

2021

Future of Work & Skills Report

Hong Kong

August 2021



+ CONNECTION ■■■■■■
+ TECHNOLOGY ■■■■■■

裝備未來 ■■■■

FUTURE SKILLS

Foreword

The COVID-19 pandemic has dramatically disrupted the workplace and workforce. Many companies worldwide have shifted to remote work or hybrid workforce strategy as part of the social distancing measure to prevent the spread of the virus. Video calls and instant messaging are replacing in-person meetings and break room conversations. Digital transformation has accelerated significantly with the adoption of cloud-based online tools to manage employee productivity and engagement. 'Resilience' and 'Agility' have surfaced as the top agenda by company leadership in response to the approaching economic uncertainties.

Such a paradigm shift has presented both opportunities and challenges for organizations and policymakers to think ahead about the concept of Future of Work and how it will impact their long-term strategies and the world at large.

Impacts on workplaces

Some companies, including several Silicon Valley giants such as Amazon, Google, Facebook, and Twitter have already announced that they will allow a segment of their employees to work from home permanently. Spotify is going further to allow employees to work from anywhere even when the pandemic is over. The "Work from Anywhere" model became a hot topic in the Tech Industry where flexibility is available. Nearly 3 out of 4 CFOs plan to shift at least 5% of employees (Gartner, 2020) to permanently remote positions post COVID-19. A Stanford University survey in May 2020 showed that 55% of US employees (Ro, 2020) wanted a mixture of home and office work. The UK is expecting employees to work at home to double from 18% pre-pandemic to 37% post-pandemic.

Demand of offices will drop?

Another profound impact observed from the hybrid work arrangement is the reduction of headquarter space and decentralization of office structure. The need to upskill and reskill employees at all levels, particularly digital skills as it is in high demand. The shift to remote and hybrid work prompts other questions about whether companies still need big office spaces for every employee.

What is the way forward?

Under this backdrop, a study on how Hong Kong companies will likely adapt to the new work trend, and how management and employees in general perceive the impact on their work performances and digital transformation would be essential.

1. Shifting Some Employees to Remote Work Permanently. Gartner. (2020, April 3). <https://www.gartner.com/en/newsroom/press-releases/2020-04-03-gartner-cfo-surey-reveals-74-percent-of-organizations-to-shift-some-employees-to-remote-work-permanently2>.

2. Ro, C. (2020, August 31). Why the future of work might be 'hybrid'. BBC Worklife. <https://www.bbc.com/worklife/article/20200824-why-the-future-of-work-might-be-hybrid>.

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Authors and Acknowledgements

Karen **Fung**, HKPC Academy

Herbert **Siu**, Quokka HR

Yeung **Shing**, Quokka HR

Disclaimer

The views expressed in this publication are those of the authors and do not necessarily represent those of the HKPC

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1.

Survey Methodology

The Hong Kong Productivity Council Academy (HKPCA) conducted an online survey in partnership with Quokka HR from 27 April to 16 May 2021 through social media channels and targeted channels, e.g., trade associations and business chambers, and direct emails to study the sentiment on the expectation of future work arrangements and skills demand from the perspective of management and employees.

The following should be noted in interpreting the survey data:

Respondents with their roles classified as “Company Owner” and “Top Management / Directors and above” will answer a set of questions from the Management’s perspective. While respondents selected “Manager / Supervisor” and “Employee”, they would be prompted to answer another set of questions from the Employee’s perspective.

Classification by Industries

4.9% of respondents were in the Manufacturing sector, which includes Textile and Apparel, Toys, Watch, Clock and Jewellery; 13.4% of respondents were in the Professional Services sector which includes Legal, Human Resources, Marketing, Public Relations, Media, Education and Training, Healthcare, Automotive and Aviation, etc.

Classification by Respondents’ Demographics

Out of the 600 survey responses, 175 were classified as “Management” and 425 were classified as employees.

2.

Demographics

Management Demographics



Figure 1: Management respondent demographics – industry

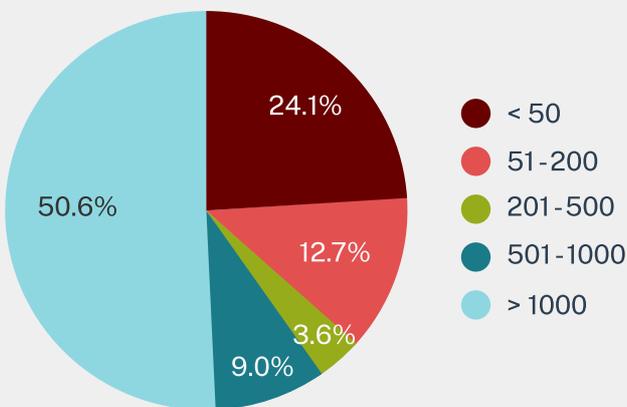


Figure 2: Management respondent demographics – company size

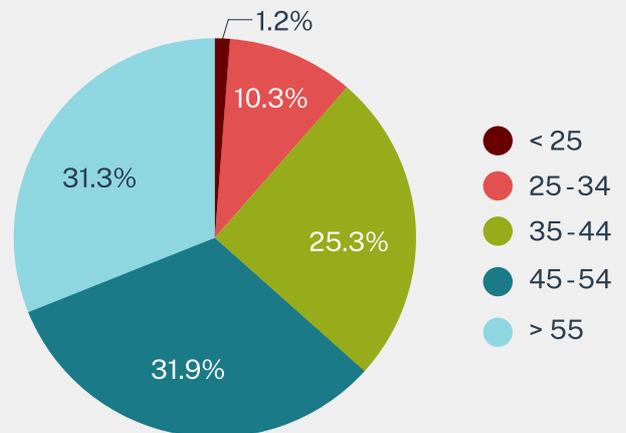


Figure 3: Management respondent demographics – age

Demographics - Employee Demographics



Figure 4: Employee respondent demographics - industry

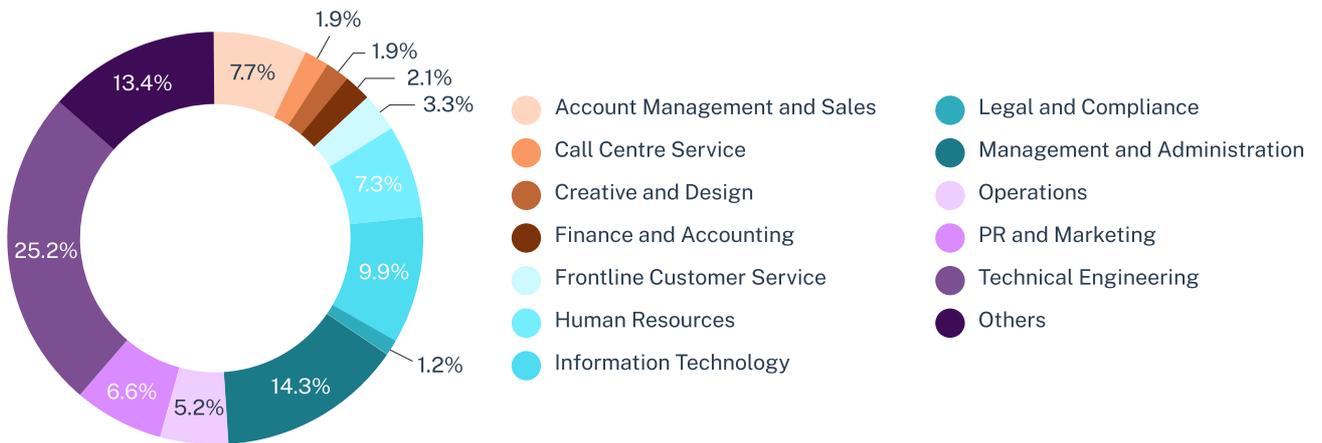


Figure 5: Employee respondent demographics - roles

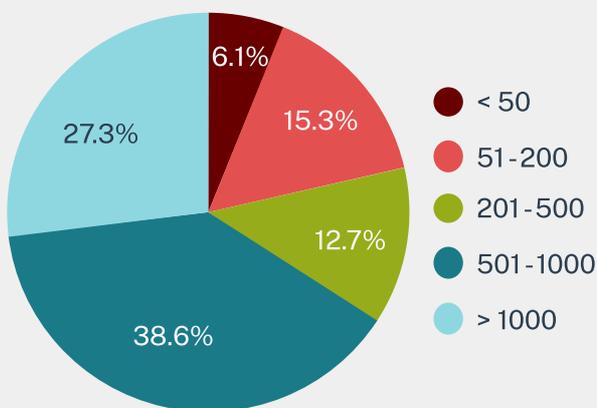


Figure 6: Employee respondent demographics - company size

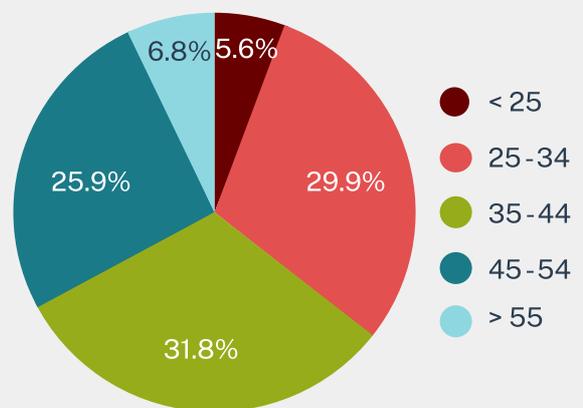


Figure 7: Employee respondent demographics - age

Executive Summary

Since the start of the pandemic, 93% of the respondents indicated that their companies had implemented flexible work arrangements. According to the survey findings, company management and employees have displayed their preferences for a hybrid work mode, which will likely become “the new normal.” In addition, management and employees have also indicated the challenges vs. the potential benefits of hybrid work arrangements to optimize work performances and fully transform digitally.

