
HKQF	Hong Kong Qualifications Framework
ILO	International Labour Organization
IPASS	Information Portal for Accredited Post-secondary Programmes
ITACs	Industry Training Advisory Committees
KOF	Swiss Economic Institute
NAS	New Academic Structure
NSS	New Senior Secondary
OECD	Organisation for Economic Co-operation and Development
PET	Professional Education and Training
PPP	Purchasing power parities
R&D	Research and Development
SAR	Special Administrative Region
TFP	Total Factor Productivity
UGC	University Grants Committee
US	United States of America
VDP	Vocational Development Programme
VET	Vocational Education and Training
VPET	Vocational Professional Education and Training
VTC	Vocational Training Council
WEF	World Economic Forum
WENR	World Education News and Reviews
YETP	Youth Employment and Training Programme
YLMIndex	Youth Labour Market Index

FOREWORD

In the last years, vocational education and training has received more and more attention. The increased pressure to upgrade the skills of the workforce through an increasingly competitive world economy, or the high youth unemployment rates in the aftermath of the world economic crises putting pressure on politicians to provide solutions could be part of the reason why. In fact, vocational education has been suggested as one major solution to these problems since it provides an education pathway for those who do not continue with tertiary level education and helps upgrading the skills of those who would have started working immediately and would have received some form of on-the-job training.

The increased attention for vocational education and training was in particular perceptible among policy makers. In Europe, the European Commission defined common objectives for the further development of the vocational education and training systems of the European countries for 2020 and an action plan for the upcoming years in the *Bruges Communiqué on enhanced European cooperation in vocational education and training for 2011-2020* (European Commission, 2010). In the United States, Obama mentioned in a speech that he wanted to increase the investment in vocational education and training system of the United States of America (The White House, 2015). But also many other countries worldwide, such as South Korea or Hong Kong, show increased interest in extending their vocational education system.

Worldwide, only a few countries have a well-elaborated and efficient vocational and professional education and training (VPET) system, among these the Swiss VPET system. It is a good example of how an education system can contribute to the successful matching between market demand and supply. It is highly efficient in getting the adolescents into the labour market (7.7% from 2005-2012, compared to the OECD average of 14.6%, OECD, 2015).

Though not many countries have VPET system that is comparable to Switzerland, many have a vocational component in their education system. To provide information about the education systems of other countries, with a special focus on the part of the education system teaching vocational skills, is the major purpose of the KOF Factbooks Education System.

SUMMARY

In the KOF Factbook Education System Hong Kong, we will describe the vocational system of Hong Kong in general and in particular refer to factors which are crucial for the functioning of the system. Among others, these comprise the regulatory framework and the governance of the VPET system, specifying the actors that are involved and which competencies and duties they have. Further, the curriculum development and the actors involved in this process, as well as the financing of the system, etc.

The Factbook is structured as follows. We will refer to Hong Kong's economy, labour market, and political system in the first part of this Factbook. The second part is dedicated to the description of the entire formal education system. The vocational part of Hong Kong's education system will be explained in the third part. And finally, the last section gives a perspective about the set of reforms Hong Kong's education system went through in the past and will face in the future.

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The KOF Factbook Education System series has to be regarded as work in progress. The authors do not claim completeness of the information which has been collected carefully and in all conscience. Any suggestions for improvement are highly welcome!

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1. Hong Kong's Economy and its Political System

One of the main purposes of an education system is to provide the future workforce with the skills needed in the labour market. The particularities of a country's economy and labour market are important factors determining the current and future demand for skills. Therefore, they will briefly be described in the first part of this Factbook. In addition, this part provides an overview of Hong Kong's political system with emphasis on the description of the education politics.

1.1 Hong Kong's Economy

Located on a small half-island, Hong Kong is with 7 million inhabitants an economic hub and one of the big world cities. With a gross domestic product (GDP) of 51,509 US\$ per capita in 2013¹, the living standard in Hong Kong is comparable with that other western economies like the United States of America (US) or Switzerland, with US\$ 51,451 per capita, or US\$ 51,734 in 2013 respectively (World Bank, 2015).

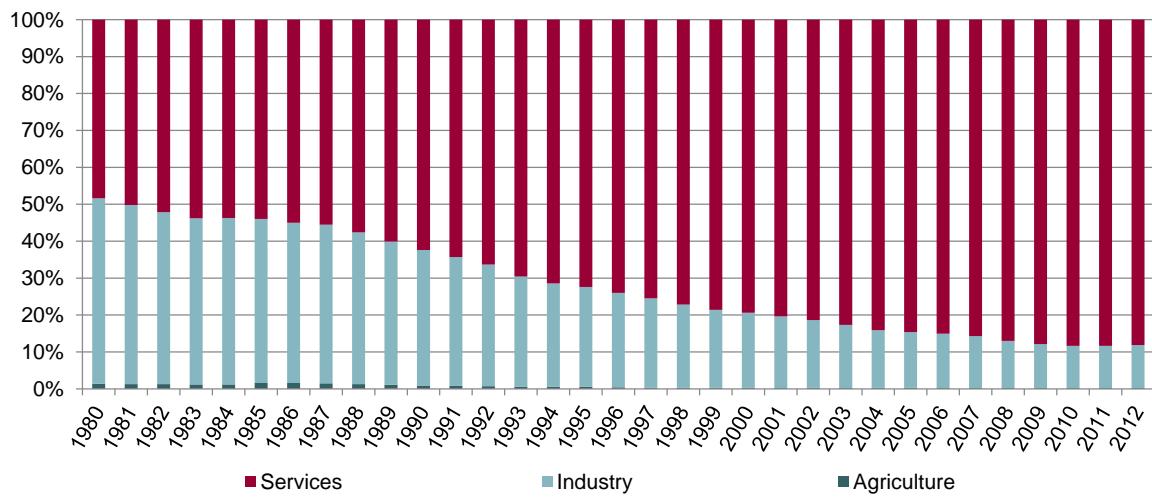
Hong Kong is said to be one of the most liberal market-economies in the world. However, behind the scenes the government exerts control over certain parts of the economy. After the handing-over of the state sovereignty by the Britain's in 1997, China gave Hong Kong the status of a special economic zone with high autonomy (CIA, 2014). Hong Kong's economy is based on international trade and finance, since its natural resources are limited. The value of goods that are traded through the country is about four times its GDP. In doing so, Hong Kong has no tariffs on imported goods. Although the country has a free market economy, there is an increasing integration with China, trough trade, tourism, and financial links. Thereby, the country is very important as a financial centre. As a matter of fact, Hong Kong has established itself as the premier stock exchange for Chinese firms seeking to list abroad. According to the CIA (2014) Factbook, the Hong Kong Stock Exchange accounted for about 57.4% of the Chinese market capitalization.

In the time period from 1980 until 2013, Hong Kong reached the highest growth rates of its GDP of 7.4% per annum (p.a.) during the 1980s. During that time, output growth was mainly driven by the manufacturing industry, in particular by the subsectors involved in exporting and re-exporting activities.

¹ Purchasing power parities (PPP), constant 2005 international dollars. World Bank 2015 data retrieved from quandl.com.

In the 1990s, a restructuring of Hong Kong's economy took place. Most of the manufacturing sector was reallocated to mainland China and the services sector was extended. In addition, the focus of the economic activities was laid on business areas with higher value added, namely in trade and financial-related services, and the growing trade and financial links with the mainland China were spurring the demand for these services. Also, an increased accumulation of human capital through more and better education and on-the-job training was achieved, which increased the competitiveness of the domestic labour force (Cheng and Ho, 2009). In terms of employment levels, this restructuring process was a seamless transition from lower to higher productivity sectors: the job losses in the manufacturing sector were nearly offset by the job creation in the service sector (Cheng and Ho, 2009). This can be seen in Figure 1. This development lead to an employment share of the service sector of 88% of total employment, with a share in the gross value added of even 93% of total GDP in 2013.

Figure 1: Employment by industry (as % of total employment)



Source: World Bank (2015).

However, in terms of GDP growth, the structural shift of the economy came at a price: GDP growth during the 1990s slowed down to 3.6% p.a. While the restructuring of the economy surely was a major cause for the low output growth, especially at the beginning of the 1990s, the Asian financial crisis in 1998 and the corresponding drop in GDP growth in 1998 was another factor which weighted down on Hong Kong's output growth. After a fast recovery from the Asian financial crisis, the dotcom crisis in 2001 and the recent global economic crisis both lead to a drop in GDP growth. As a highly export-driven economy, Hong Kong is very dependent on the world economy. Accordingly, it was hit hard by each crisis. However, the close connection to China, also in economic terms, helped Hong Kong's economy each time to recover quickly and to settle on the growth path again.

After the Asian crisis in 1998, total factor productivity (TFP) became the major driver of labour productivity growth (with an exception of the dotcom crisis in 2001), resulting in an increase of labour productivity growth. Thereby, the service sector contributed most to the growth in TFP, in particular financial and trade-related services. This was due to the higher value-added content of these two sectors, the improved technological efficiency of production processes and higher quality of labour (higher education attainment and higher work experience), which all can be summarized under TFP. Besides these, also the increasing demand for Hong Kong's service exports by mainland China seemed to have played a significant role for TFP growth. To some extent, the higher labour productivity growth was also triggered through a steady expansion in business equipment spending, especially in IT-related investments (better technologies) (Cheng and Ho, 2009).

