

Executive Summary

The outbreak of the COVID-19 pandemic at the start of 2020 has drastically changed workplace culture. To help contain the spread of the virus many companies were forced to shutdown. Other employers implemented “special working arrangements” to maintain social distance among employees and adopt a “new normal” brought about by the pandemic. These social distancing measures have included flextime, shift work and remote working.

At the same time, COVID-19 has also changed people’s daily lives and consumption practices. Many businesses have adapted by offering online shopping and started developing remote services so that they can survive the COVID-19 recession. As government officials have highlighted the pandemic will go on for a long time to come, companies will need to rethink their management and working patterns for the foreseeable future, and prepare for the possibility of even more severe pandemics.

Hong Kong with its increasingly aging population, is also facing a continuous longer-term decrease in its labour force, while its potential labour force is actually under utilised. The HKSAR Government has been trying to encourage employers to implement flexible working arrangements (FWAs) by introducing “Family-friendly Employment Practices” in 2006. FWAs refer to work options that permit flexibility of ‘where’ work is completed (often referred to as “telecommuting” or “flexplace”) and/or ‘when’ work is completed (often referred to as “flextime” or “scheduling flexibility”). In doing so, the government hopes that it would increase the available labour force, including those women who have just given birth and the elderly.

Recently there has been a growing trend of improving the “work-life balance” among employees, which itself has become more diversified. However, the Hong Kong workplace generally lacks flexibility. Authorities have not fully implemented FWAs nor considered youth needs for work-life balance. Hong Kong’s progress in this area is lagging behind many developed countries that have already carried out such policies in response to employees’ voices. Employers that implement flexible working arrangements for their employees, can not only maintain productivity during the COVID-19 pandemic, but also help young employees to better utilise their time.

This study aims to understand young employees’ needs and views on FWAs while, through understanding employers’ concerns, investigating whether the necessary conditions exist to implement FWAs among Hong Kong’s workplaces. Referencing the experience of other countries in implementing FWA-related policies, we hope to offer feasible solutions to improve the flexible working arrangements in Hong Kong. This is to help reduce companies’ loss of productivity, and prepare society for the post-Covid-19 “new normal”.

Main Discussions

- 1. Hong Kong's potential labour force is not yet fully utilised. Local government initiatives to promote FWAs lag behind other developed countries, while Family-friendly Employment Practices ignore youths' needs for FWAs, undermining the overall development of human resources.**

In Hong Kong the labour participation rate of the elderly has been growing continuously while the female labour participation rate is still far behind other developed countries in the Organisation for Economic Co-operation and Development (OECD). This highlights that there is still a significant potential labour force that is under-utilised in Hong Kong. The HKSAR Government suggested in the Population Policy - Strategies and Initiatives (2015) that more elderly and women joining the labour force would help slow its rate of shrinkage.

However, the effort that government has put into promoting FWAs has been insufficient. The relevant policies have ignored the work-life balance of youth, hindering the release of yet more labour into the market. An interviewed scholar pointed out that as society transforms, gender roles in families and the socio-economic structure have also changed. This in turn has created an increasing need for work-life balance amongst an increasing section of the working labour force who hope to have more autonomy in choosing personalised working options that help them better manage both work and family.

Although the government has been encouraging businesses to implement FWAs through promotion of Family-friendly Employment Practices since 2007, such policies were only voluntary. An interviewed Legislative Councillor pointed out that only a few large enterprises in Hong Kong carried out FWAs before COVID-19, while most Small and Medium Enterprises (SMEs) were not as responsive: currently the government has not introduced any other FWA-related policies.

- 2. Overtime working among Hong Kong employees is common, but the adoption of a statutory working hours standard has been prevented due to the controversy between labour unions and business owners. However there has been significant government influence to encourage organisations to be role models in implementing FWAs, especially during the COVID-19 pandemic.**

On average, employees in Hong Kong worked 42 hours a week in 2018, exceeding most of the developed countries in the world. Employee overtime working causes work-family conflict, exhaustion and lower productivity.

The HKSAR Government set up the Standard Working Hours Committee in April 2013 to discuss working hours with the public. However, as it was unable to come to a consensus with labour unions, the committee's recommendation was put on hold in January 2017. Without a consensus on the legislation of working hours requirements, FWAs could instead provide an alternative to employees' needs.

It can be considered the government has had a certain level of effectiveness in its attempt to encourage the implementation of FWAs. The government initiated a five-day working

week in 2006, and many companies were motivated to follow its lead. During COVID-19 the government also implemented “special work arrangements” within its departments. Employees have been allowed: to work from home, shift work and/or flexible working hours to help control the spread of the disease. As the government has been strongly advising companies to introduce FWAs, many large enterprises have followed its example.