Implementation of Flexible Work

From our survey response, 81% of management think hybrid work arrangements can work, and 62% plan to implement hybrid work arrangements in the future. From the management respondents, the top benefits of hybrid work include work arrangement flexibilities (55%), a more flexible hiring strategy (52%), and reduction in company cost (44%).

From the employee respondents, 93% think they can adopt hybrid work, and 72% prefer their future jobs to be in hybrid work mode. The top benefits to employees include better work-life balance (65%), better time-management (56%), and expenses savings (53%).

Challenges of Hybrid Work

Adapting to hybrid work does pose challenges to both Management and Employees. Among them, employees indicated that their top three challenges were teamwork (49%), home working environment (48%), and network connectivity (45%). For the management respondents, their top three challenges were communication (58%), employee management (57%), and staff motivation (52%).

When asked about information & technology-related challenges and support needed, management had data security (58%), lack of IT professionals (37%), and lack of proper IT infrastructure (34%) on the top of their list. Meanwhile, for employees, the support they needed included network and equipment (42%), teamwork collaboration (30%), and digital skills training (21%).

Data Security Poses Serious Challenges

Data security (58%) remains a top concern to companies in a hybrid work environment. The demand for cybersecurity knowledge, technical support, and proper infrastructure would likely increase. Companies will need to implement Cyber Security strategies to tackle data security risks.

Invest in Training

There is a genuine need to reskill and upskill the current workforce during digital transformation and hybrid work setting. 82% of employees think they should upskill their IT knowledge and digital skills, while only 31% of management believes that their workforce has the right skill sets to adapt to the new normal.

83% of employee respondents believe that their companies should better invest in digital skills training, while 56% of management responded that their companies plan to offer IT & Digital skills training to employees. There is a gap between the expectation of employees and the current training offerings of companies. Companies should consider investing more in training to equip their employees with the FutureSkills needed to become future-proof.

3.

Survey on : Future of Work & Skills in HK

Purpose of Survey:

Most companies in HK have adopted some kind of hybrid work arrangement since the pandemic. This survey aims at grasping the impact and challenges both management and employees have experienced through remote work arrangements and what they see as opportunities going forward.

Given this, we have surveyed local business leaders and employees to find out among HK companies:

- How did remote work impact the productivity of companies and employees?
- How has it impacted on the cost to the companies and employees?
- How ready are companies and employees to transform digitally going forward?

1 Productivity
Impact on productivity

2 Cost
Impact on Cost

3 Readiness
Readiness going forward

4.

Future of Work

Hybrid work will be the new normal

The swift onset of hybrid / remote work arrangements may have caught us all by surprise. From our survey, 93% of the respondents indicated their companies to have implemented flexible work arrangements since the pandemic.



Figure 8: Percentage of companies implemented flexible work



The question is what's next after the pandemic – should we go back to full force in office, fully remote or hybrid work?

81% of management respondents think hybrid work arrangements can work for them, while 93% of employee respondents believe their current jobs can adopt hybrid work.

	Management	Employees
 Readiness	81% think hybrid work arrangement can work.	93% think they can adopt hybrid work
 Future	62% respondents plan to implement hybrid work arrangement in the future.	72% respondents prefer future jobs with hybrid work arrangement.

Figure 9: Readiness and Plans for hybrid work arrangement from management and employees

In terms of future outlook, 62% of the management said they were planning to implement hybrid work, while 72% of the employees responded they would look for jobs with hybrid work arrangement.

5.

Hybrid Work will be the New Normal

5.1 Readiness for Hybrid Work

When it comes to the number of remote workdays, 85% of the management respondents think they could adopt hybrid work with only 15% needing their team to report to the office daily. The responses were similar for employees. 93% of employee respondents said that they could adapt to the hybrid work, with 25% preferring 3 days or more remote workdays per week.

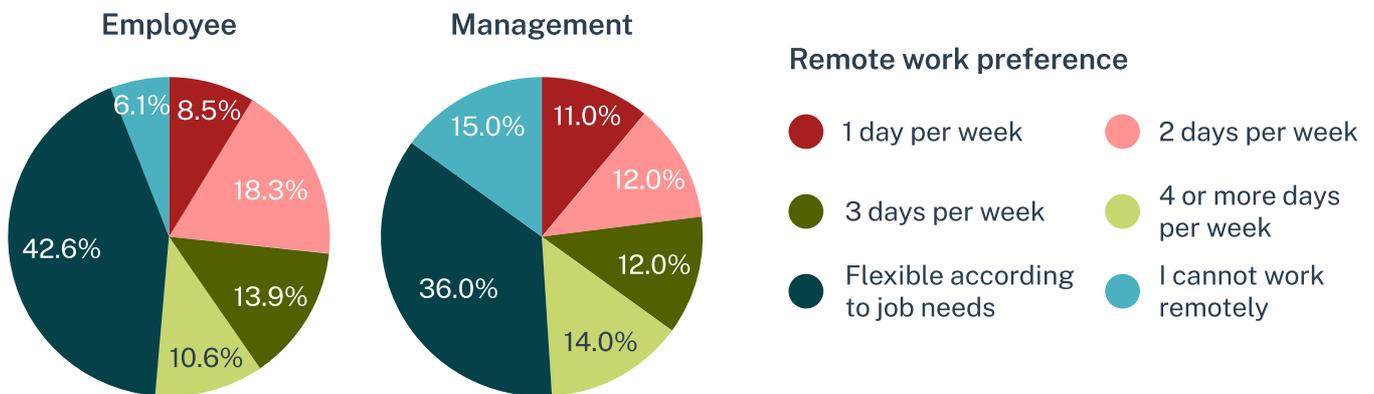


Figure 10: Preference on the number of remote workdays by both management and employees

5.2 Effectiveness of Hybrid Work

Both management and employees are fairly satisfied with the level of performance in hybrid/remote work setting.

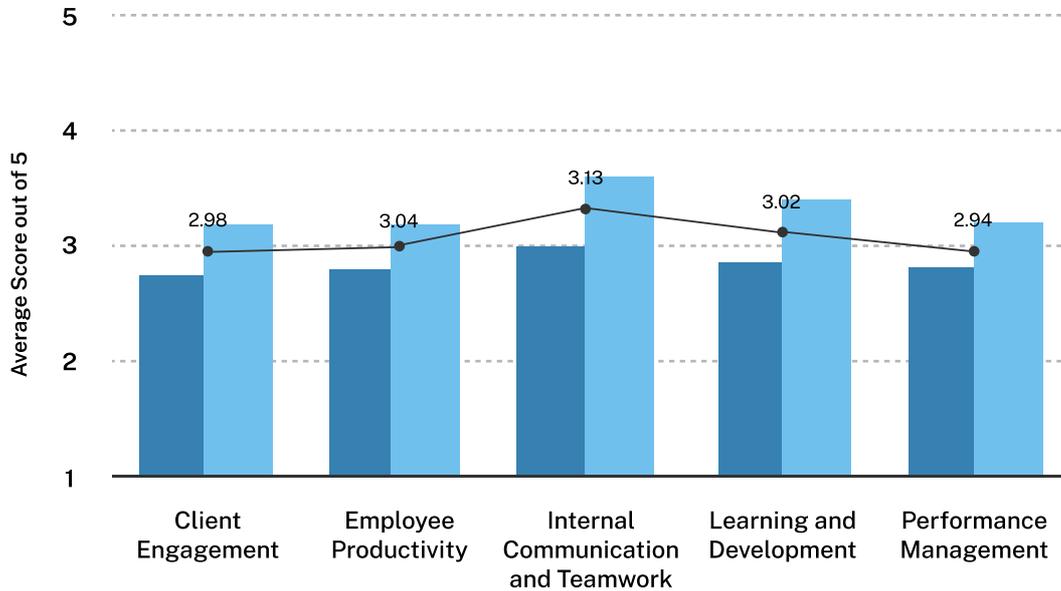


Figure 11: The Most and the Least effective hybrid/remote work scores according to five areas by management respondents by company size

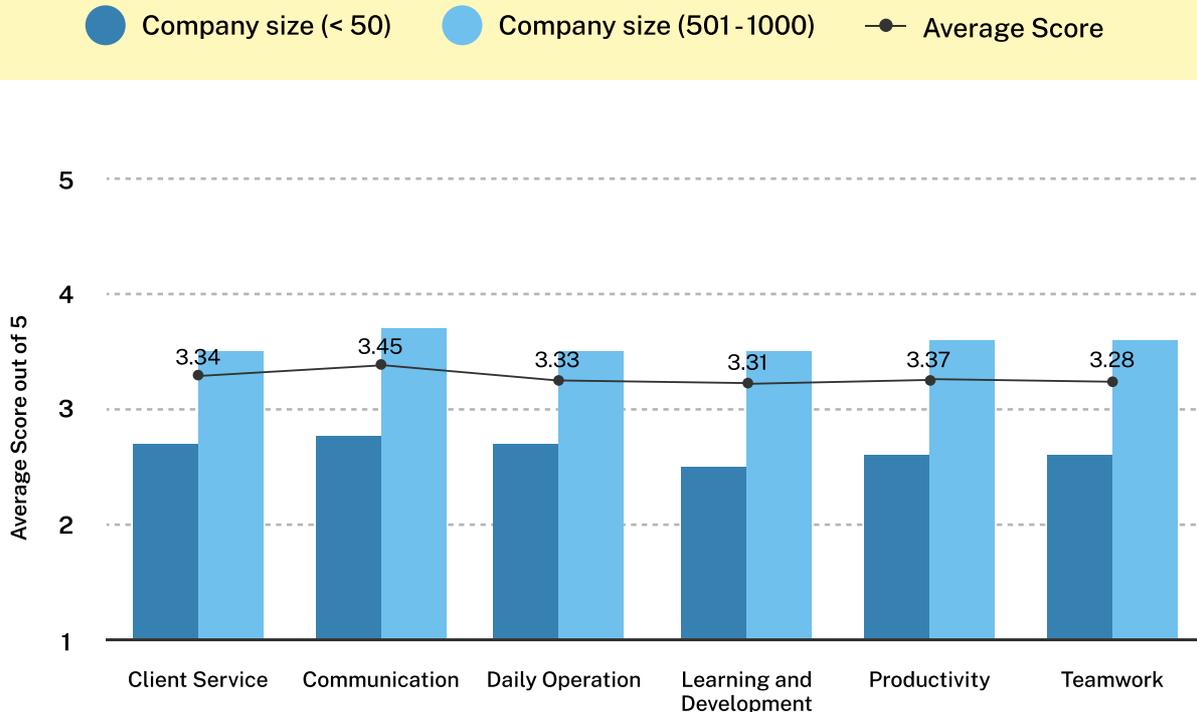


Figure 12: The Most and the Least effective hybrid/remote work scores according to six areas by employee respondents by company size

Of all the company sizes, management from companies with under 50 employees have the least effective rating while those from companies with 501 to 1000 employees have the most effective rating in hybrid/remote work.