Although Hong Kong is relatively small compared to the rest of China, its economy belongs to the most competitive economies of the world. According to the WEF Global Competitiveness Index rankings 2013-2014 (WEF, 2013), Hong Kong is classified as an innovation-driven economy and ranks seventh among all other countries in the competitiveness ranking. Since last year, the country has advanced a further two positions since the last year. In Southeast-Asia, only Singapore has an equal level of competitiveness (rank 2), whereas China only ranks on the 29th position. The index includes 12 dimensions, such as the quality of intuitions, the macroeconomic environment, innovations, etc. Hong Kong's strong performance can be attributed to its infrastructure and its efficient economy (goods market, labour market, and especially financial market development). According to the WEF Global Competitiveness Report 2013-2014, Hong Kong has to improve its system of higher education, and its innovativeness in order to be able to compete with the most competitive countries. With respect to the latter, the country has especially to deal with the quality of research as well as the limited availability of scientist and engineers.

Hong Kong's innovation capacity is comparable to the competitiveness of its economy. According to the Global Innovation Index (GII) 2014 (Dutta et al., 2014), Hong Kong ranks on 10th position and constitutes, together with Singapore, the most innovative economy in Asia. According to the GII, Hong Kong's strengths are built on infrastructure, market sophistication, as well as ecological sustainability, credit and knowledge absorption. However, since 2011, Hong Kong has lost dropped from the 4th to the 10th rank. According to Fuller et al. (2009), Hong Kong is reasonably innovative due to its tertiary education system and the education of technologists, although the quality of on-the-job training has to be questioned.

1.2 The Labour Market

In the first part of this section, we will describe the general situation on Hong Kong's labour market. In the second part, we will refer to the youth labour market in particular.

1.2.1 Overview of Hong Kong's Labour Market

The level of competitiveness and innovation performance of Hong Kong's economy is closely related to the labour market. In 2013, about 70.8% of Hong Kong's population older than 15 participated in the labour force (Table 1).

Table 1: Labour force participation, unemployment by education 2013 (Hong Kong & Singapore)

	Labour force participation		Unemployment rate	
	Hong Kong	Singapore	Hong Kong	Singapore ^[1]
Total (15+ years)	61.2	67.6	3.4	4
Youth (15-24 years)	38.9	36.1	9.4	9.2
Adults (25+years)	64.7	72	2.8	3.4
Primary education(15+ years)	48.6	40.2	4.2	6.9
Lower, upper and post-secondary education (15+ years)	67.9	83.1	3.4	3.4
Tertiary level education (15+ years)	76.7	[2]	2.7	3.8

Notes: ^[1] For 2008; ^[2] No data available.

Source: ILO (2014).

The labour participation rate is vitally lower for the youth (15-24 years: 38.9%) than for the adults (25+ years: 64.7%). Compared to Singapore, Hong Kong outperforms it only with respect to the labour force participation rate of the youth (15-24 years). Looking at the education level, the labour force participation rate among the adults is highest for those with a tertiary level degree (76.7%) and lowest for those with only primary education (64.7%). For those with a secondary or post-secondary degree, this figure is substantially higher in Singapore.

In 2013, Hong Kong's overall unemployment rate was relatively low (3.4%, Table 1). The same was true for the unemployment rate among adults (2.8%). Still, youth unemployment in Hong Kong was with 9.4% significantly higher than among the adults. According to the figures by education level, one can see that the risk of becoming unemployed decreases the higher the educational attainment. Compared to Singapore, Hong Kong's unemployment rates are similarly, but slightly below that of Singapore.

Compared to other countries, Hong Kong has relatively moderate regulations for the labour market. According to Doing Business Report (2014), Hong Kong hardly regulates the hiring

and firing of employees. The trade union density is low in Hong Kong², but there is a general minimum wage (794.99 US\$/month).

1.2.2 The Youth Labour Market

The KOF Youth Labour Market Index (KOF YLMI)

To compare the labour market situation of adolescent across countries, the KOF Swiss Economic Institute developed the KOF Youth Labour Market Index (KOF YLMI). The basic idea behind this index is that a single indicator, such as the unemployment rate, does not suffice to describe the youth labour market adequately and to provide enough information for a comprehensive cross-country analysis. To improve the information content of such an analysis and to foster a multi-dimensional approach, the index consists of twelve labour market indicators⁷, which are summarized in four categories.

Dimensions of the KOF YLMI
Activity state Unemployment rate Relaxed unemployment rate ³ Neither in employment nor in education or training rate (NEET rate)
Working conditions Rate of adolescents: with a temporary contract in involuntary part-time work in jobs with atypical working hours in work at risk of poverty ⁴ Vulnerable unemployment rate ⁵
Education Rate of adolescents in formal education and training Skills mismatch rate
Transition smoothness Relative unemployment ratio Long-term unemployment rate ⁶

Source: Renold et al., (2014).

The first category describes the *activity state* of the young, specifically of those between 15-24 years old, on the labour market. Therein, the adolescents are classified according to whether they are employed, in education or neither of both (unemployed, discouraged and neither in employment nor in education or training, see info box to the right). The category *working conditions* and the corresponding indicators reflect the kind and the quality of jobs of the working youth. The *education* category accounts for the share of adolescents in education and training and for the relevance of and need for their skills on the labour market. The fourth category, *transition smoothness*, shall connect the other three categories by capturing the school-to-work transition phase of the youth. Each indicator of the KOF YLMI ranges from 1 to 7. Thereby, a higher score reflects a more favourable situation on the youth labour market and a more efficient integration of the youth in the labour market.

² In 2012: 23.7% of paid employments (ILO, 2014).

³ It is calculated as the number of unemployed and discouraged workers as a share of the entire labour force. Discouraged workers have given up the search for work (not actively seeking), although they have no job and are currently available for work (also: "involuntary inactive").

⁴ Those who cannot make a decent living out of their earnings, being at risk of poverty as a percentage of the working population.

⁵ Share of the employed population working on their own account or those working in their family business and thus contributing to the entire family income. Both are less likely to have formal work arrangements and are therefore less protected by labour laws and more exposed to economic risk.

⁶ Those unemployed for more than one year (52 weeks) in the total number of unemployed (according to the ILO definition).

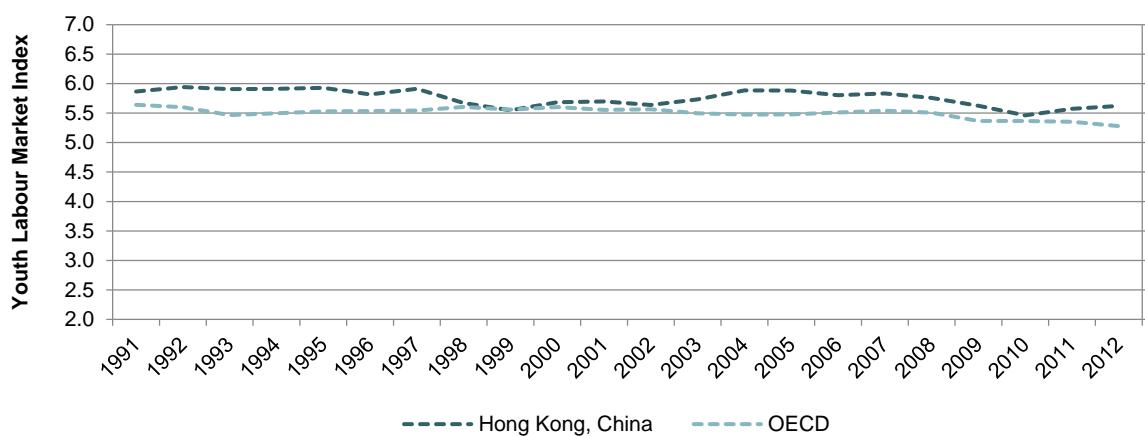
⁷ The data for these indicators are collected from different international institutions and cover up to 178 countries for the time period between 1991 and 2012.

One of the major drawbacks of the KOF YLMI is the data availability. Often, a category is based on a single indicator or no indicator for that category exists at all. This could make comparisons across countries or groups of countries problematic or even impossible; as it can be seen in the following.

The Youth Labour Market Index for Hong Kong

In the case of Hong Kong, there are only two of the above mentioned indicators available: the unemployment rate and the relative unemployment ratio. Therefore, the KOF YLMI is very limited.

Figure 2: The Youth Labour Market Index for Hong Kong versus the OECD average 1991-2012



Source: KOF Swiss Economic Institute (2015).

Figure 11 shows the evolution of the (limited) KOF YLMI for Hong Kong for the time period 1991-2012 and compares it with the OECD average. According to the overall index value, Hong Kong outperformed the average of all OECD countries in the entire period. Two drops in Hong Kong's KOF YLMI value can be observed. The first incurred after the Asian financial crisis in 1997, and the second after the global financial crisis in 2008. Hong Kong reached a turning point regarding the index in 2010 and shows now a tendency for an improvement on the youth labour market.