As the development of the pandemic remains uncertain, many businesses have started to accept this “new normal” in their workplaces and have introduced various FWAs. They are also rethinking their future management and working patterns, with a view to normalising certain practices under the condition that both employers’ and employees’ interests are secured.

3. The interviewed youth think that FWAs have a positive influence on work-life balance

In recent years, the concept of “work-life balance” has become popular in workplaces where employees have been more open about their need to also take care of families while working. Traditional working patterns have gradually transformed to suit these different needs.

Our survey result showed that 69.4% of respondents (out of 521 full-time working youth), said that FWAs allow employees to better utilise their time. The majority of respondents also agreed (with an average score of 6.89 out of 10), that FWAs could enable employees to achieve a work-life balance. Moreover, 69.5% and 68.4% of respondents said that working from home helps them save work-related traffic time and expenses respectively.

Only 14.7% of the survey respondents who were asked to work from home by their employers during the pandemic, said that working from home “makes it harder for them to identify the border between work and private life”. As for the other impacts of working from home only a small minority reported negative impacts: “affecting mental health” (15.8%); “increase in work pressure” (9.5%) and “increase in workload” (8.4%). The survey results show that the young respondents’ mental health was not negatively influenced by working from home; they have to some extent embraced “work-life integration”.

4. The interviewed youth in general would use FWAs if offered the option. There is a correlation between job nature and the level of significance of FWAs.

The study found out that respondents in general would consider taking FWAs when they are employed. The survey showed that the majority of respondents would consider working patterns like “compressed work weeks” (84.1%) and “work from home once a week” (73.5%).

The study also found out that employees in general would use FWAs if companies provided them. The survey showed that only a few respondents’ companies offered FWAs to them one year before the outbreak of pandemic. Out of those who were offered FWAs: 71.8% respondents had taken flexible working hours; 46.7% half-time work; 54.9% compressed work weeks, and 59.1% work from home.

The survey also asked respondents whether FWAs are significant to them when they are considering to join or stay with a company. The results showed that the respondents in general have conflicting views regarding the significance of FWAs: 48.5% thought it was important (including “Very important” and “quite important”), 51.4% thought it was not (including “Very unimportant” and “quite unimportant”). It was determined that the difference was related to the employees’ job nature. The survey showed that 68.8% “Managers and administrators” cared about FWAs, while 77.8% employees with “Elementary occupations” did not care. Therefore employees with certain roles consider FWAs as an important factor when it comes to their employment intentions.

5. Representatives of employers and scholars showed their concern for implementing FWAs in Hong Kong due to difficulties faced by certain industries and departments.

The interviewed scholar and employer representative pointed out that managers, particularly in certain industries, might encounter difficulties in implementing FWAs for their employees. Employer representatives said that as most jobs in Hong Kong are physical labour or frontline services in nature, they worried that the quality of customer-service would be affected.

As to their faith in the future of FWAs in Hong Kong, the interviewed employer representative and scholar were doubtful. The employer representative thought that due to COVID-19, SMEs would be incapable of investing resources on FWAs while also needing to stay in business at the same time. The scholar predicted that FWAs will not be a popular trend in Hong Kong in the future as there remain too many barriers for companies to implement such working arrangements.

6. Factors hindering employers to further implement FWAs include: lack of infrastructure, difficulty in measuring employee’s work performance, unsuitable working environment of employee’s home and lack of manpower. As for the legislation of FWAs, there has not yet been a consensus.

The interviewed experts and scholar pointed out that factors including sufficiency of infrastructure, suitability of employees’ home environment for working from home (WFH) and cost of manpower would be taken into account when employers are considering whether or not to further implement FWAs. In terms of infrastructure, the representative of employers pointed out that companies are unable to implement FWAs if they lack staffing and the financial resources to upgrade their infrastructure. When measuring employees’ work performance, the representative of employers pointed out that it would be difficult for managers to quantitatively measure work performance of service-based jobs that make it difficult even to implement FWAs. As for the employees’ home environment, the representative of corporations said that most Hong Kong residences do not have suitable conditions for working from home, and that companies in general do not have enough IT resources to provide equipment and support to every employee. In terms of human resources management, the employer’s representative worried that SMEs do not have the capability to hire extra staff to implement job-sharing, in addition to the damage COVID-19 has caused to the global economy.

This study referenced overseas experience and discovered that some developed areas like Northern Europe, Commonwealth Nations and Japan have already passed laws to regulate working hours and/or securing labour rights to have FWAs. However, the interviewed experts believed that Northern Europe's compressed working schedule may not fit into the context of Hong Kong; most employees and employers in Hong Kong would not accept legislation of such policies. In addition, the interviewed scholar pointed out that the workplace culture in Hong Kong is more complicated than the aforementioned regions, and it has been difficult to reach a consensus on labour law policies; there is no "one-size-fits-all" approach to FWA legislation in Hong Kong.

