

DEACONS  
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# Empowering the workplace

Modernising corporate culture to  
position Hong Kong for success



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## Foreword



**Cynthia Chung**

Partner and Head of Employment  
and Pensions, Deacons

We live in a world where competition between countries, cities and companies is fierce. Attracting and retaining talent has never been so challenging. This is particularly true of Hong Kong, one of the world's leading financial centres.

Employees today are motivated by more than just remuneration. Companies are judged on their purpose, values and behaviour. In a nutshell, corporate culture matters more than ever.

To fully understand the latest expectations of today's modern-age employees, as well as the perspective of Hong Kong's business community, Deacons commissioned an inaugural survey of more than 1,000 working professionals and 100 senior in-house HR and legal practitioners in Hong Kong.

This report examines the characteristics of Hong Kong's current corporate culture and explores who is responsible for setting and safeguarding a company's corporate culture.

At the heart of the study we examine the disconnect that exists between how employers and employees perceive corporate culture, and why there is a significant gap in employees' understanding of key company policies and positions relating to important elements of corporate culture.

The findings in this report present an opportunity for companies to take positive, tangible actions to ensure Hong Kong positions itself as a workplace location of choice and remains competitive for years to come.

Employers that demonstrate leadership in workplace health and safety, diversity and inclusion, flexible working and equal pay, and those that genuinely empower employees and promote collaboration, equality, fairness and creativity, will not only be successful in attracting and retaining top talent, but will also be more productive and profitable companies.

# Key findings

## Strength of corporate culture

70%

of employees describe the culture of the company they work for as "fair", "weak" or "very weak."



66%

of companies believe they have a "strong" or "very strong" culture.

## Areas of major concern

65%

of employees say long hours are the leading concern.



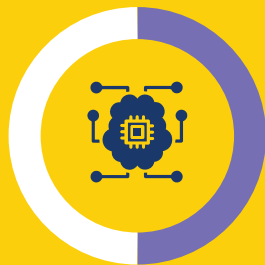
72%

of companies state that a lack of communication from senior management is the greatest concern.

## Understanding of policies

Half

of employees have "little" or "no understanding" of their company's position or policies in regards to the use of artificial intelligence or automation in the workplace.



43%

say they have "little" to "no understanding" of whistleblowing policies.

## What employees want

1 in 4

of Generation Z say introducing equal gender pay should be the top priority in the next 12-24 months.



Improving health and safety in the next 12-24 months was ranked the number one or number two priority by all respondents.

# Putting culture first

**Corporate culture refers to the organisational culture that encompasses the vision, values, behaviours, and practices of a company.**

As we enter a new decade, Hong Kong’s business community is facing steeper competition than ever. Securing the best talent, achieving growth in uncertain global times and differentiating services and products from emerging competitors in the region, are acute challenges.

The survey findings underscore the importance of strong corporate culture in supporting businesses as they face these challenges.

However, widespread disillusion among employees exists, with 70% having a neutral to negative view of the culture of the company they work for. One in three employees described the company they work for as having a “weak” or “very weak” corporate culture.

When asked to “best describe” their current workplace culture, 34% of companies say “structured” and almost one in four state “conservative/traditional.” Reinforcing Hong Kong’s traditional working culture, 70% of companies believe hierarchy to be “important” or “very important.”

Emphasising the need to develop a more nurturing and dynamic environment, 39% of employees want their workplace culture to be “supportive” and one in four specified “dynamic.” Just 5% of employees say it should be “hierarchical” and 2% state “conservative / traditional.”

## How companies describe their current corporate culture



## What employees ideally want the corporate culture of their employer to be



8 out of 10

employees believe that a strong corporate culture will improve staff retention, profits and productivity.



“Modernising corporate culture in Hong Kong is imperative. Simplifying corporate structure and adopting a more supportive approach in management style will foster a more dynamic approach to business which can drive productivity, improve morale and deliver increased profits.”