5.3 Employee Engagement in hybrid/remote work setting

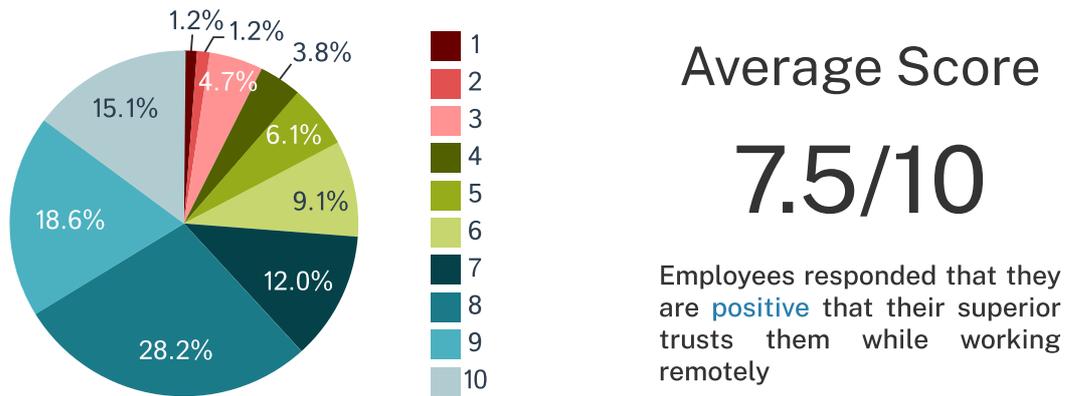


Figure 13: Average score from employees that their superior trusts them while working remotely

Scores out of 5	Trust Score from Superiors	Work Recognition from Management	Provision of Digital Tools by Companies
< 50	6.7	5.9	5.4
50 - 200	7.6	7.0	6.7
201 - 500	7.6	7.5	7.4
501 - 1000	7.8	7.4	7.4
> 1000	7.0	6.8	6.5

Table 1: Employee respondents' answers on the questions regarding the rating for the Trust from Superiors, Work Recognition from Superiors and the Provision of Effective Digital and Communication Tools by Companies, filtered by company size

The score for company size with under 50 employees registers the lowest scores in “trust”, “recognition” and “provision of digital tools”, reflecting that smaller companies have more difficulties in employee engagement and support for hybrid work.

5.4 Benefits and Challenges of Hybrid Work

Benefits of hybrid work

The management from our respondents rated the top benefits of hybrid/remote work as follow: Increase work arrangement flexibilities (55.4%); Develop a flexible hiring strategy (52.4%); Improve employees' digital skills (44.6%); and Reduce operation costs (44.0%).

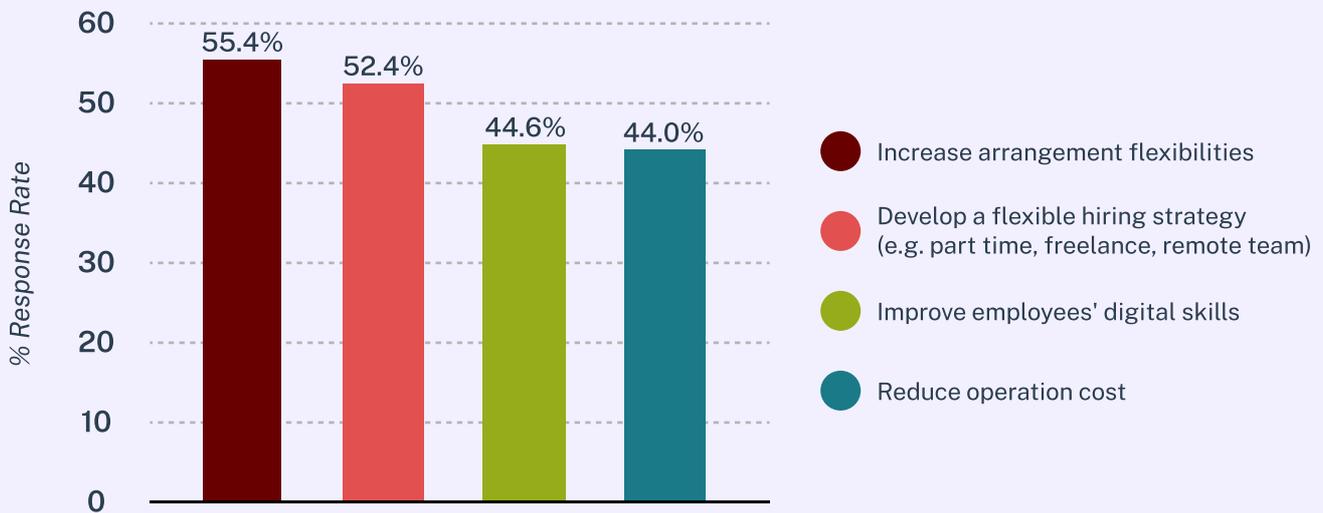


Figure 14 : Top Benefits from management on hybrid work

The top benefits employees see in hybrid work setting are: Better work-life flexibility/balance (64.7%); Better time management (55.8%); Expense savings (53.4%); and More autonomy over where to work and work arrangement (47.1%).

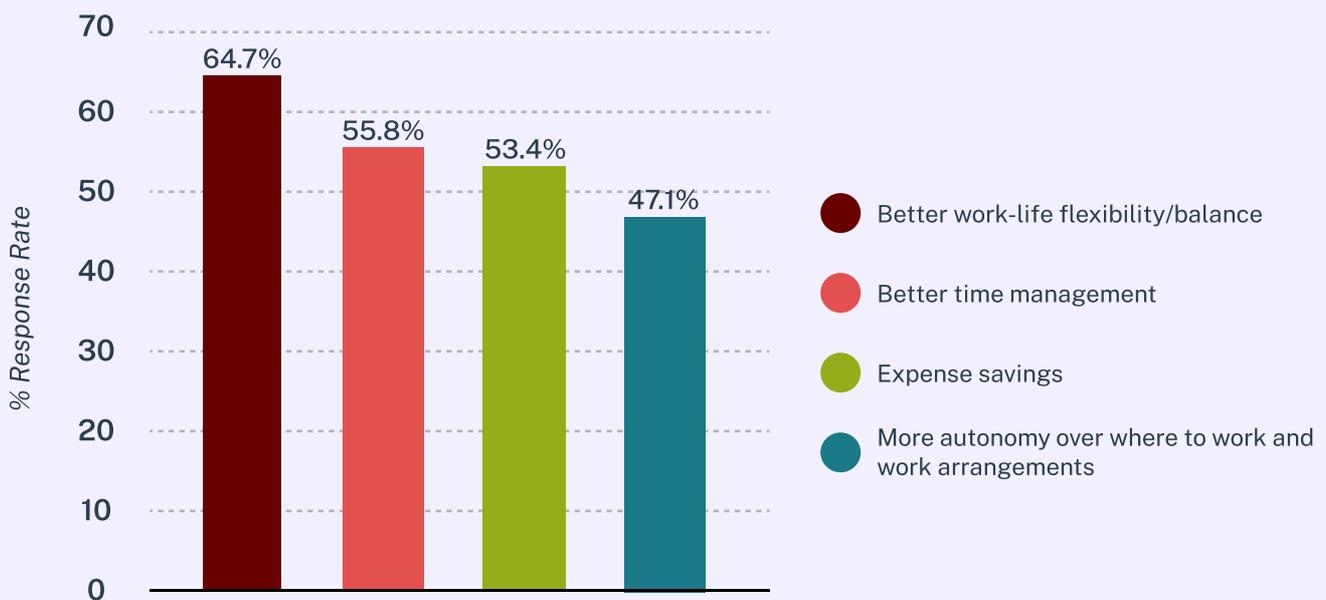
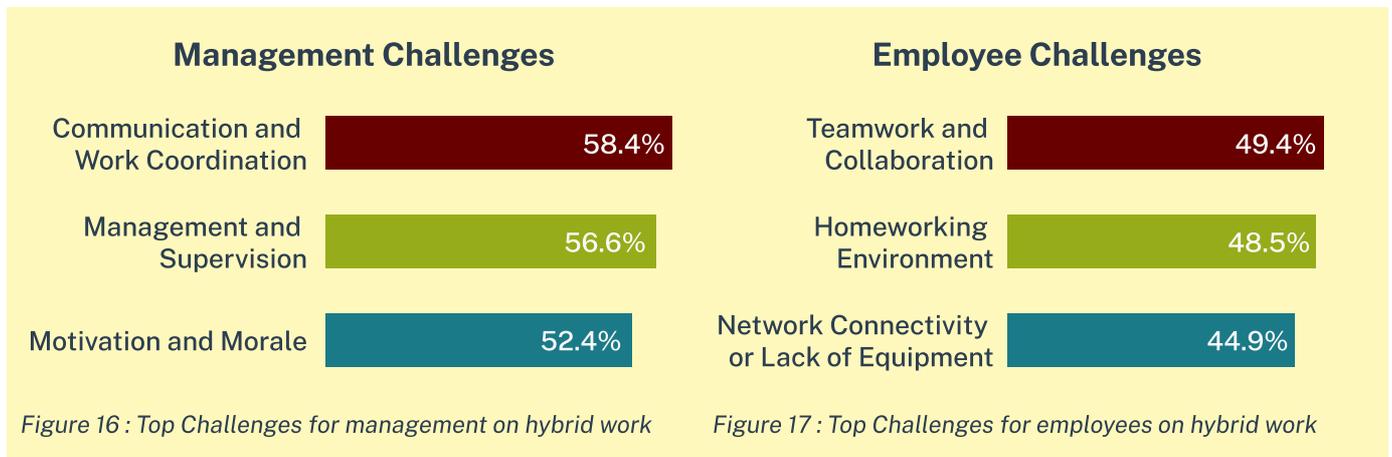


Figure 15 : Top Benefits from employees on hybrid work

Flexibility and cost saving were agreed by both management and employees as the major benefits to hybrid work mode.