7. As the pandemic is expected to last for a while, companies must adapt to the "new normal" in workplaces, and prepare for any emergencies in the future; FWAs might be the key to this.

While it is unknown for how long the Covid-19 pandemic will last, the expectation is that it will be for a long time to come. Businesses must adapt to a "new normal" in workplaces, and prepare for any emergencies in the future. In the past few months, many corporations have implemented FWAs, and put in a lot of time redeveloping their business model to maximise the situation for both employers and employees. In terms of management, corporations are now experienced in measuring employee's work performance, ensuring their workplaces operate with flexibility and can maintain certain levels of productivity even during the COVID-19 pandemic. Hopefully, this would provide a role model to other companies in the implementation of workplace FWAs.

When planning to implement FWAs, managers should understand whether the respective job nature is independent-work or team-work, before selecting the most suitable arrangement for each employee. During the policymaking-process, managers should allow the employee to have some autonomy over their work schedule, so all employees can enjoy the same benefits. After implementing the arrangements, managers should act as the role model, and use FWAs themselves so the employees will know the level of their acceptance; companies should provide necessary help to employees when needed.

Suggestions

Based on the above research findings, we offer the following suggestions hoping that it would help improve the flexibility of working arrangements during the COVID-19 pandemic, reduce loss of productivity and prepare society for the “new workplace normal”.

1. Enhancing the Distance Business Programme

Although the HKSAR Government has already launched the Distance Business (D-Biz) Programme to support enterprises continue their business during the pandemic, the programme did not keep its promise of granting 100% funding to the applicants. It did not highlight that the approval process itself is neither efficient nor transparent, thereby hindering the SMEs’ incentives to develop online business. The study suggests that the HKSAR Government should optimize the Distance Business Programme by increasing the total funding available for each company. This would help support SMEs to adopt IT solutions, speed up the approval process and increasing the transparency of the process by providing approval standards and instructions. SMEs can then still continue to operate during the COVID-19 pandemic, and employers would be motivated to implement FWAs for their employees.

2. Set up employee-based indicators to measure the effectiveness of the implementation of FWAs in Hong Kong.

Currently, the government authority that is tasked with promoting FWAs lacks any quantitative measurement of the programme’s effectiveness. It is therefore hard for the public to monitor its progress. In addition, the few examples of government communication are one-sided and ignore the experiences of some of its stakeholders. The government should reference The UK and Singapore to increase the transparency of public administration when establishing the relevant employee-based indicators of FWAs in Hong Kong, including: employees’ level of acceptance; completion rate of implementation, and employees’ level of satisfaction with those FWAs implemented.

The government should also initiate the sharing of their FWAs ‘best practice’ with SMEs, including the implementation process and the use of technology during the pandemic. They should also conduct ongoing research to understand the general situation of the implementation of FWAs among Hong Kong’s workplaces; promoting policies from which all organisations can learn. Such measures can help boost the competitiveness of local enterprises in cross-border cooperation.

3. Reviewing existing labour laws on insurance coverage

As work patterns become more diversified, the existing Employment Ordinance may not cover employment protection and benefits for employees working from home. Therefore, the study suggests the relevant regulatory bodies to review existing labour laws on Employment Protection. Such laws would include: health insurance coverage of employees working from home; wage protection of employees with “working hours bank” during Termination of Employment Contract, and employment protection of half-time working

employees. Such measures can help secure the interests of both employers and employees under FWAs.

4. Repositioning the role and function of the Family Council.

As the workplace in Hong Kong has changed significantly, especially as a result of the COVID-19 pandemic, the traditional role and function of the Family Council could be outdated. The study suggests the government should examine the effectiveness of the Family Council's work in monitoring government departments and encouraging corporations to implement FWAs. The government should also reform the influence of the Family Council by broadening the coverage of "Family-Friendly Employment Practices" to cover young employees' needs for a work-life balance.

5. Providing subsidies or tax benefits to awardees in the Family-Friendly Employers Award Scheme

The younger generation is relatively not as experienced in the workplace as more senior generations. As such employers usually have less faith in their working ability and self-discipline. The study suggests that large enterprises can act as role models in promoting a flexible working culture by allow employees to opt for working from home for one or two days a week, and by creating a youth-friendly working environment.

To strengthen the incentives for companies to implement FWAs, the study suggests the government can provide subsidies or tax benefits to the awardees in the Family-Friendly Employers Award Scheme who put their own resources into upgrading their infrastructure and hiring more staff to implement FWAs. As for the amount of funding granted to each company, it can be proportional to the number of employees that benefit from FWAs. It is believed that such measures can encourage corporations to fulfill their Corporate Social Responsibilities, which also helps to create an employee-friendly image of corporations, thereby benefiting both employers and employees.