1.3 The Political System

Getting to know the basics of a country's political system and the political goals with respect to its education system, are crucial points for the understanding of the education system in a broader sense. In the first part, we explain Hong Kong's political system in general. The politics and goals and regarding the education system will be referred to in the second part.

1.3.1 Overview of Hong Kong's Political System

"One Country, Two Systems" is the official constitutional principle worked out by Deng Xiaoping, when Hong Kong joined the People's Republic of China in 1999. Since then, Hong Kong is classified as a Special Administrative Region (SAR) and has been able to keep its free capitalistic market economy, while the People's Republic of China still makes use of the socialistic system. In doing so, the country is led by the Chief Executive who is advised by the Executive Council. The political system of Hong Kong is structured into two main levels: the central level and the 18 districts. While most legislation is taken part on the central level by the Legislative Council, the district councils advise on the implementation of policies in their respective areas.

According to the law, the Chief Executive is elected by a broadly representative election committee and is appointed by the Central People's Government. However, the election committee is de facto controlled by the Chinese Government, so that it can be stated that the Communist Party decides about who will become Chief Executive. The Chief Executive has a powerful position, since he decides not only on government policies, but he is also responsible for the implementation of the basic laws. Moreover, he possesses a veto right for all bills and budgets passed by the legislative council. In addition, he appoints or removes judges and holders of public offices. However, his most important function is to represent the government of the People's Party of China and thus he is responsible to implement the directives issued by the communist party.

The members of The Executive Council are appointed by the Chief Executive. The Council comprises the 15 Principal Officials and 14 non-official members. The council usually meets once a week and discusses issue which were brought from the Chief Executive to the agenda. During the meeting, the council advises the Chief Executive who makes the final decision by himself. (Information Services Department, 2014)

1.3.2 Politics and Goals of the Education System

Since Hong Kong has a special status within the People's Republic of China, the country has maintained its own system of education. The Education Bureau only reports to the Hong Kong government. In general, the education system is pretty much influenced by the British colonial legacy and has undergone several periods of change. First designed as an elitist system, the government aimed at providing a more universal education afterwards. However, renewed efforts were made towards a more comprehensive education reform, since the society's expectations for education had changed in the recent years towards a more specific education. In anticipation of a new public examination of the higher education in 2012, the New Senior Secondary curriculum was launched in 2009 (OECD, 2011).

According to Cheung et al. (2011), Hong Kong has recently tried to seek new ways to attract more international students in order to develop the country into a regional education hub, since the country has a limited supply of scientist and engineers. Hong Kong's government is also interested in promoting its higher education services to other Asian regions. In order to succeed, the authors suggest the government to invest more in higher education and R&D, to provide scholarships, engage in international agreement and policy dialogues, and to participate in promotional activities and marketing research. The implementation of these policies not only requires additional investment, but more importantly, it requires more careful policy planning.

2. Formal System of Education

Hong Kong is a special administrative region of the People's Republic of China. As such, it has a special legal status, stemming from its history as a former British colony until 1997 and the following handover of sovereignty to China. After the shift of sovereignty from England to China, Hong Kong preserved its autonomy except in the areas of military defence and diplomatic relations (CIA, 2014). The autonomy also applies to its education system, supervised by an Education Bureau (EDB) accountable to the government of Hong Kong and not to the Chinese Ministry of Education. Therefore, it is quite distinct from the rest of China (OECD, 2011:98). With the latest reform, Hong Kong's education system, which originally resembled the British model, was transformed into a more US-oriented education system (Mok and Cheung, 2011: 236). In the following, the characteristics of the education system will be presented with a special focus on Vocational Education and Training (VET). Table 2 below shows the enrolment rates of students at the different levels of education.

Table 2: Student Enrolment by Level of Education (thousands)

Level of education	School Year		
	2008/09	2012/13	2013/14*
Kindergarten	139.2	166.4	171.5
Primary	369	320.7	324.2
Secondary	511.9	439.1	417.1
Post-secondary	279.9	330.3	330.4

Note: ** Provisional numbers

Source: Education Bureau Hong Kong (2014).

2.1 Early Childhood Education

All children aged between 3 to 6 years have the possibility to visit the kindergarten. All kindergartens in Hong Kong, are privately operated, i.e. organized as either private non-profit making or private independent kindergartens (EDB, 2012a). They are registered under the

Education Ordinance, supervised by the EDB and receive some form of assistance from the government such as rent subsidies or provision of room in public housing (GovHK, 2014). Kindergarten attendance is not compulsory.

Number of children: In 2013/14, a total of around 171,500 children were enrolled in a total of 969 Kindergartens. This figure depicts an increase in the number of pupils over the last years. In 2008/09 there were only around 139,200 pupils attending Kindergarten.

Student-teacher ratio: The ratio in local Kindergartens was 9.3:1 in 2013/14

Source: EDB (2014a)

2.2 Primary Education

In general, three types of schools exist on the primary as well as on the secondary level: government operated schools, government aided schools and private schools. From the age of six years onwards, children attend primary school for six years. Under the Primary One Admission System, parents can indicate their preferences of either government or government-aided schools. Their preferences will be considered afterwards, during the allocation of their children to schools through the EDB (EDB, 2012a).

Number of students: Following the ageing trend of Hong Kong's population, the number of students enrolled in primary schools has declined over the past years. In 2013/14 there were around 324,200 students enrolled in 569 schools, whereas in 2008/09, there were around 369,000 students in 601 schools.

Student-teacher ratio and class size: One effect of the decline in numbers of students over the past years is that the student-teacher ratio also came down. In 2008/09 it was 16.4:1 whereas in 2013/14 it is only 14.2:1. The average class size declined from 30.9 students in 2008/09, to 27.1 students in 2013/14.

2.3 Secondary Education

As Hong Kong was a British colony until 1997, the subsequent education system – in place until 2009 – was very similar to the British education system with an intermediary exam required to move to upper secondary education (WENR, 2013).

After the reforms and the implementation of a new system – also referred to as 3-3-4 Scheme or New Academic Structure (NAS), secondary education in Hong Kong now is divided into a junior (lower) and a senior (upper) secondary education which both last three years. After secondary education, higher education and a potential Bachelor's Degree lasts four years (hence 3-3-4 Scheme).

Though compulsory education lasts nine years, one incentive to reform the old system was to enable more students to receive six years of secondary education (EDB, 2009), thereby also following the strategic goal to increase the participation rate for tertiary education from 30% in 2000 to 60% in 2010 (Lee and Young, 2003: 149). This policy objective had already been achieved in 2006 with a participation rate of 66% (EDB, 2009).

Number of students: As already described in the numbers of primary education, a decline in numbers can also be observed on this level. In 2013/14 there were around 417,100 students enrolled in 514 schools whereas in 2008/09, there were around 511,900 students in 527 schools.

Student-teacher ratio and class size: After the ratio was 16.4:1 in 2008/09, it shrunk to 13.5:1 in 2013/14. The average class size in 2013/14 was 31 students. A comparison with 2008/09 is difficult because, as described, the system of secondary education changed in 2009 from a former system of 5+2 years with an intermediate exam to the new system of 3+3 years without exam.

After the implementation of the reforms, the formerly UK-based education system of Hong Kong nowadays is more similar to that of China, the United States or Australia (WENR, 2013).

The first three years of junior secondary education (grades 7 to 9) are mandatory for all students. After completion, there is either the possibility to continue to the senior secondary level or leave secondary education after three years and continue with initial vocational education in one of the full-time courses run by the Vocational Training Council (VTC) (see section “initial vocational education”). In either case, i.e. whether they choose senior secondary or vocational full-time courses provided by the VTC (GovHK, 2014), both education pathways are free of charge for students (all in all 12 years of free education).

Those who choose to continue another three years in general education, progress to the New Senior Secondary (NSS). The curriculum of the NSS includes four core subjects (Chinese, English, Mathematics and Liberal Studies), two to three elective subjects (for example Biology, Literature or courses of applied studies), plus other learning experiences (for example moral and civic education). A public examination – the Hong Kong Diploma of Secondary Education (HKDSE) – has to be taken after the completion of the additional three years of the NSS.

The top 20% of the HKDSE qualify to continue their studies in one of the government-funded universities, whereas the others may apply to self-financing institutions in Hong Kong or abroad, or continue their studies at the sub degree level, including higher diplomas provided by the Vocational Training Council, associate degrees provided by the community colleges, and the continuing education provided by sections of local institutions⁸, as well as private institutions (Tam, 2013:744).

2.4 Post-secondary education

Hong Kong's post-secondary education system is highly fragmented and there are many different institutions offering post-secondary education programs, ranging from degrees to sub-degrees and higher diplomas. Education policies in higher education rest on the assumption of "big market, small government", which means that they intend to foster market competition between these programs, with a minimum of government intervention (Chao, 2012: 512).