Challenges of hybrid work

In terms of challenges over hybrid work, management respondents indicated their top challenges as follow: Communication and Work Coordination (58.4%), Management and Supervision (56.6%), and Motivation and Morale (52.4%).



These management challenges reflect issues concerning the work culture, communications, and leadership within the company, which are the people factors that companies need to address in the transition of work mode.

As for the employees, our respondents indicated that their top challenges would include: Lack of Teamwork and Collaboration (49.4%), Homeworking Environment (48.5%), and Networking Connectivity or Lack of Equipment (44.9%).

The challenge of the people factor aligns with the management’s challenge, further compounded by the challenge of home working environment due to the crowded living environment in Hong Kong, and other factors such as network connectivity and lack of equipment which will need to be addressed by the management to facilitate effective remote work.

Meaning of hybrid work on recruitment

Among 425 employee respondents, 72% (58.3% + 13.9%) of them indicated that they would prefer a hybrid work arrangement in their future jobs.

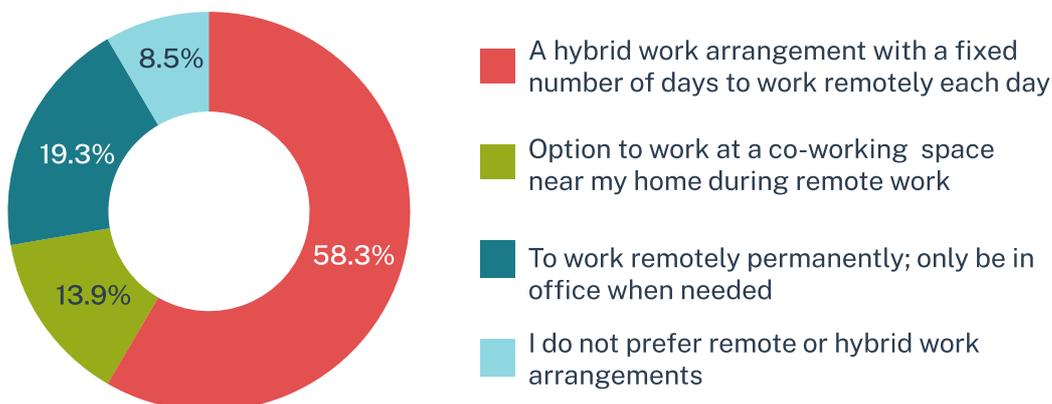


Figure 18 : Employee’s preference for hybrid work in the future job hunt

5.5 Support for Employees

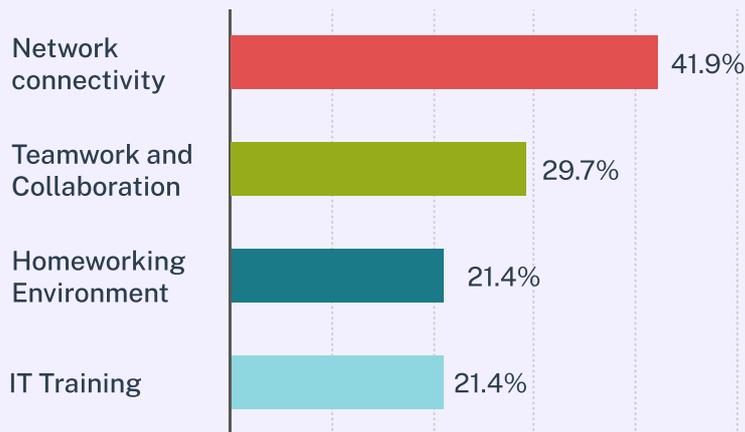


Figure 19: Top Employees' preferences on support from management

The employees' responses show that support such as Network Connectivity and Equipment (41.9%). Teamwork and Collaboration (29.7%), IT Training and Homeworking Environment (21.4% respectively) is needed to facilitate effective hybrid work arrangement.

5.6 IT Challenges from Managements

To management, the top IT challenges are Risk in data security and information access (58.4%), Lack of internal IT professionals to lead (36.7%), and Lack of proper IT infrastructure (equipment and software) (34.3%). These reflect the general lack of knowledge and talent to facilitate their digital transformation.

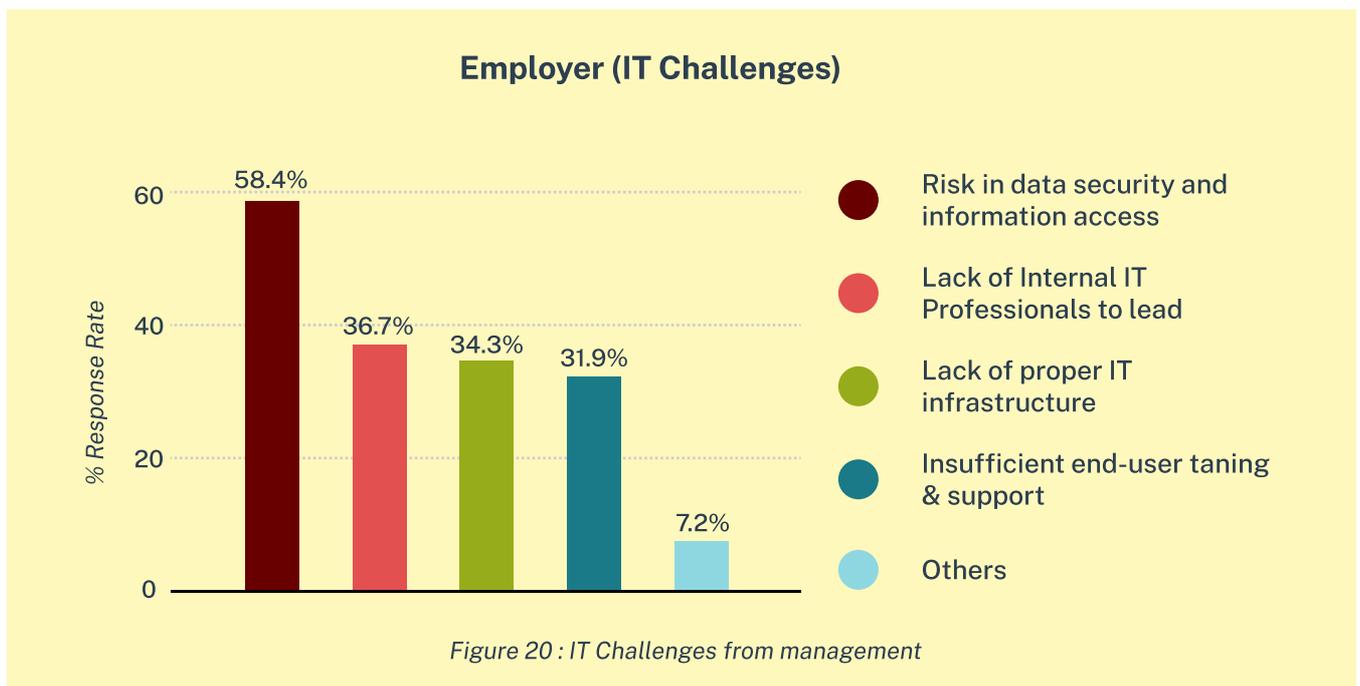


Figure 20 : IT Challenges from management

6.