**Elsie Chan**  
Partner, Employment and Pensions

# A problem shared is a problem halved

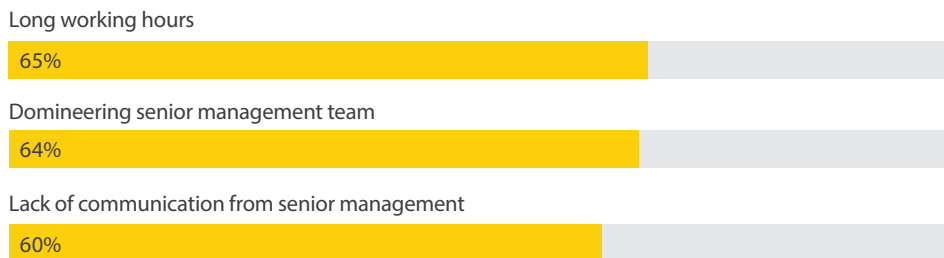
Despite the mismatch that exists between employee and company perceptions of corporate culture, the research shows that there is a strong shared understanding of the problem areas that need to be addressed.

Employees highlighted long hours (65%) and inflexible working hours (58%) as key areas of concern. Companies recognise this, with 65% and 60% noting that long hours and inflexible hours are problematic, respectively. However, despite acknowledging this as an issue, it still hasn't been widely addressed.

Traditional areas of concern such as gender inequality, racism, and insufficient child care provision remain, but were ranked lower than emerging issues such as a lack of a whistleblowing policy (47%) and a lack of support for mental health and stress related issues (45%).

From the research, it would appear that a "lack of communication from senior management" (72%) and "domineering senior management teams" (65%) are stymying progress according to companies. Employees also rank these highly as key areas of concern.

## Areas of MOST concern for employees



"While gender inequality and lack of child care services may not rank quite as highly as long and inflexible hours in terms of employee concerns, in my experience these are still key areas that companies really need to address. Equal gender pay in particular remains a major issue and is increasingly cited in employment disputes.

Unfortunately, Hong Kong still has quite some way to go in terms of equal gender representation in senior management positions, especially compared to other major financial centres."

**Cynthia Chung**  
Partner and Head of Employment and Pensions

## Standing up to unethical or illegal behaviour

A "fear of speaking up culture" is identified as an area of concern by 57% of employees. When asked about their level of understanding of their employer's position or policies in this area, 43% say they have "limited" or "no understanding."

Perhaps reflecting increased awareness of the subject following a number of high profile whistleblower cases globally and in Hong Kong during 2019, more than half of employees say having a whistleblowing policy and protection is important when selecting an employer to work for.



argue that their employer should focus on introducing a formal policy in the next 12-24 months.

### Top three reasons employees don't blow the whistle



1 Fear of being fired



2 Damaging career progression



3 Would not be believed

## In it together

The research found that companies underestimate the role of employees in setting their company’s corporate culture, with 52% ranking staff in just fifth place, after senior management, human resources, the CEO, and the Board of Directors. Although employees think fairly similarly, they rank staff in second place, with close to 60% believing staff are the most involved in setting the corporate culture agenda.

When it comes to safeguarding strong corporate culture, employers and employees are pretty much aligned, with 65% of employers and 62% of employees believing the CEO is ultimately responsible.

Many companies with a strong progressive corporate culture tend to adopt a top-down approach, whereby senior management lead by example, demonstrating sound judgment and good behaviour, and actively clamping down on unethical practices.

Although HR professionals feel they play an important role in setting the corporate culture, only **one in five** believe they are responsible for protecting it. In-house counsel teams also recognise they have an important role to play.

### Drawing on external advice

Nearly half of companies (45%) surveyed are “likely” or “very likely” to use an external legal firm to advise on policy surrounding corporate culture.



### Company view versus employee view on top five departments or positions involved in setting corporate culture

Company perspective	Ranking	Employee perspective
Senior management	1	Senior management
HR	2	All staff
CEO	3	CEO
Board of Directors	4	Board of Directors
All staff	5	HR

65% of employers & 62% of employees



believe the CEO is ultimately responsible when it comes to safeguarding strong corporate culture.

“Employees play an integral role in setting corporate culture. Of course senior management need to lead by example, but it is vital that employees feel empowered and represent their company’s values in their everyday behaviours.

The role of in-house legal teams is evolving. From advising on tenders to negotiating contracts with suppliers, and drafting and enforcing company policies, in-house legal teams have an increasingly important role to play in setting and protecting corporate culture.”