University Grants Committee (UGC)

The **UGC** is a non-statuary body founded in 1965 to advise the government of Hong Kong on funding and development of higher education (UGC, 2014a). Back in 1965, it meant that it advised government on the funding of the then existing two institutions of higher education, whereas today, there are 8 UGC-funded institutions. Members of the UGC are appointed by the Chief Executive of Hong Kong and consist of foreign and local academics and higher education administrators as well as local community leaders (UGC, 2014b). One of UGC's organs is the Research Grants Council. It has the purpose of advising the government on research matters and needs of higher education institutions in the field of academic research as well as distributing research grants through the UGC (UGC, 2014c). Although institutions are autonomous, regulated under their own ordinances, have their own governing bodies as well as their academic freedom is protected by the Basic Law of Hong Kong (in article 137), UGC's policies have a significant influence on their development and therefore on the whole sector (Yang, 2012: 394).

Although there is a huge variety, the system is highly selective and competitive, i.e. only a limited number of pupils can enrol each year. Especially on the publicly funded degree level, where the participation rate was only about 2% in 1970 and though it is higher today (about

⁸ For example accounting and finance part-time courses, offered by the Hong Kong University School of Professional and Continuing Education (HKU-SPACE).

21.3% (UGC, 2014d)), there still is a tough selection and a focus on the top secondary graduates (Wan, 2011, p. 118-120). Regarding the shape of degree level, there are 8 degree-awarding institutions, publicly funded through the University Grants Committee (UGC) (see box), which offer first-year-first-degree places as well as in some cases also sub-degree programs (EDB, 2013). Besides, there are 9 self-financing institutions capable of awarding degrees plus the publicly funded (but not through UGC) Hong Kong Academy for Performing Arts (HKAPA) (EDB, 2012b).

Due to the limited availability, Hong Kong has faced a shortage of undergraduate places (HKEAA, 2013). On the supply side, the UGC-funded institutions and the publicly funded Hong Kong Academy for Performing Arts provided about 15,160 first-year-first-degree places, and the self-financing private institutions about 7,000 places in 2013-14 (Information Service Department, 2014: 127). On the demand side, a total of 28,451 students fulfilled the entrance requirements for local four-year undergraduate programs (belonging to the top 20% of HKDSE Exam graduates) in 2013. Because of this mismatch of demand and supply in local study places, it is no surprise, that Hong Kong is one of the leading consumers of education abroad with around 30,000 students doing their studies abroad (Oleksiyenko, Cheng and Yip, 2013: 1090).

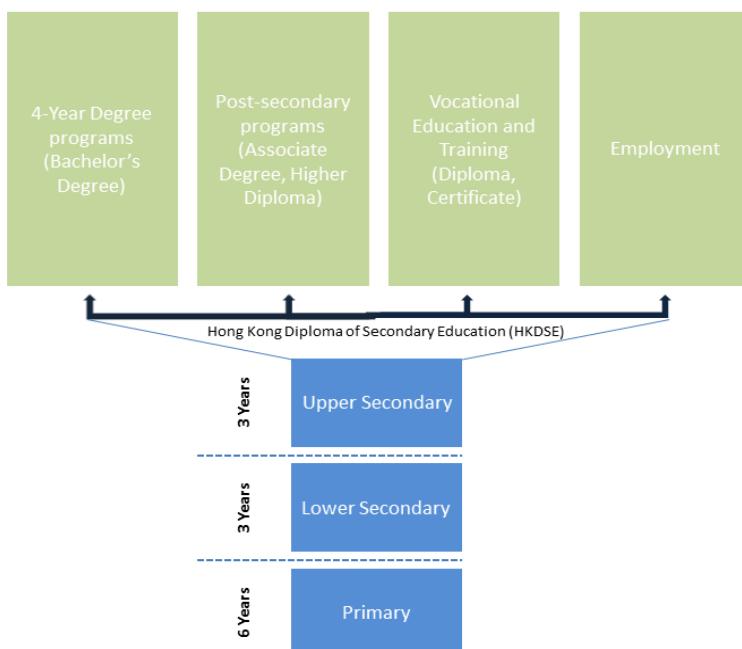
Another consequence of this shortage is that the sub-degree level education sector in Hong Kong plays a vital role in post-secondary education. But also this sector has faced shortages of places. In the 2013 HKDSE exam, a total of 49,816 students were eligible to enrol in sub-degree programs (HKEAA, 2013), while the total number of places available on the sub-degree level was around 38,300 of which about 11,000 places were provided by government-funded institutions and about 27,300 self-financing institutions (EDB, 2014a). So that, also in this part of the education system, there was a shortage of 11,516 places in 2013.

As for the degree-level, there are also minimum entrance requirements at the sub-degree level (which are of course lower). There are two different graduation options: the associate degrees and higher diplomas. The difference between associate degrees and higher diplomas is that the first tends to be more of an academic nature, whereas the second is more vocationally oriented (Wan, 2011: 117). Because this section deals with the academic aspect of Hong Kong's education system, only the concept of associate degrees shall be regarded. Higher diplomas will be dealt with in the section about professional VET.

Based on the American model, the associate degree is offered by community colleges and takes students normally two years to complete. It was introduced in Hong Kong in 2000. Since then, it has experienced a considerable growth from 16 programs and 3,732 enrolled

students in 2001 to 157 programs and 27,822 students in 2011 (Lee, 2014: 2). The degree was originally thought to be used as a stand-alone-attainment, but in the public opinion, a clear identity has not been yet established (UGC, 2010: 40). Instead, most students (and presumably also the institutions delivering the degrees) regard the associate degree as a stepping stone to full degrees, because it offers the possibility to enrol in an undergraduate program (either year one or senior-level) after completion (Waters & Leung, 2014: 62). Concerning employment, the associate degree qualifies for the elementary management level and assistant rank (IPASS, 2014).

Figure 3: Pathways of post-secondary education



Source: own illustration.

3. Vocational Education and Training System

Since the 1970s, Hong Kong's economy went through a structural shift from manufacturing towards service-orientation and a corresponding increase of people working in the tertiary instead of the secondary sector (Wan, 2011: 119). Consequently, the Hong Kong-based manufacturers were forced to outsource their labour-intensive processes to low-wage areas in mainland China or to other low-wage countries such as Cambodia or Vietnam (Chan et al., 2006). Because parent companies, which remained in Hong Kong, began providing trade-related services, the demand for human resources in Hong Kong shifted from blue-collar to white-collar. This shift expresses itself today in the fact that a smaller number of adolescents start with vocational education but instead acquire vocational skills on a more advanced level (Chan et al., 2006: 270-271).

As a result, there are various pathways to vocational education and training (VET) with different entry and exit points. In the following, Hong Kong's system of vocational education and training will be explained by showing the different entry points of the system and the corresponding outcomes. The structure follows the different stages of education, i.e. entry points to VET on the upper secondary level, referred to as VET and on the post-secondary level referred to as professional education and training (PET).

3.1 Vocational Education and Training (Upper Secondary Level)

For the students who quit general education after junior secondary school and therefore do not participate in the new senior secondary school, there are different pathways to VET. Figure 4 depicts the study paths for S3-S5 school leavers under the New Academic Structure (NAS). It shows the possibilities of VET shaded in green and blue. The green area denotes the school-based VET whereas the blue area shows the possibilities of work-based vocational training.

In the following, the different possibilities of school-based VET (red border) and work-based training (green border), will be explained.