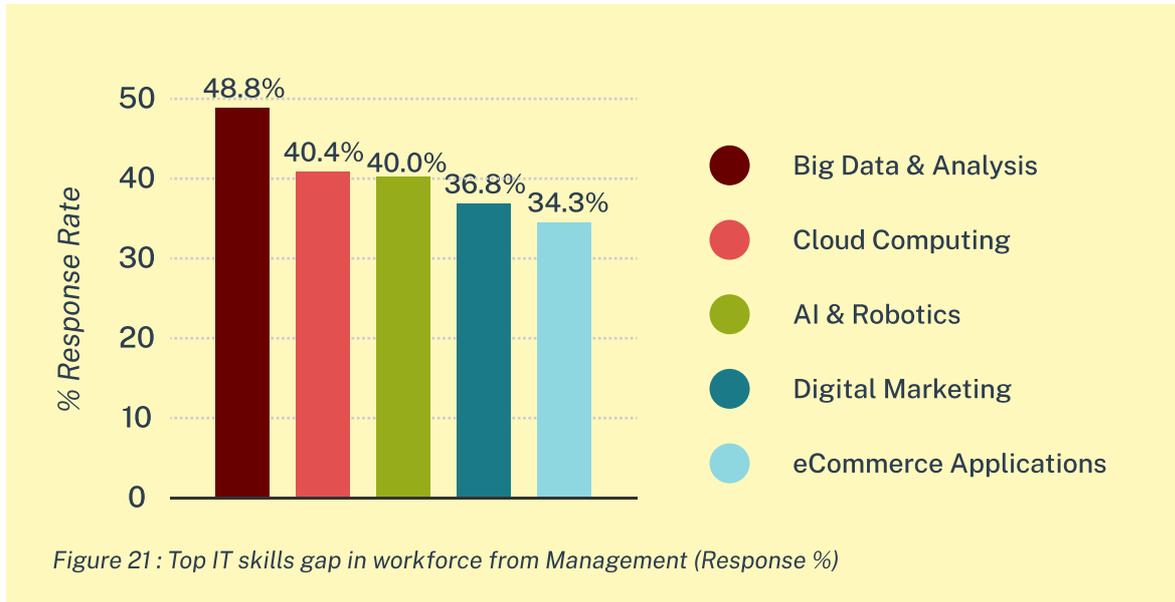
The Need of Upskilling

To successfully implement hybrid work, employees must have the necessary tools and skillsets to master new workflows and requirements. The survey investigated the important skills for the future workforce, especially IT infrastructure and digital skills. 89.2% of management thinks it is crucial to require candidates to possess basic IT skills and digital skills in future job advertisements.

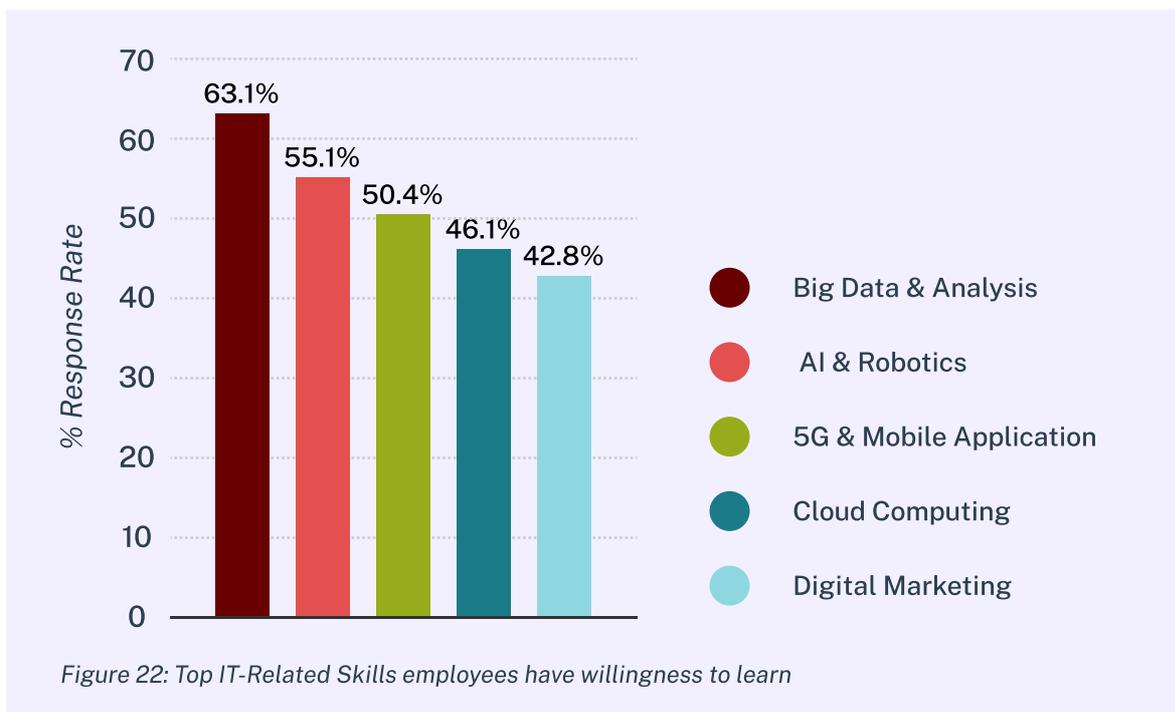
31% of management think their workforce has the IT knowledge and digital skills to cope well with the new work environment. Among employees, 82% believe that upskilling is required for digital skills and IT knowledge. Our findings indicate that IT skills will be in high demand, especially since the outbreak of COVID-19.

6.1 Skills Gap Identified by Management

The skills gap identified by management include Big Data & Data Analytics (48.8%), Cloud Computing (40.4%), AI & Robotics (40.0%), and Digital Marketing (36.8%), and eCommerce Applications (34.3%)



When asked what the essential digital skills for work are, response from the employees rated Big Data & Data Analytics (63.1%), AI & Robotics (55.1%), 5G & Mobile Applications (50.4%), Cloud Computing (46.1%), Digital Marketing (42.8%) as the top five skills.



6.2 Expectation for IT knowledge and digital skills training

In terms of training, 83% of employees, expect their companies to better invest in digital skills training for them to enhance work productivity and corporate competitiveness in the market.

At the same time, only a bit more than half of the management respondents (56%) are planning to provide IT and digital skills training to employees.

The results reflect a gap between the supply of training and the demand of employees.

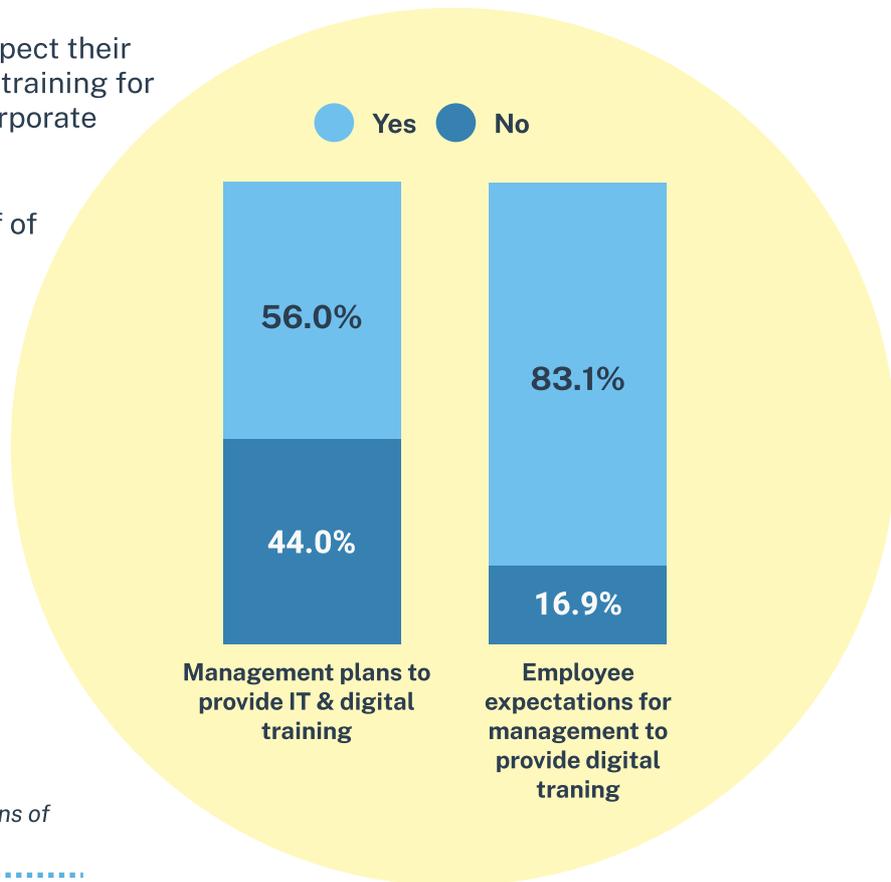


Figure 23: Management plans and Employees' expectations of digital skill training

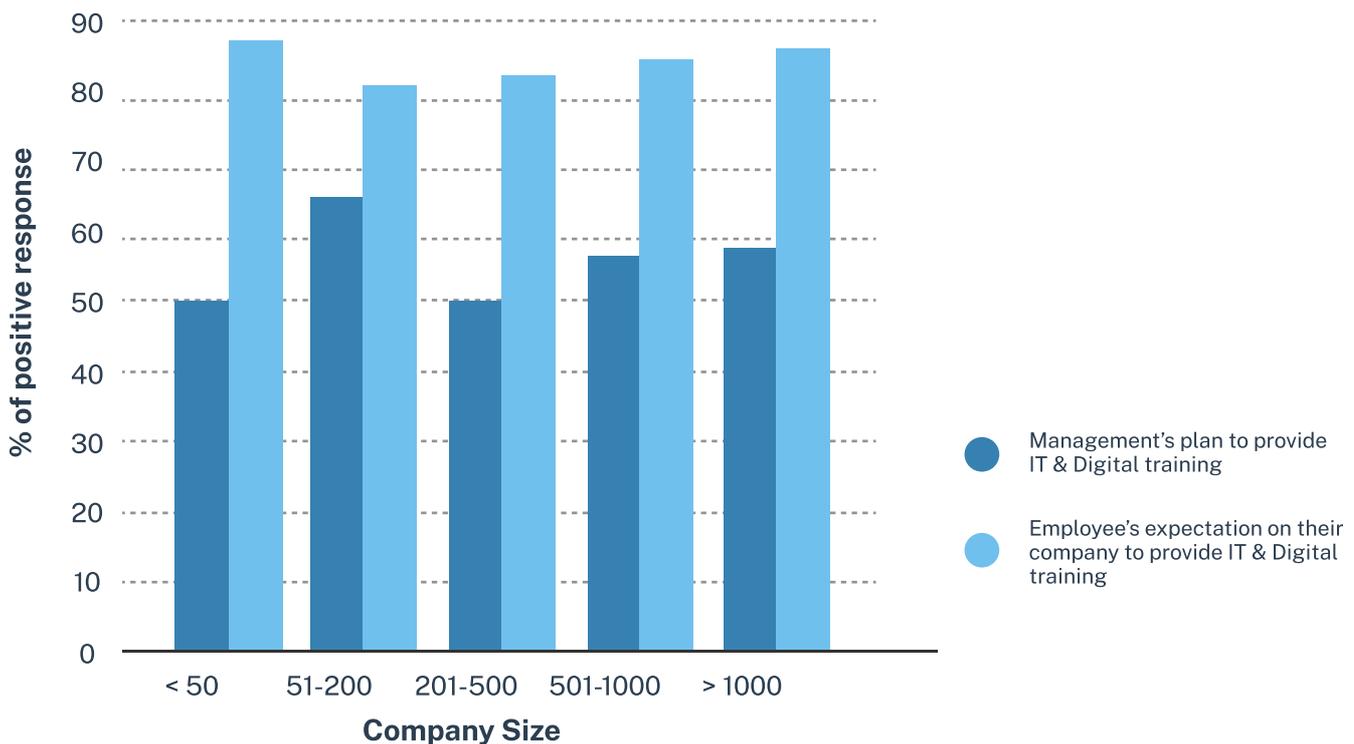


Figure 24: Management plans on digital training vs Employee expectation on digital training by company size