**Cynthia Chung**  
Partner and Head of Employment and Pensions



## Closing the gap in understanding

Companies are significantly overestimating their employees' understanding of a number of important workplace policies. While employees demonstrated an average to strong understanding of well established policies such as their company's diversity and inclusion policy (74%) and paternity and maternity policies (70% and 68%, respectively), big areas of mismatch in relation to what companies' **perceive** to be the level of understanding versus employees' **actual** understanding, were in the areas of artificial intelligence and/or automation in the workplace (50%), flexible working (60%) and anti-harassment (60%).

While it is understandable that employees may well have a better understanding of well established policies that have been in place for longer, our survey also reveals that 60% of employees rank poor communication from senior management as a major concern. A lack of formal communication, coupled with poor articulation of company policies, presents a distinct opportunity for improvement in these areas.

### Employee understanding of company policies or employment issues versus employer perceptions of staff understanding

Policy or issue	Company's <b>perception</b> of employees' level of understanding being average to strong	Employees' <b>actual</b> level of understanding being average to strong
Diversity & inclusion	88%	74%
Maternity leave & benefits	82%	68%
Overtime hours & pay	76%	66%
Equal pay	73%	65%
Paternity leave & benefits	71%	70%
Flexible working	70%	60%
Anti-harassment	69%	60%
Use of artificial intelligence and/or automation in the workplace	65%	50%
Whistleblowing policy	61%	57%



"Apart from preparing comprehensive company policies, it is equally important to ensure that employees have a strong grasp of them, and that they act in line with the expectations of the company. In turn, this helps to safeguard the company from potential claims. To achieve this, putting in place effective communication channels and providing regular training is unavoidable."

**Elsie Chan**

Partner, Employment and Pensions

"I have seen a marked increase in sexual harassment and discrimination cases brought against employers in recent years. This only serves to reinforce just how critical it is to have strong policies, behavioural guidelines and grievance procedures in place. Prevention is always better than cure."

**Cynthia Chung**

Partner and Head of Employment and Pensions



# Old habits die hard?

While 81% of employees rate corporate culture as an “important” or “very important” factor in choosing to join or remain at a company, money still talks! 89% of employees signalled that money remains the most important factor of all. Health and safety was almost neck and neck at 87%.

The survey findings reveal progressive thinking among companies, with 80% viewing strong corporate culture as the most important factor in retaining and attracting talent.

This prescience could mark a growing understanding of the changing behaviours of the next generation. Of all the age groups, Generation Z are the least concerned about money (84% versus 89%), and demonstrate a greater interest in CSR credentials, equal gender pay, diversity and inclusion, and the environmental credentials of their employer than all other age groups. This represents a growing trend which is likely to significantly impact the future employment landscape.

Reflecting the growing importance of corporate culture to all employees, only 12 out of 1,010 respondents said corporate culture was not important or irrelevant, the lowest figure of any category.

## How Generation Z measures up

Factors to attract and retain talent	Generation Z	Average net score of all age groups
Health & safety	86%	87%
Strong corporate culture	84%	81%
Salary	84%	89%
Annual leave allowance	84%	84%
Diversity & inclusion	83%	76%
Equal gender pay	81%	72%
Flexibility to work from home	81%	66%
Flexible hours	80%	68%
CSR credentials	78%	63%



89%  
of employees

say money is the most important factor in choosing to join or stay at a company.



“In a market where talent is becoming increasingly scarce, it is paramount that companies position themselves well to meet the changing demands of the modern age employee. As the results unequivocally show, staff members want to work for a company that has a shared purpose and values, and which provides a safe, fair and flexible working environment. Putting in place policies that safeguard all of this, will save money and drive performance.”