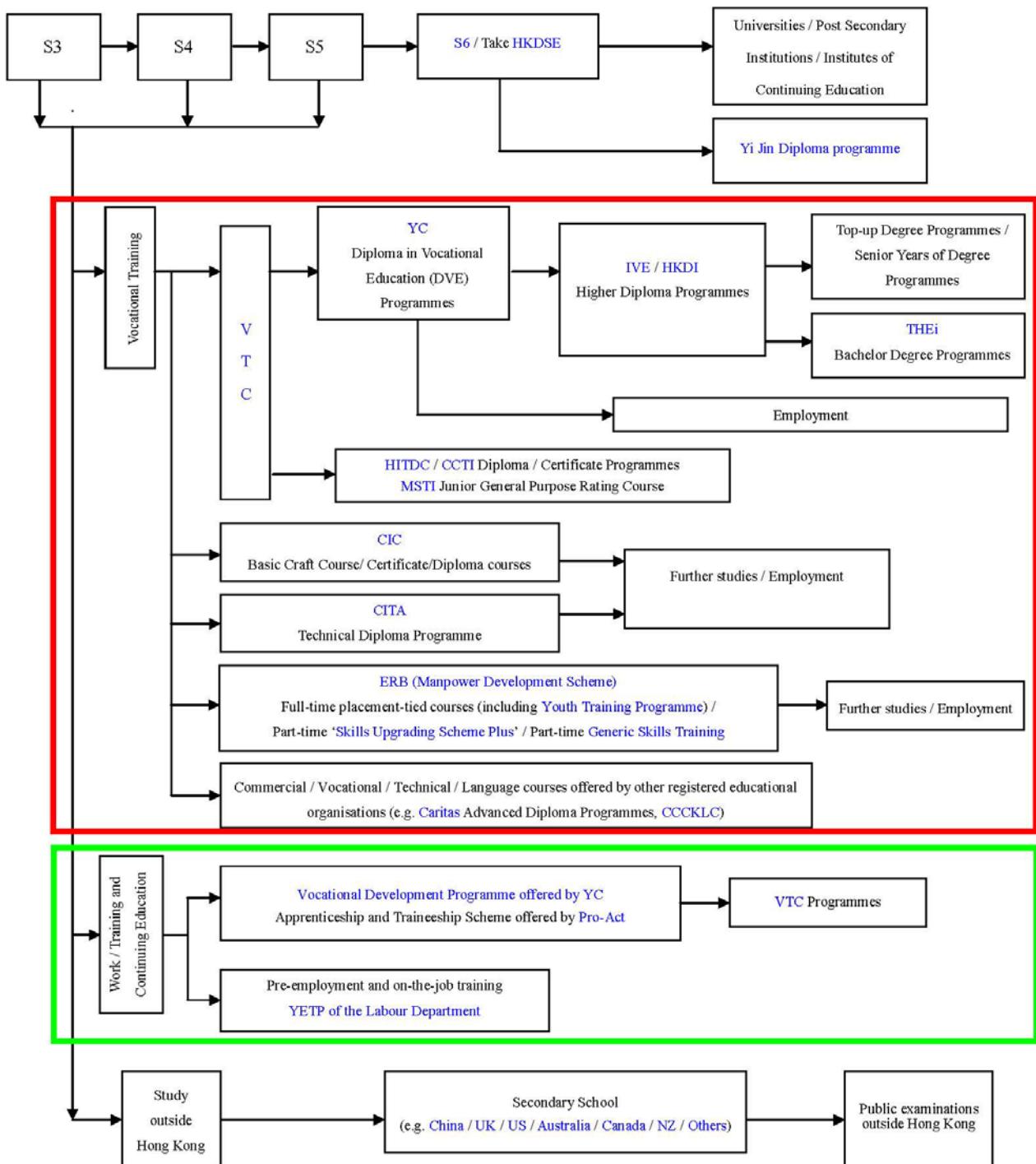
3.1.1 School-based Vocational Training

Institutions under the VTC, offer different possibilities for VET. One of the members of VTC, the Youth College, offers Diplomas in Vocational Education (DVE) in the three study areas: business and services, engineering and design and technology (Youth College, 2014).

The different DVEs, for example hairdressing, mechanical engineering or digital electronics technology, normally last three years and are for students who have completed lower secondary education. The awarding of a DVE entitles students to proceed to the higher diploma programs offered by the VTC. Besides a DVE, there is also the possibility of receiving different diplomas and certificates, for example a diploma in elementary Chinese cuisine (3 years) or a certificate in hotel operations (2 years). Besides DVEs, the Youth College also offers diploma and certificates such as a Basic Craft Certificate (1-2 years) or Technician Foundation Certificate (2 years). However, these certificates do not entitle to pursue a higher diploma.

Table 3 below shows the range of programs offered by VTC available after completion of junior secondary school (3 years).

Figure 4: Study Paths for S3-S5 School Leavers under the New Academic Structure (NAS)



Caritas CCCKLC	Caritas Community & Higher Education Service The Church of Christ in China Kung Lee College	HKDSE	Hong Kong Diploma of Secondary Education Hong Kong Institute of Vocational Education
CCTI	Chinese Cuisine Training Institute	IVE	Maritime Services Training Institute
CIC	Construction Industry Council	MSTI	Pro-Act by VTC
CITA	Clothing Industry Training Authority	Pro Act	Technological and Higher Education Institute of Hong Kong
ERB	Employees Retraining Board	THEi	Vocational Training Council
HITDC	Hospitality Industry Training & Development Centre	VTC	Youth College
HKDI	Hong Kong Design Institute	YC	Youth Employment and Training Programme
		YETP	

Source: EDB (2014c).

Besides attending VET-courses at the VTC, the Construction Industry Council (CIC) also offers basic craft courses (1-2 years) for example in carpentry and joinery or electrical installation. In 2012/13, 2,947 students graduated in full-time courses and 74,784 in part-time courses at the CIC (CIC, 2012).

Table 3: Programmes for secondary school-graduates

Programmes	Entrance Requirements	Duration	Offering Institutions	Disciplines/Faculties
Diploma in Vocational Education	Completion of Secondary Junior High School (3 years)	1 to 4 years	-Youth College	-Business and Service -Design and Technology -Engineering
Diploma / Certificate	Completion of Secondary Junior High School (3 years)	Varies	-Hospitality Industry Training and Development Centre (HITDC)	- Hospitality and Tourism
			-Chinese Cuisine Training Institute (CCTI)	-Chinese Cuisine
			-Maritime Services Training Institute (MSTI)	-Maritime Training

Source: VTC (2010).

In addition, VET courses are also offered by the Clothing Industry Training Authority (CITA). It was founded in 1975 under the industry training ordinance with the purpose of offering training courses for the clothing and textile industry (CITA, 2014). For lower secondary graduates it offers technical diplomas in apparel design and production and diplomas in fashion design studies which last 1 year. Besides, the CITA also offers Bachelor of Arts programs, as well as higher diplomas for students passing the HKDSE after senior secondary.

Also the Employees Retraining Board (ERB) which is an institution established in 1992 to coordinate fund and monitor market-driven training courses offers VET. Under the Youth Training Programme, it offers full-time courses for non-engaged youth aged between 15 and 20 (ERB, 2014).

Besides the aforementioned providers, other institutions such as Caritas or the Church of Christ in China Kung Lee College also offer diplomas and certificates.

3.1.2 Work-based Vocational Training

In contrast to the education-oriented and school-based VET, there is also the possibility for occupation-oriented and work-based VET in Hong Kong⁹.

The Youth College of the VTC offers courses in its so called Vocational Development Programme (VDP). It is organized together with community services and commercial organizations and consists of the three components the Teen's Programme, the Modern Apprenticeship and the Training Programme for Ethnic Minority Groups (ERB, 2014).

The Teen's Programme aims in principle at reviving the motivation of school-leavers to attend VTC certificate courses.

The Modern Apprenticeship comprises on-the-job-training and the attendance of relevant vocational programs (Audit Commission, 2010). The duration of the programs ranges from two to four years. After completion a certificate is awarded. Any person between the age of 14 and 18 who has not already completed an apprenticeship and who is working within a designated trade¹⁰, according to the apprenticeship ordinance, has to sign an apprenticeship contract and has to be registered with the Director of Apprenticeship by its employer. For persons over 18 years or not working in a designated trade, this process is voluntary. The Director of Apprenticeship is identical with the Executive Director of the VTC. In this function, the Executive Director of VTC has to administer and supervise the apprenticeship scheme by the use of the apprenticeship unit of the VTC which sends inspectors to workplaces to supervise the implementation of apprenticeships. By the end of 2009, 2,974 apprentices worked in 45 designated trades.

Besides the aforementioned programs of the VTC, the Hong Kong Labour Department – together with employers and service providers - offers a Youth Employment and Training Programme (YETP) for all school leavers between 15 and 24. In this program, they have to participate in a core course and after the completion with at least 80% attendance of this course, they can enrol in elective courses, participate in a 1-month workplace attachment training or receive on-the-job training lasting for 6 to 12 months (Labour Department, 2014).

3.1.3 Important Actors

As seen above, the VTC is the dominant actor of the vocational education and training system in Hong Kong. It was established in 1982 under the VTC Ordinance (Cap. 1130) and

⁹ Some of these programs are already for students before completion of lower secondary education with the goal of reintegrating school-leavers into the education system.

¹⁰ These are occupations specified by the Chief Executive by order to be a designated trade (Apprenticeship Ordinance, Section 45). They include for example Vehicle Mechanic, Plumber or Electrician.

provides a comprehensive system of full-time and part-time vocational education and training services with formal qualifications ranging from post-secondary three up to degree levels (EDB, 2014b). About 250,000 students (on upper- and post-secondary level) attend these programs each year, which makes it the largest vocational education, training and professional group in Hong Kong (VTC, 2014a). The study areas include for example applied science, engineering, child education or hospitality and the courses are provided by VTC's 13 member institutions such as the Youth College or the Technological and Higher Education Institute of Hong Kong (Information Services Department, 2014: 127-128).

The Executive Director of the VTC is at the same time Director of Apprenticeship. Therefore, besides offering VET courses, the VTC is also responsible for the administration of the apprenticeship scheme in Hong Kong. Concerning the governance structure, the highest authority of the VTC – the Council - consists of government officials as well as representatives from industrial, commercial, service, labour and educational sectors (VTC, 2014b). Its work is supported by:

- 5 functional committees, advising it in matters such as finance or audit;
- 21 training boards, representing the different branches and counselling the VTC regarding demand of manpower in different branches;
- and 5 general committees, advising VTC for example in the matter of apprenticeship (VTC, 2014b).

3.1.4 Provision of VET

A VET system can either be provided by the public, by private actors or in some form of combination of both. Nilsson (2010) distinguishes three “ideal” models of vocational education and training (VET):

- a market-led system in which the labour market is characterized by substantial mobility and which provides much of the vocational training;
- a school model where most of the VET takes place in schools;
- a dual model with the presence of an apprenticeship system (p. 253).