Recommendations

Implement Flexible Work

Since most companies have adopted some kind of remote or hybrid work arrangements during the pandemic, there is a genuine expectation from both employers and employees that flexible work arrangements can be in place on a permanent basis going forward. Companies can benefit with more flexible hiring strategies and saving cost on office space, while employees appreciate flexible time management between work and personal lives in addition to expense savings from not having to work in the office. With the increasing popularity globally, companies should consider implementing flexible work, or hybrid work where possible for attracting and retaining talent.

Enhance Communications & Employee Engagement

With less time spent physically in the office, teamwork and collaborations could pose challenges to many in the workforce as reflected in the survey. Companies need to equip their managers with new leadership skills to adapt to the changing workplace and to lead a dynamic workforce. The use of effective communication tools and softwares could help facilitate team collaborations and manage employee performance. Employee engagement programmes would be essential to facilitate and encourage effective team communications and promote a positive work culture.

Take Cyber Security Seriously

With data security being at the top of the list among the challenges faced by companies, it is advised that organisations should start executing their Cyber Security plan and step-up on data protection. Raising the awareness of employees on potential data leakages and cyber security vulnerabilities is essential to any organisation. The Hong Kong Computer Emergency Response Team Coordination Centre of HKPC regularly organises cyber security seminars and releases educational videos to remind the public of the correct applications of cloud and Internet of Things technologies to guard against cyber-attacks. The lack of cyber security talent globally is also an issue that needs our attention, training and development in this area is essential and urgent to enable the flow of talent supply to safeguard the cyber security of Hong Kong enterprises.

Invest in Training

In the new digital era, demand for workforce upskilling and reskilling has never been higher. According to the World Economic Forum's Future of Jobs Report 2020, by 2025, 85 million job losses and 97 million new roles are expected due to new division of labour and algorithms. The onset of the pandemic has accelerated the upskilling and reskilling demand for the workforce. Companies should invest more in training to equip their employees with the future skills needed to create win-win for both people and organisations and help Hong Kong move forward as a smart city.