**Elsie Chan**  
Partner, Employment and Pensions

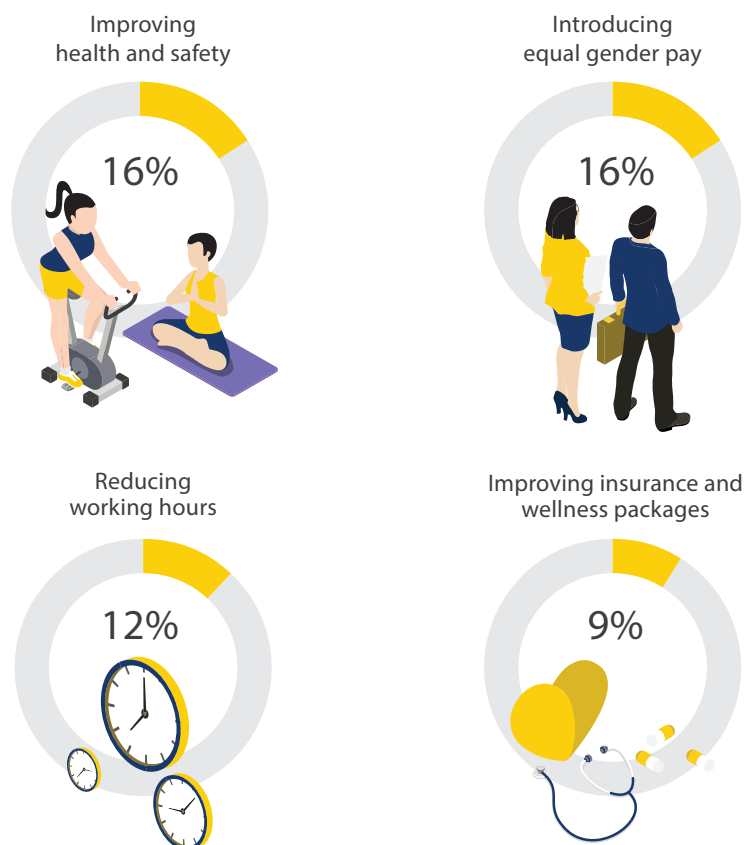
## Forging a sustainable culture

While many countries have already made great strides in recent years to improve corporate culture, Hong Kong lags behind as it continues to be affected by legacy issues. Historic practices such as the six day working week, long working hours and inflexible working make it difficult for employers to change corporate culture, at least quickly anyway.

It is hardly surprising that 65% of working professionals cite working long hours as their primary concern, with inflexible hours ranked fourth at 58%. It is increasingly widely accepted that long hours do not necessarily equate to high performance. Employers are well aware of these issues and admit there is a problem.

When asked to prioritise what needs to change at the company they work at in the next 12-24 months, employees identified improving health and safety (16%), introducing equal gender pay (16%), reducing working hours (12%), and improving insurance and wellness packages (9%). These findings demonstrate a greater shift in society to excel at work while maintaining a work-life balance that mitigates physical and mental stress.

### Employee priorities of what companies need to change in the next 12-24 months



In the next three years, employees believe Hong Kong's Labour Department should focus on standardising working hours, increasing the minimum wage and introducing a statutory right to request flexible working.

"Gender diversity is ingrained in our firm's culture and demonstrated by the fact that more than 40% of the Deacons partnership is female, including our Senior Partner. This underlines the importance of a top-down approach and leading by example to shape the corporate culture of the firm. We are proud to have so many female role models that can inspire the younger generation."

#### Cynthia Chung

Partner and Head of Employment and Pensions

"As a law firm, long hours and stress are not uncommon. Delivering a first rate service to clients is always the priority, but striking the right work-life balance for our staff is essential. We have long recognised how important health and wellbeing is at Deacons. Many of our programmes specifically focus on physical and mental health, such as our annual 'health week' and 'wellbeing month', both of which have been in place for several years. Ensuring staff are physically and mentally healthy is not only critical for personal wellbeing, it is good for business."

#### Elsie Chan

Partner, Employment and Pensions

## Summary and recommendations for employers

It is clear that employers in Hong Kong need to address a number of key areas if they are to strengthen the corporate culture of their companies. The employment landscape has changed significantly in the past few decades, and is set to continue to evolve in this new decade. Employee expectations and priorities are markedly different than those of their predecessors, and it is imperative that companies recognise this if they are to motivate current staff and appeal to the future workforce.

The changing attitudes among modern day employees are not only driving higher standards of corporate culture, but also reducing tolerance of wrong or unethical behaviour in the workplace. The latter has resulted in a surge of legal disputes between employees and employers in recent years. Therefore, to prevent problems arising and to position your company as a corporate culture exemplar, Deacons has set out below a number of key recommendations for employers.