Though there is some form of an apprenticeship scheme, Hong Kong's VET system cannot be characterized as having a prevalent dual model with a public-private provision of VET. In fact, the second model – a school-based and publicly financed one – prevails. As described, after the completion of the primary, as well as the junior and maybe also senior secondary level, students have the possibility to join VET programs at the VTC or the other institutions

offering VET programs. Though these institutions align their curriculum according to the needs of the job market, most of the learning takes place in classrooms.

3.1.5 Content of Training

If we look at the content of training in terms of general education vs. industry/occupation-specific, Ng and Ip (2013) describe that there used to be a clear distinction between technical/vocational education and practical/industrial training, but in recent years, Hong Kong's government has shifted towards a more holistic approach, which focuses on the combination of general education and specific training (pp. 115-116). Tam (2013) confirms this trend by describing that the closures of factories and the migration of production to the mainland in the last decades, led to a shift in the focus of vocational education from industry/occupational training to the strengthening of both training and general education (pp. 745-746). Though in large part VET in Hong Kong includes a high degree of general education, there are some firms (e.g. telecommunication firms), who provide specific skill training, mainly in the primary sector of the labour market. This kind of training is financed by the firm (Ng and Ip, 2013: 126).

Concerning the quality of training, there are two extreme forms of provision. Employers can either pursue an *investment-oriented training strategy*, aiming to increase the future skill supply of its work-force, or a *production-oriented training strategy*, with the goal of reducing their current production costs (Wolter and Ryan, 2011). In the first case, the quality of the training program will be in general high, while in the second case, it's very likely that the employer will provide a low quality training program. In Hong Kong, both forms of training provision exist. Employers in garment making, watch, toy and electronics product assembly tend to be production oriented and therefore only provide basic skills and induction training to foster a fast transition to productive work of their trainees (Ng and Ip, 2013: 129). On the other hand, large corporate employers tend to pursue an investment-oriented strategy with the goal to develop a well-trained workforce.

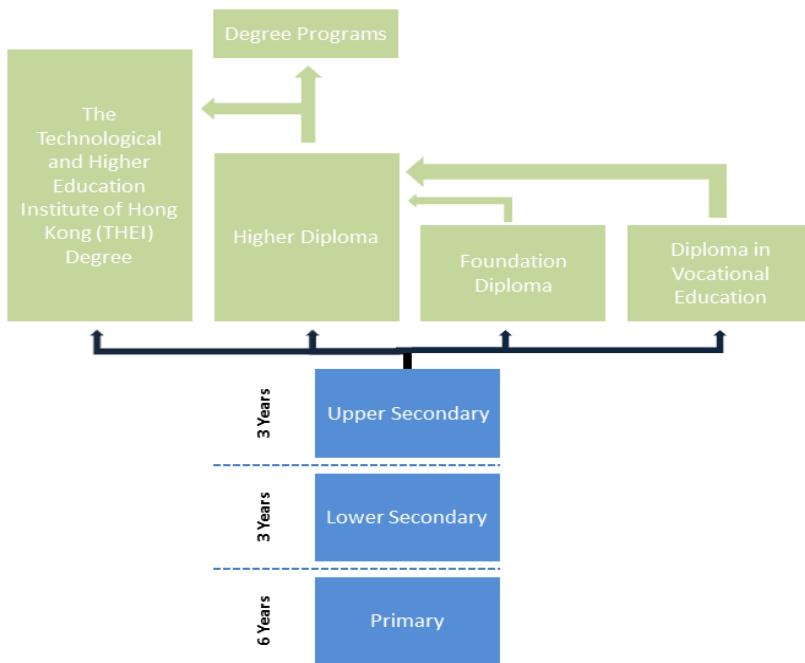
3.1.6 Enrolment Rates in Initial VET Programmes

Because the VTC does not report enrolment of students according to the number of completed years of schooling (e.g. S3- or S6-leavers), nor does it split enrolment of full- or part-time courses and which diploma will be attained, no precise statements can be made about enrolment rates for VET. Enrolment rates for higher diploma of self-financing institutions, e.g. vocational and professional education and training (VPET) provision of the private sector will be dealt with in the next section.

3.2 Vocational and Professional Education and Training (Post-Secondary Level)

After explaining Hong Kong's VET system for lower secondary graduates in the last section, this section will show the pathways for VET after completion of six years of secondary education, namely professional education and training (PET). Basically, there are four entry points to PET, leading eventually to a higher diploma or even degree. These are shown in Figure 5 below.

Figure 5: Pathways for VPET



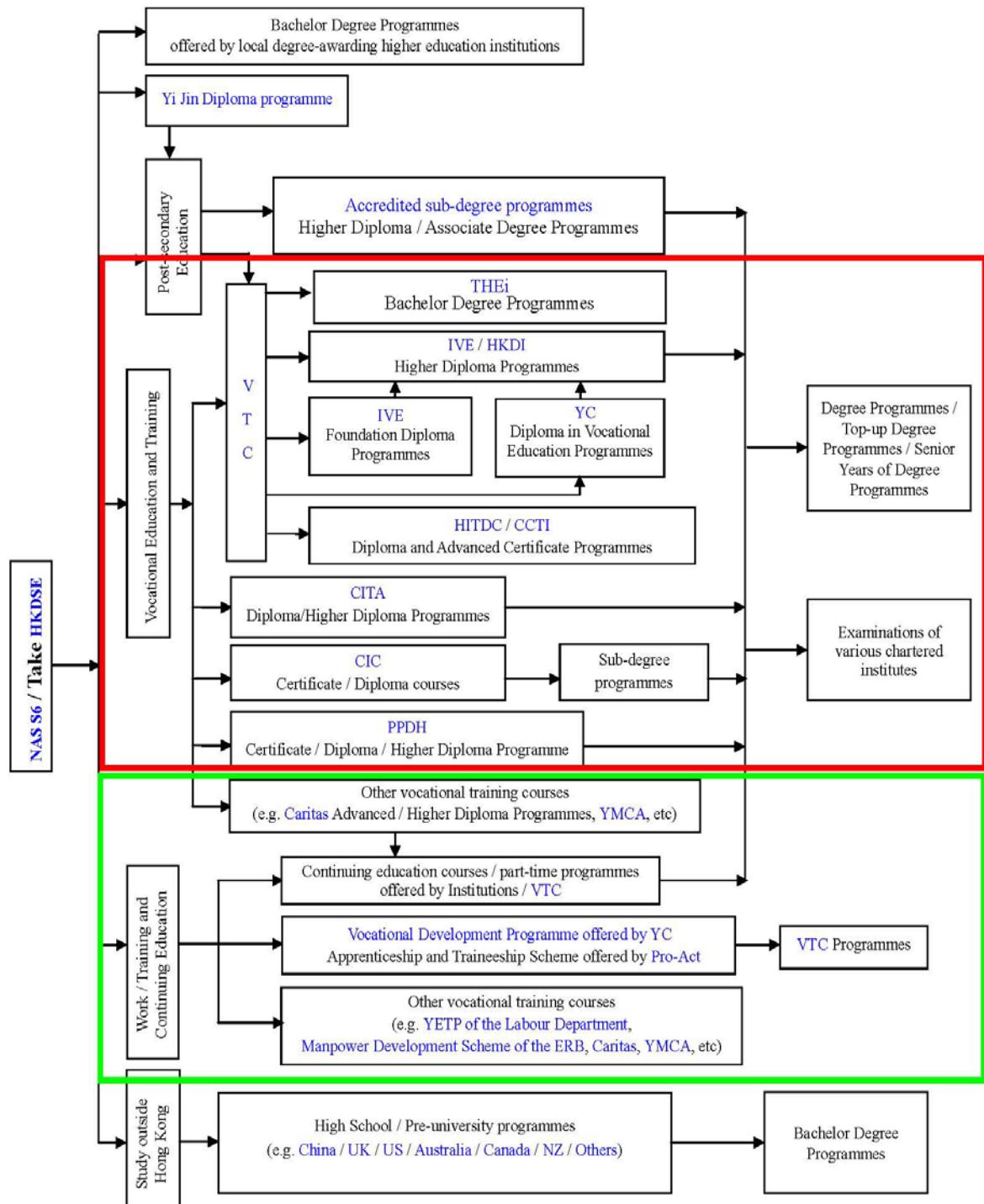
Source: Own Illustration.

The detailed possibilities for students after the HKDSE are shown in the Figure 6. As in Figure 5, the red bordered area shows school-based PET, whereas the green bordered shows the opportunities for work-based PET.

Naturally, S6 leavers have equal opportunities as S3 leavers, i.e. they can attend courses for Diplomas and Certificates at the different institutions (CITA, CIC), or they can receive work-based training in the VDP, the Teen's Programme, the Apprenticeship Scheme or in the YETP. These possibilities have already been described in the previous section. This section will explain the additional opportunities for students who passed the HKDSE.

Concerning PET, the VTC – as also true for VET - plays a dominant role in providing programs. As Tam (2013) points out, it is estimated that the programs of the VTC cater at least one third of the demand for sub-degree education (p. 744).