Appendix

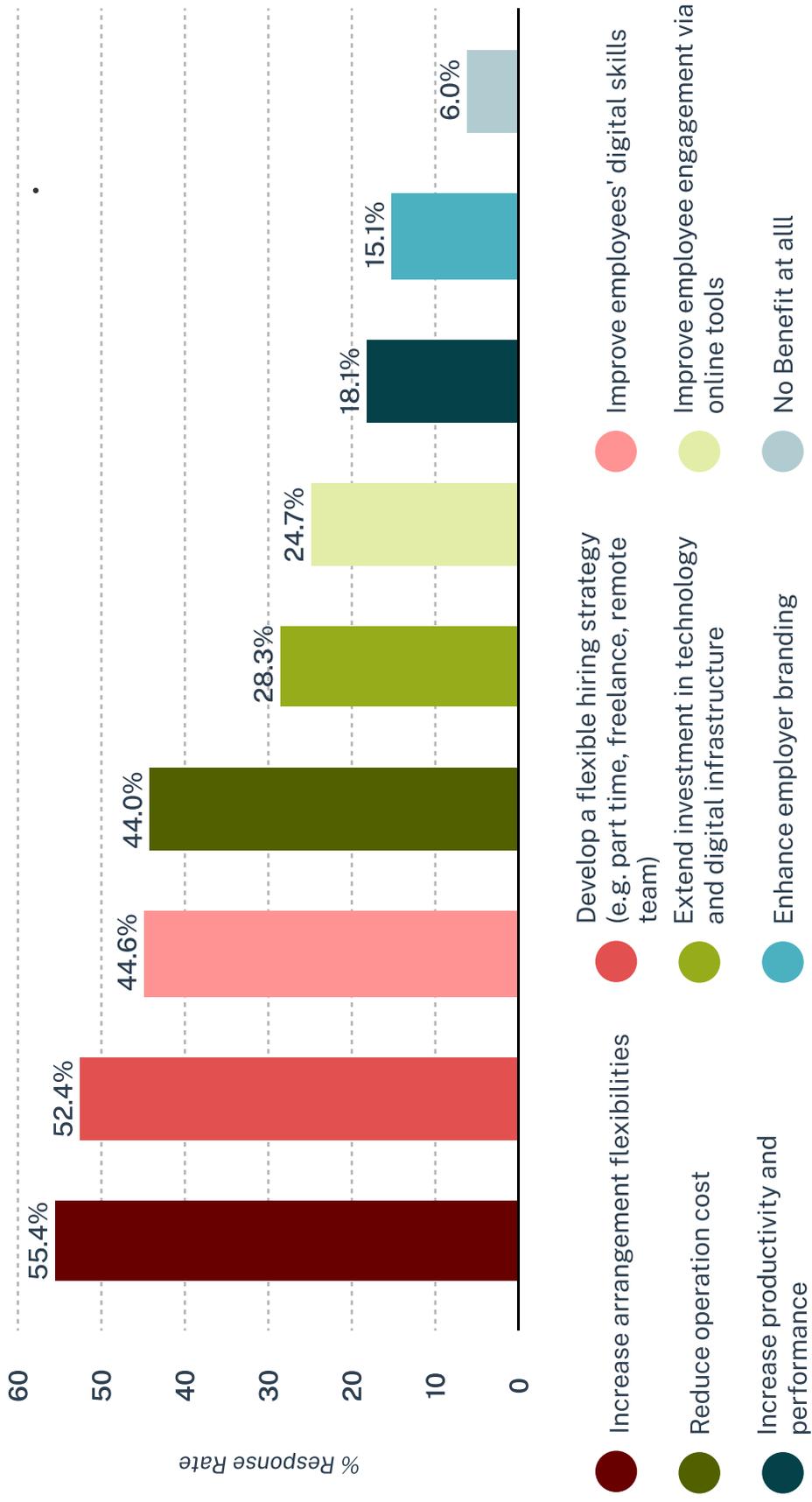


Figure 25: Benefits from management on hybrid work

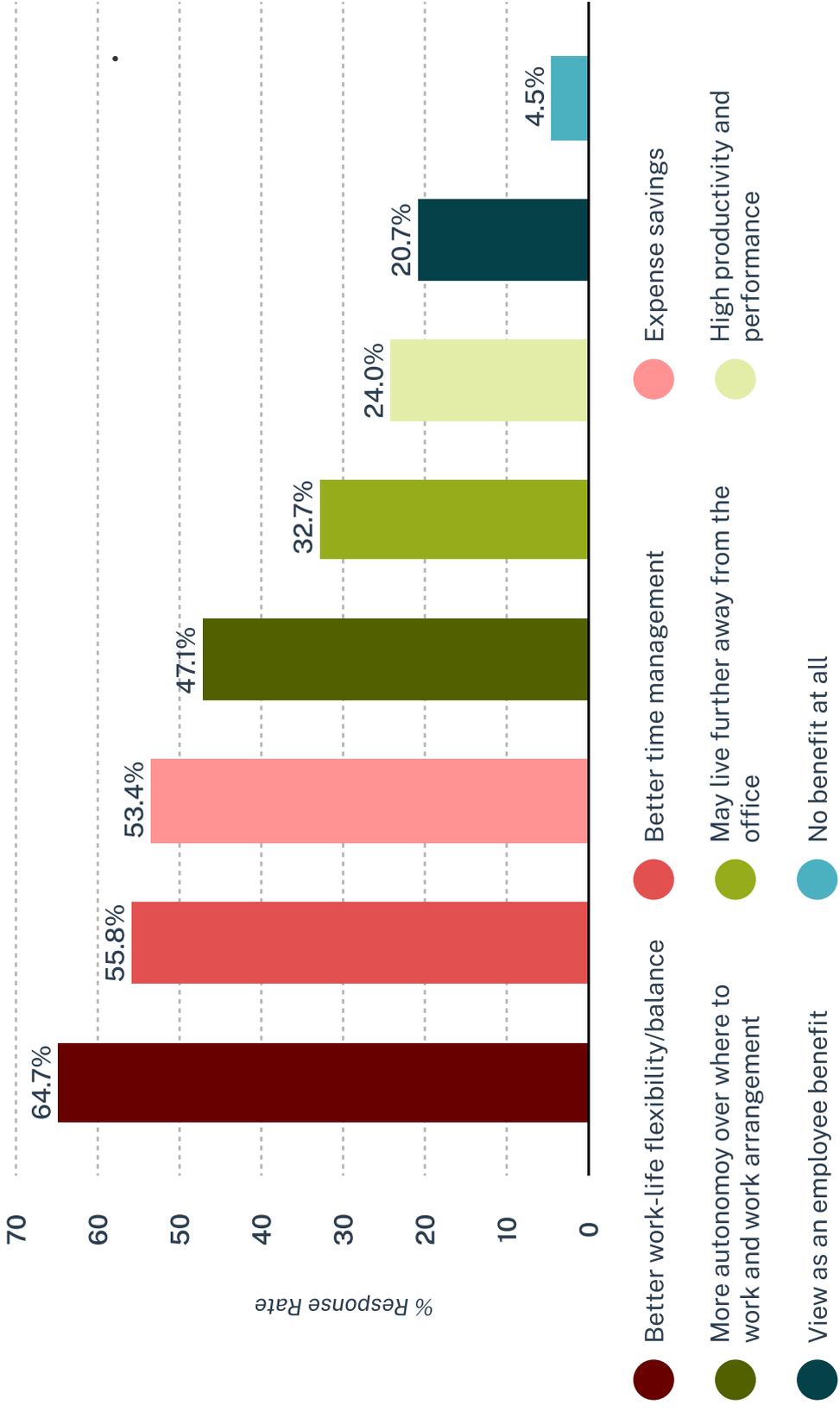


Figure 26: Benefits from employees on hybrid work

Management Challenges

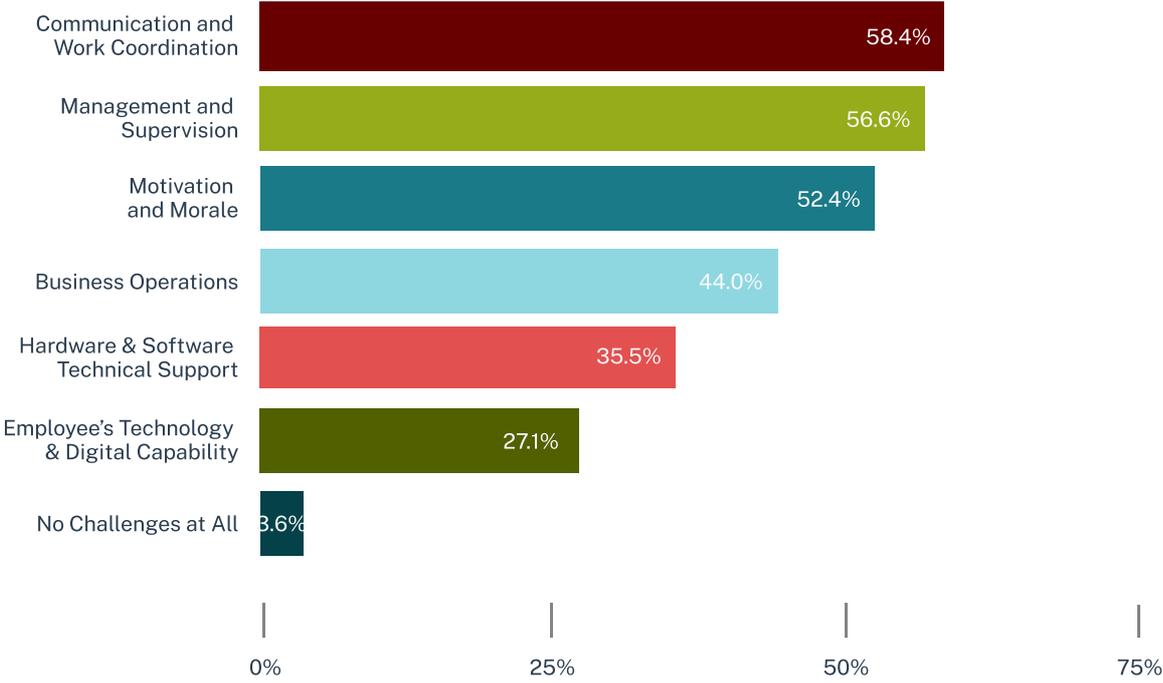


Figure 27: Challenges from management on hybrid work

Employee Challenges

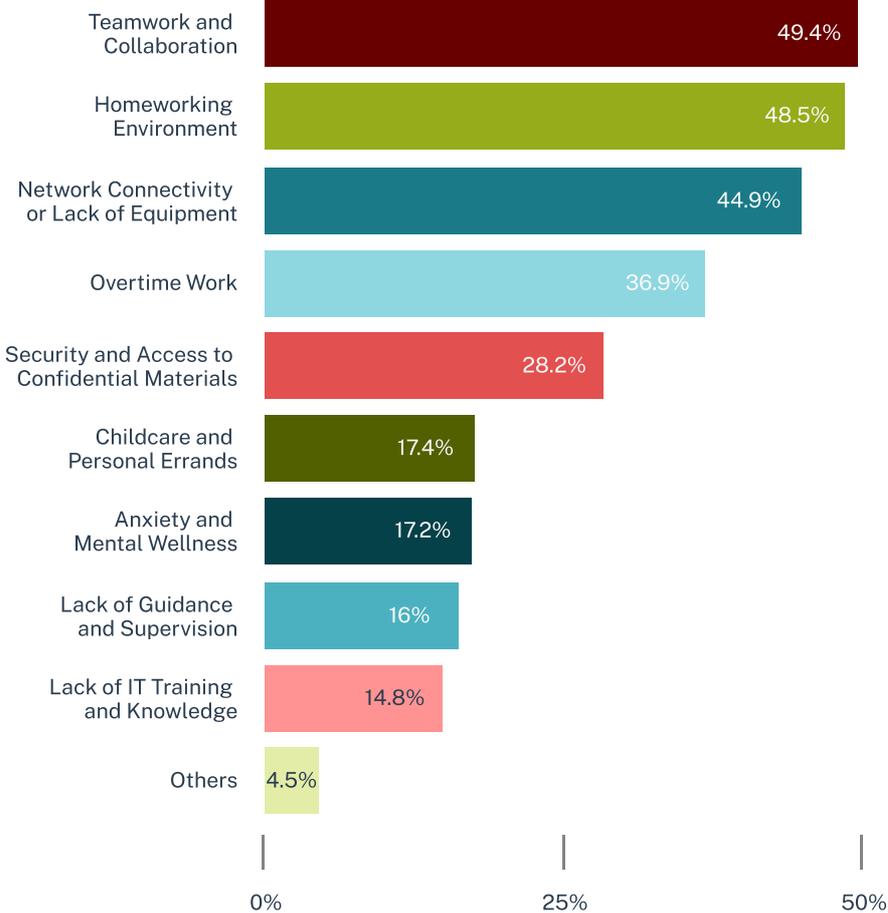


Figure 28: Challenges from employees on hybrid work

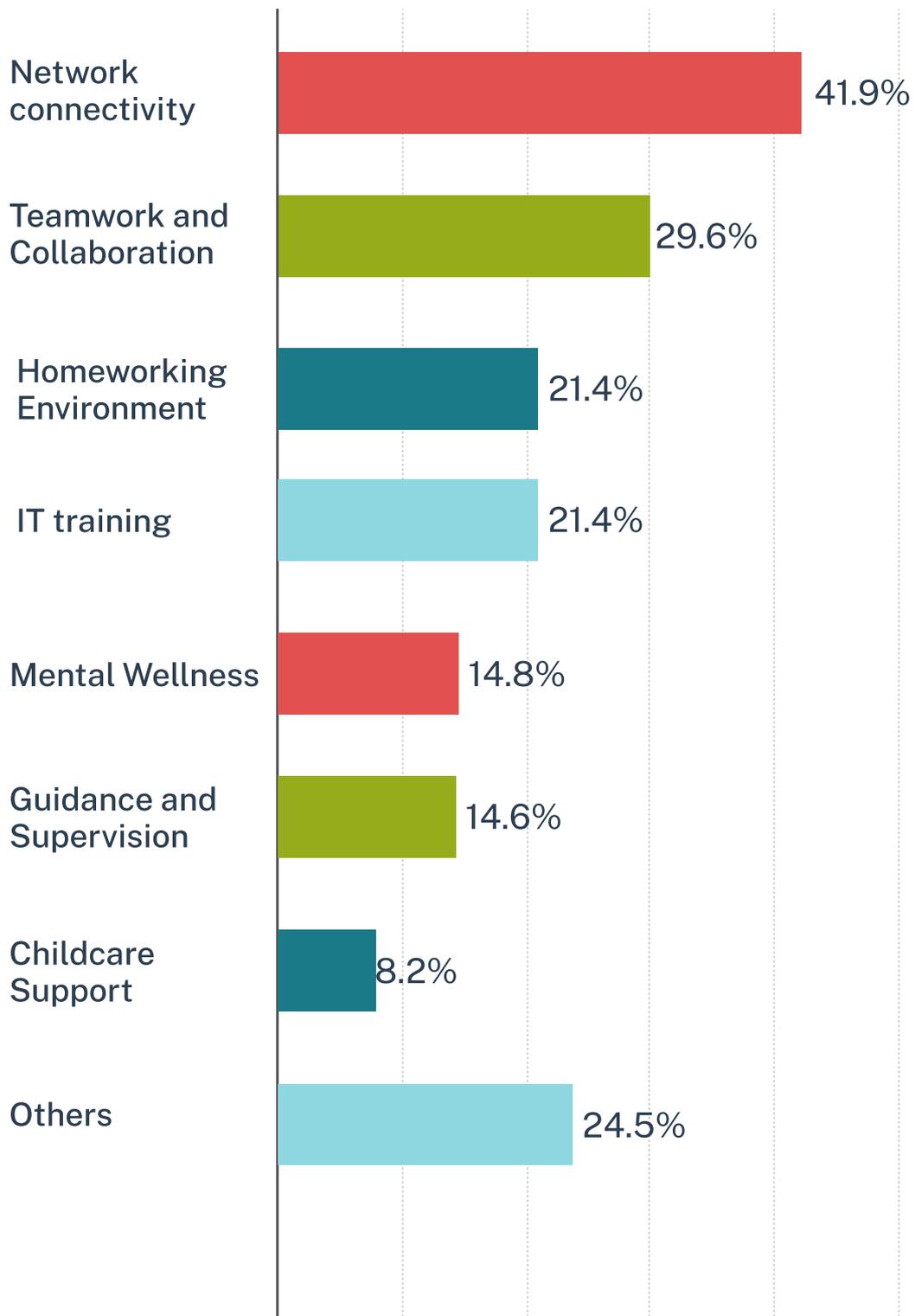


Figure 29: Employee preference on support from management

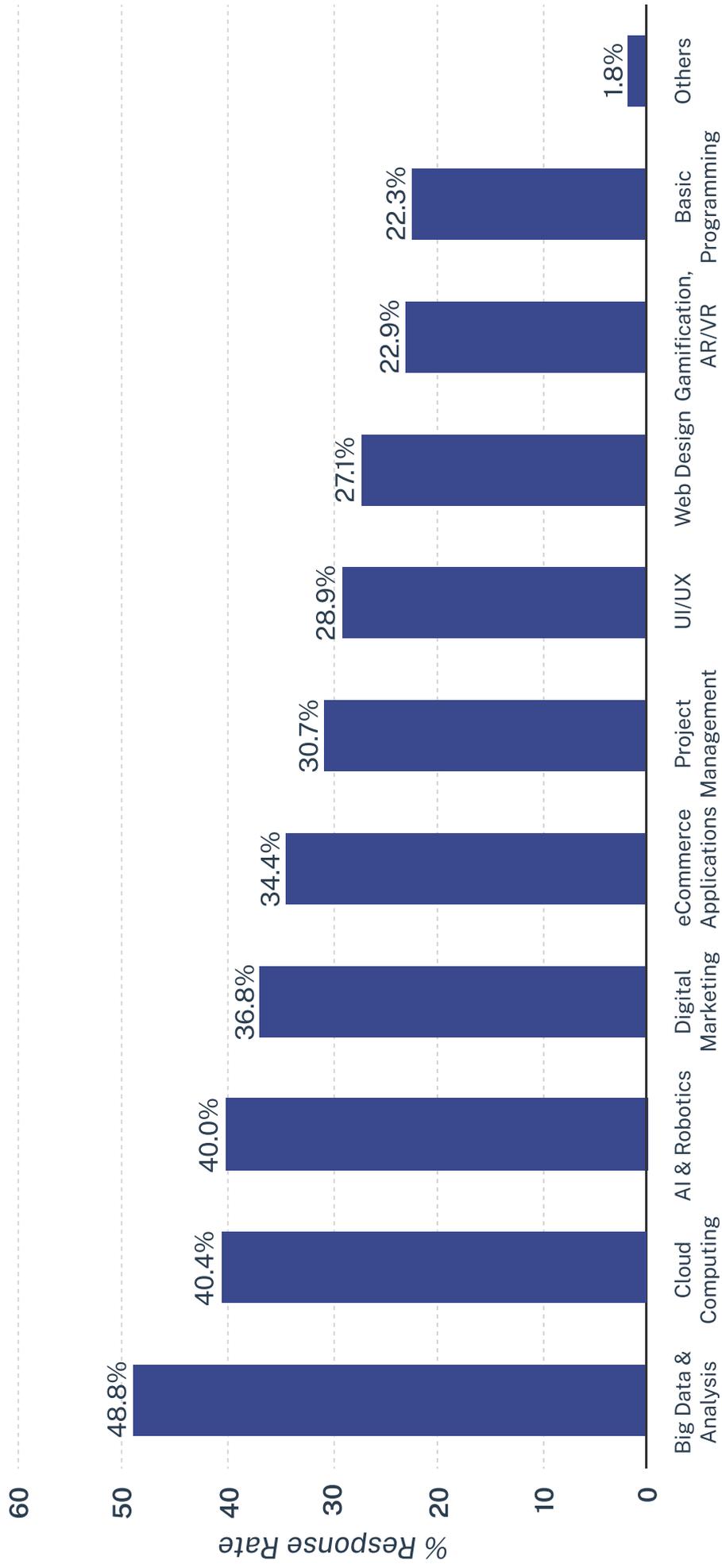


Figure 30: IT skills gap in workforce from Management (Responses %)

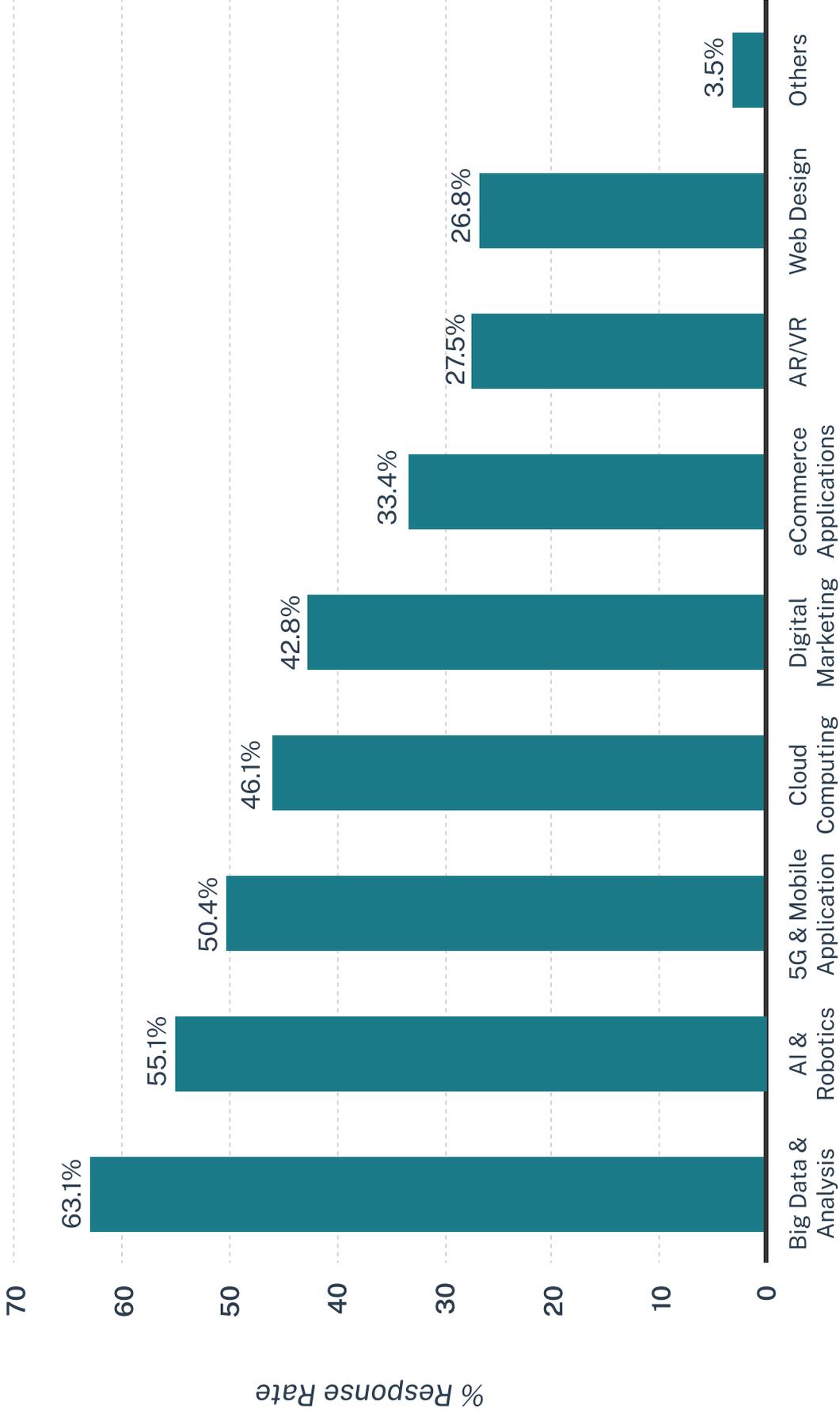


Figure 31: Willingness to learn various IT-related skills by percentage from employees

Sources

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Taneja, S., Mizen, P., & Bloom, N. (2021, March 15). Working from home is revolutionising the UK labour market. VOX, CEPR Policy Portal. <https://voxeu.org/article/working-home-revolutionising-uk-labour-market>.

Shifting Some Employees to Remote Work Permanently. Gartner. (2020, April 3). <https://www.gartner.com/en/newsroom/press-releases/2020-04-03-gartner-cfo-surey-reveals-74-percent-of-organizations-to-shift-some-employees-to-remote-work-permanently2>.

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Since 1967, the Hong Kong Productivity Council (HKPC) has been offering diversified industry training activities designed to upgrade and update the knowledge and skills of practitioners in different business sectors. The Productivity Training Institute was established in 2004 to better coordinate, plan, develop and manage HKPC's professional training services. In 2018, HKPC rebranded its Productivity Training Institute to the HKPC Academy, which aims to nurture a pool of talents to keep pace with the changing international markets, and to support Hong Kong's development locally and in the region.

Quokka

People Management Platform

QuokkaHR - a SaaS people management platform focusing on attracting, engaging and retaining talents and optimising team performance even when teams are remote

QuokkaHR fielded an online quantitative survey between April and May 2021 to research the Future of Work and Skills in HK. Respondents were split into a different set of questions based on their roles in the companies.



 <https://www.hkpcacademy.org/>

 (+852) 2788 6342

 academy@hkpc.org

 HKPC Academy

Quokka

 <https://www.quokkahr.com/>

 (+852) 9653 8757

 enquiry@quokkahr.com

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