### 1 Understand the prevailing legal requirements and business trends, and review existing policies

Keep up to date with the latest legal requirements of labour law and seek advice where necessary. It is better to pre-empt problems rather than deal with serious issues that could have been avoided had the correct policies and processes been in place.

Consider your company's position in different areas, update and revise outdated policies. For example, consider introducing whistleblowing, flexible working hours, remote working arrangements, unlimited leave, health and safety, social media, and equal opportunity policies etc.

### 2 Communicate regularly and implement effective training sessions accessible to all

Our research shows that even when policies are in place, staff are often either unaware or simply don't understand them. It is undesirable and can even have a damaging effect on the company if employees are not aware of their employer's policies. For example, an employer is liable for the unlawful discrimination or harassment committed by employees, if their employees are not aware of any equal opportunities policy or if no training has been provided.

Therefore, it is critical to have a strategic internal communications plan in place and to deliver training to employees on company policies.

### 3 Lead by example and encourage dialogue

C-suite and senior management need to set the example they expect others to follow. They should also promote a "speak up" culture where staff feel empowered to call out if they witness wrong or unethical practices.

### 4 Keep looking ahead

The world is changing rapidly and employers can't afford to be complacent. Keep on top of the latest social issues, think about how they could impact your company and know what your position is.

## About Deacons' employment practice

Deacons' employment practice covers the full spectrum of employment law. We handle everything from sensitive and contentious matters involving claims that could inflict serious financial and reputational damage on our clients, through to innovative non-contentious matters designed to prevent problems arising and help in the day-to-day running of our clients' HR departments.

We advise on a huge variety of issues related to corporate culture including employment contracts, employment related policies such as whistleblowing,

discrimination and anti-harassment, as well as staff handbooks, employee benefits and incentives, and employment disputes.

In addition, we have expertise in the areas of pension regulations, work and residence visas, and the employment aspects of M&A deals, transfers of business undertakings and restructurings.

We also have an established client training programme and deliver a wide range of seminars in Cantonese, English and Mandarin.

## About the research

This *Empowering the workplace* report is an inaugural survey carried out by leading law firm Deacons of 1,010 working professionals and 100 senior in-house legal counsels and human resource managers in Hong Kong.

The survey canvassed professionals in all major industry sectors including financial services and professional

services, TMT, manufacturing, energy, construction, insurance, healthcare and pharmaceutical, hospitality, education, real estate, infrastructure and transport, retail, and the public sector. Respondents work in different sized companies ranging from start-ups to large companies (250 people upwards) and multinationals.

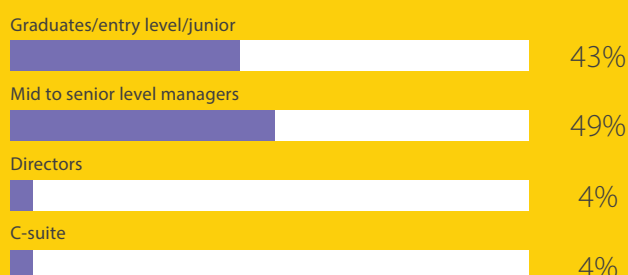
### Survey of 1,010 working professionals



### Survey of 100 senior in-house legal and HR practitioners



### Split across job levels



## Contact us



**Cynthia Chung**  
Partner and Head of  
Employment and Pensions

.....  
Cynthia.chung@deacons.com  
Tel: +852 2825 9297



**Elsie Chan**  
Partner, Employment and  
Pensions

.....  
Elsie.chan@deacons.com  
Tel: +852 2825 9604

## About Deacons

Deacons is Hong Kong's own world-class law firm. Established in 1851, we are the oldest full-service law firm in Hong Kong, as well as the largest.

In addition to our headquarters in Hong Kong, we have representative offices in Beijing, Guangzhou and Shanghai.

### Our principal service areas include:

Banking & Finance, Capital Markets, China Trade & Investment, Construction, Corporate and M&A, Employment & Pensions, Insolvency & Restructuring, Insurance, Intellectual Property, Investment Funds, Litigation & Dispute Resolution, Private Clients, Real Estate, Regulatory and Tax.



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