Figure 6: Study paths of VET for S6 school leavers



Caritas	Caritas Community & Higher Education Service	IVE	Hong Kong Institute of Vocational Education
CCTI	Chinese Cuisine Training Institute	PPDH	Prince Philip Dental Hospital
CIC	Construction Industry Council	Pro-Act	Pro-Act by VTC
CTA	Clothing Industry Training Authority	THEi	Technological and Higher Education Institute of Hong Kong
ERB	Employees Retraining Board	VTC	Vocational Training Council
HITDC	Hospitality Industry Training & Development Centre	YC	Youth College
HKDI	Hong Kong Design Institute	YMCA	Young Men's Christian Association
HKDSE	Hong Kong Diploma of Secondary Education	YETP	Youth Employment and Training Programme

Source: EDB (2014c).

Table 4 shows the different school-based programs of the VTC, ranging from basic diplomas to degree programs, available for students after completion of senior secondary and the subsequent HKDSE.

Besides, an extensive sector of self-financing sub-degree providers as well as the self-financing programs of some UGC-funded institutions emerged alongside the VTC (UGC, 2010, pp. 30-34). Institutions such as CITA, CIC, the Prince Phillip Dental Hospital or Caritas also offer school-based PET such as Higher Diplomas.

Table 4: Programs for Secondary School Graduates

Programmes	Entrance Requirements	Duration	Offering Institutions	Disciplines / Faculties
Higher Diploma	5 HKDSE subjects at Level 2 or above, including English Language and Chinese Language; OR VTC Foundation Diploma (Level 3); OR VTC Diploma in Vocational Education; OR Yi Jin Diploma; OR Equivalent	Semester-based	-Hong Kong Institute of Vocational Education (IVE) -Hong Kong Design Institute (HKDI)	-Applied Science -Business Administration -Child Education and Community Services -Design -Engineering -Hotel, Service and Tourism Studies
Foundation Diploma	Completion of Secondary 6 (under the New Senior Secondary Academic Structure); OR Equivalent	Semester-based		Information Technology
Degree Programmes	Level 3 or above in HKDSE Chinese Language and English Language; AND Level 2 or above in HKDSE Mathematics, Liberal Studies and 1 elective subject, OR Equivalent	8 Semesters	-Technological and Higher Education Institute of Hong Kong (THEi)	-Design -Engineering -Management and Hospitality

Source: VTC (2010).

As described, associate degrees are merely seen as a mean to attend degree-level education. On the other hand, higher diplomas enjoy a better reputation and are recognized by employers as an exit qualification of vocational or professional development (UGC, 2010: 40). Though not comparable to an apprenticeship with regard to vocational training in curricula of higher diplomas, the program focuses on providing students with knowledge they can use in professional areas and it can therefore – at least to some extent – be seen as vocational education (Wan, 2011: 117). In general, an expansion of self-financing sub-degree programmes in Hong Kong has taken place in the last years (Hui, 2014).

Table 5 shows the increased provision of higher diploma by self-financing institutions. Whilst there were 5,163 full-time enrolments in self-financing higher diploma programmes in 2001/02, the year 2012/13 round 27,601 students were registered in these programmes.

Table 5: Enrolments in self-financing higher diploma programmes 2001-2013

2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013
5,163	6,206	6,580	10,911	16,173	19,302	22,174	23,584	24,303	24,648	23,974	27,601

Source: IPASS (2013).

Concerning work-based PET after senior secondary school, there are the possibilities also available for post-secondary graduates. In addition, there are continuing education and part-time courses offered by VTC as well as vocational training courses offered by other institutions such as Caritas or YMCA.

The Hong Kong Qualifications Framework

An important concept on the post-secondary level is the Hong Kong Qualifications Framework (HKQF) which defines different levels of academic, vocational and continuing education qualifications. It consists of seven levels expressed in form of outcome-based generic level descriptors (HKQF, 2008). Under the framework, vocational qualification ranks under QF levels 1-4 and academic qualifications under levels 4-7, whereas the doctoral degree is at Level 7 (Tam, 2013: 749). The credits earned from training courses can be accumulated or transferred to the next level of HKQF. Thereby allowing students to switch sectors as well as to switch between academic and vocational qualifications (Tam, 2013: 750). The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) as well as self-accrediting institutions are responsible for accrediting the qualifications under the HKQF. Furthermore, industries set up Industry Training Advisory Committees (ITACs) to develop Specification of Competency Standards (SCS), which depict skills, knowledge and outcome standards for their sectors, thereby enabling providers of VET to adapt their courses to the industry needs (Information Services Department, 2014: 128).

3.3 Administrative and Supervisory Structure of the VPET System

After describing the possibilities for initial and professional vocational education and training in the last part, this part will describe how the VET system is organized legally and what the role of employer co-ordination and social partnership is.

3.3.1 Legal Foundation of the VPET System

Regarding the legal and constitutional basis of education, there are several ordinances related to the regulation of Hong Kong's education system and the different providers of VET.

At the most basic level, Hong Kong's Basic Law sets the ground principles of its education system. Article 136 of Hong Kong's Basic Law describes the independency of Hong Kong concerning policies and the development of its education system.

On the level of ordinances, school education services up to and including senior secondary are regulated under the Education Ordinance (Cap. 279), which includes for example regulations concerning registration of schools or teacher qualifications. On the post-secondary level, the Post-Secondary Colleges Ordinance (Cap. 320), as well as the Non-Local Higher and Professional Education (Regulation) Ordinance (Cap. 493) regulate the registration and operation of post-secondary colleges¹¹ and providers of non-local courses¹² respectively. The Vocational Training Council, the UGC-funded institutions, the Open University of Hong Kong as well as the Hong Kong Academy for Performing Arts are statutory bodies and governed by their own ordinances. Further, the Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 592), builds the basis for establishing the Qualifications Framework, whereas the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) Ordinance (Cap. 1150) enables the establishment of the HKCAAVQ, responsible for the quality assurance of qualifications under this qualifications framework (Information Services Department, 2014: 130-131).

Ng & Ip (2014) conclude that because of the market-oriented, voluntary system in Hong Kong, the public regulation of skill formation and workforce development is – apart from the Apprenticeship Ordinance (Cap. 47) – non-existent. An attempt of the government to implement some form of regulation – but still on a voluntary basis – can be seen in its efforts to launch the Qualifications Framework, which introduces standards of competency for occupations (p. 131).

Legislation for Vocational Education and Training

Even though Hong Kong is a so called Special Administrative Region of the People's Republic of China, its legal system is significantly different from the one in China and much more similar to the common law systems used in the UK and other Commonwealth countries. Legislation on Education and on VET in particular, is largely based on the English common law, supplemented by local legislation. The statute law is collected in a compilation called the Laws of Hong Kong and is overseen by the Education Bureau and the Social Welfare Department. VET is provided and administered through the Vocational Training

¹¹ At the time being, six colleges were registered under the ordinance: Hong Kong Shue Yan University, Caritas Institute of Higher Education, Chu Hai College of Higher Education, Hang Seng Management College, Tung Wah College and Centennial College.

¹² In December 2013, 1,173 courses were registered under the ordinance.

Council (VTC) and its member institutes, primarily based on the Vocational Training Council Ordinance (Cap. 1130).

The VTC offers around 240,000 training places each year, providing people of different education levels with pre-employment and in-service VET-programs. The VTC has a membership of 18 non-government members, including leading figures in the education, industry, commerce, service and labour sectors, government officials. The VTC is supported by 21 training boards and five general committees. The training boards advice on the manpower and training needs of various industries or commercial sectors and make recommendations on how these needs may be best met. On the other hand, the five general committees are responsible for specific training areas common to more than one sector of the economy. VET providers offer courses in various disciplines, e.g. in applied science; business administration; construction; electrical and electronic engineering; hotel, service and tourism studies, etc.

A table providing a more detailed overview on certain aspects of VET legislation in Hong Kong can be found in section 0 in the appendix. In particular regarding the overall governance including applicable statutes and administrative bodies, the role and content of education, the regulation of work-based training, financial attributes, and VET teachers' education:

3.3.2 Governance of the VPET System

There are mainly two spheres regarding the co-ordination and influence of employers in Hong Kong's VPET. One possibility of influencing the alignment of the VPET system is through their membership in the VTC. As described, the VTC with its responsibility of delivering VPET has established different Training Boards and General Committees. These supporting bodies advise the VTC in terms of needed manpower in industries as well as in strategic matters.

They produce annual surveys of employers' skill needs to identify the skills required to be delivered through the courses of the VTC. They also determine the number and type of courses to be delivered (VTC, 2006). Representatives for the Training Boards and General Committees are nominated by employer associations and chambers of commerce. Therefore, they can influence the provision of VPET through their advisory competence. As the composition of these bodies shows, and as Hung (1998: 50) describes, they are mainly dominated by three groups of members, e.g. businessmen, academics and government officials. Representatives of employees do not have a strong voice in this sphere of influence on VET.

A second possibility to influence VPET system is through membership of employers in the ITACs which develop SCSs used in the Qualifications Framework. In these bodies, representatives from employers are working together with representatives from employees and trade unions. Hence it can be seen as a form of social partnership. However, in contrary to the influence of employers and their representatives, the influence of trade unions, in the VTC-bodies, is limited and not likely to increase (Ng & Ip, 2014:129).

3.4 Finance of the VPET System

In this part of the Factbook, the source of finance of Hong Kong's VPET system shall be depicted, by showing which part of the system is financed by public, by private institutions or by a combination of both.

If we look at the government expenditure on education in general as percentage of GDP, 3.5% was spent in 2012, which equals 18.2% of total government spending (see Table 6 below).

Table 6: Education expenditures

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
As % of GDP	4.3	4.6	4.1	3.8	3.5	3.3	4.4	3.5	3.4	3.5
As % of total government expenditure	22.3	23.1	22.7	23.3	21.8	18.2	25.2	19.5	17.4	18.2

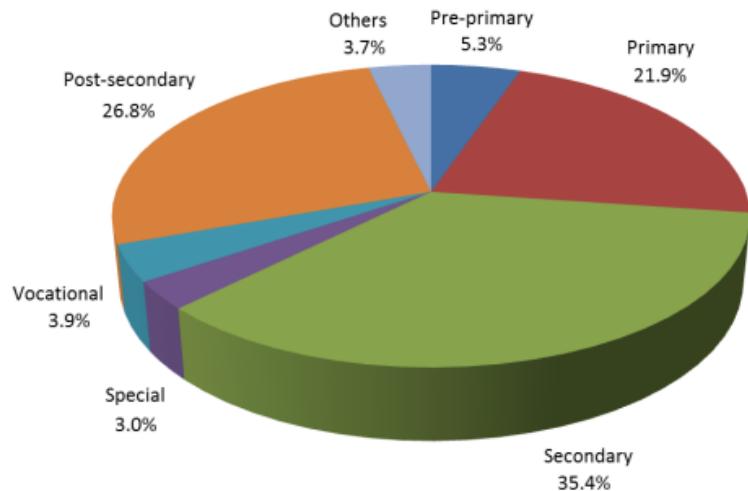
Source: UNESCO (2014).

In the report of the Working Group on Long-Term Fiscal Planning, the Financial Services and Treasury Bureau (FSTB) depicts the recurrent education expenditure by education level in 2014-15 (see Figure 7).

In Figure 7, we can see, that recurrent expenditure for vocational education amounts to 3.9% of the total recurrent expenditure on education. This is a rather small share if compared to the expenditure for secondary and post-secondary education which amounts for 35.4% and 26.8% of the total recurrent expenditure on education respectively.

Figure 7: Recurrent education expenditure by education level in 2014-15 (\$67.1 billion)

Chart 3.5 – Recurrent education expenditure by education level in 2014-15 (\$67.1 billion)



Source: FSTB (2014).

Concerning the finances for Hong Kong's VPET system, there is on one hand the school-based VPET of the VTC which is publicly funded, because students are entitled to 12 years of free public education. With regard to post-secondary VET, there are courses available at public as well as at private self-financing institutions. Sparreboom and Powell (2009:43) state that the source of funding also depends on the economic demand for a particular programme. Hence, for courses with high economic demand and high capital investment, tuition fees are paid by the state. On the other hand, these fees are self-financed in programmes with high demand but no capital investment needed, such as accounting or business studies. This strategy allows the state to allocate investment into areas which would not be supported by the private sector.

3.5 Curriculum Development

Concerning the traditional school-system, the Curriculum Development Council (2014) advises the government in matters of curriculum development. In the VPET system, there is no central authority defining the curricula, nor is there any central advisory body. Concerning the curriculum in VPET, one has to differentiate between the publicly financed courses of the VTC and the self-financed courses of private providers of VPET. In the case of curriculum development by the VTC, the aforementioned Training Boards – supported by the Centre for Learning and Teaching - advise the VTC on skills needed in the industry and how to adapt

curricula accordingly. Therefore, the different stakeholders such as government, employers and employees, are involved in the curriculum development of the VTC.

Private providers of self-financing VPET programs are principally free in designing their curricula. But as Tam (2013) states, these institutions need to demonstrate high standards and quality of their programs in order to attract students and stay financially viable. Therefore, they seek accreditation by the HKCAAVQ as an established, regulatory body (p. 749). As mentioned, employers, employees and professional bodies participate in the HKQF regime and are therefore able to influence the curriculum of private institutions and self-financing vocational programs through the SCSs and the associated curriculum guidelines. These curricula of self-financing VET programs tend to be professionally and vocationally “biased” towards the needs of the labour market and employers (larger share of specific rather than general training), also because of the high influence of employers (Tam, 2013: 746-747).

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Appendix

Regulatory Framework on Vocational Education and Training in Hong Kong

The following table gives a more detailed overview on certain aspects of *VET* legislation in Hong Kong, in particular regarding the overall governance including applicable statutes and administrative bodies, the role and content of education, the regulation of work-based training, financial attributes, and VET teachers' education.

Dimension	Explanation	Regulatory framework in Hong Kong
Secondary statutes, amendments	Year of publication and reference, if there were any amendments	Education Ordinance (Cap. 279) Apprenticeship Ordinance (Cap. 47) Hong Kong Council for Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 1150) Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 592) Post-Secondary Colleges Ordinance (Cap. 320)
Responsible Ministry	Typically Ministry of Labour, or of Education Sometimes competencies separated according to work-based part and school-based part	Education Bureau (EDB) Labour and Welfare Bureau
<i>National organization</i>		
a) Administration	Who is responsible for the administration of VET-related issues?	Training Advisory Committees (ITACs)
b) Representation, advice	Who/which kind of institution represents Could include: representatives of the social partners: comprising the employees' side (works councils, trade unions) as well as the employers' side (e.g. chambers of commerce, employers' associations) and vocational school-teachers Task: to submit expert opinions to the Economics Ministry (e.g. on the restructuring of apprenticeships)	Manpower Development Committee (MDC)
c) Mandatory representation of:	Just a yes/no classification if the three parties listed below have a say in the apprenticeship system, meaning if they have controlling and voting rights, specified in any piece of legislation/ legally based	
- Employers		Yes
- Trade unions		Yes
- Vocational teachers		No

Number of apprenticeable occupations	Is the number of officially recognized occupations in which apprenticeship is offered specified somewhere?	Apprenticeships within the following sectors: applied science business administration child education and community services construction design, printing, textiles and clothing electrical and electronic engineering hotel, service and tourism studies information technology mechanical, manufacturing and industrial engineering In total 240 000 apprenticeships are offered over all per year
Minimum skill level		n/a
Training duration (years)	Is the (minimum) training duration regulated somewhere?	Generally not less than three years
<i>Mandatory educational content</i>		
Existence of minimum standards relating to the content of training	Are there fixed minimum standards with regard to the training content/each training company has to stick to?	Specified in the Qualifications Framework (QF) Specification of Competency Standards (SCSs) which are formulated by the respective industries and supervised by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ)
Part-time education	Is the provision of part-time mandatory?	
Apprentices	For all apprentices?	Mainly depends on the level: In lower secondary, upper secondary and matriculation levels there are mainly full-time VET programs; part-time mode plays an important part at the other, higher levels: About 80% in the postgraduate level are part-time About 60% in the craft, sub-degree and first degree level are part-time About 40% in the technician level are part-time
< age a person is legally declared adult	Only for those < the legal adulthood?	See above a); generally over the age of 16
Share of		
off job instruction	Is the share of off job instruction time (meaning the job instruction time the apprentice spends in the company, but not in productive work; for example, if the company has its own equipment for training apprentices how to work with a particular type of machine, etc.) regulated at a central level (outside the company)? If yes, what is the share (as % of total working time)?	Depends on sector and level of the VET program
general education	Is the share of the time spent in general education fixed at a central level (outside the company)? If yes, what is the share (as % of total working time)	See above a)
<i>Regulation of work-based training relevant bodies</i>	Who has the competency to regulate the work-based component of apprenticeship training? (Could be a composition of the employee, the employer and/or the state representatives)	Vocational Training Council (VTC) Hong Kong Institute of Vocational Education (IVE) Hong Kong Design Institute (HKDI)

	<p>Youth College (YC)</p> <p>Chinese Cuisine Training Institute</p> <p>Technological and Higher Education Institute of Hong Kong</p> <p>Institute of Professional Education And Knowledge</p> <p>School for Higher and Professional Education</p> <p>Pro-Act by VTC</p> <p>Hospitality Industry Training and Development Centre</p> <p>Maritime Services Training Institute</p> <p>Integrated Vocational Development Centre</p> <p>Yeo Chei Man Senior Secondary School and Shine Skills Centre</p>
Mandatory representation	Are the following three parties involved in the decision making process about work-based training?
a) Employers	Yes
b) Employees	Yes
c) Vocational teachers	Yes
Statuary powers	Does the aforementioned body responsible for the regulation of the work-based training component have the right to:
a) Trainee certification	- hand out training certifications to apprentices?
b) Validation of employer sponsorship	- to validate employer sponsorship? Meaning to verify if new companies wanting to train apprentices fulfil the necessary standards.