

Executive Summary

The employment situation of Hong Kong's young people has been drawing public attention. It is worth looking at how young people's employment opportunities can be opened up so that their career development choices can be broadened in order to cope with future economic development trends.

Hong Kong is an important financial centre and commercial hub in the world, attracting enterprises of different capital backgrounds. Among them, enterprises from mainland China have been gradually increasing since the 1980s. In recent years, investments from mainland China have grown vigorously and become a significant stakeholder in Hong Kong's economy.

According to the survey of the Census and Statistics Department, the number of enterprises in Hong Kong with parent companies in mainland China jumped from 805 in 2011 to 1,986 in 2020. The proportion of the total by country represented also increased during that period, from 11.6% to 22.0%¹, surpassing Japanese and American enterprises and becoming the highest of all countries in the business community. According to the figures of The Hong Kong Chinese Enterprises Association, as of the end of 2017, the number of mainland Chinese enterprises in Hong Kong was estimated to be at least 4,300, with assets of approximately HK\$11 trillion and 90,000 employees². At present, these enterprises cover various industries such as large-scale banking, finance, insurance, shipping, petroleum and petrochemical, telecommunications, construction, aviation, steel, tourism, transportation, information technology, and legal, among others. It has brought many job opportunities.

Hiring in mainland Chinese enterprises is more aggressive, even in the midst of the pandemic, since they are still expanding. However, compared with other enterprises, more mainland Chinese enterprises employ part-time

¹ Census and Statistics Department. (2015). *Report on 2015 annual survey of companies in Hong Kong representing parent companies located outside Hong Kong*. Hong Kong: C & SD; Census and Statistics Department. (2020). *Report on 2020 annual survey of companies in Hong Kong with parent companies located outside Hong Kong*. Hong Kong: C & SD

² China Legal Service (H.K.) Ltd. "Hong Kong Chinese enterprises commercial mediation service." Retrieved April 15, 2021 from <https://www.chinalegal.com.hk/a-list/14961-cht>

or temporary staff since they fail to attract enough qualified full-time staff³. In addition, although mainland Chinese enterprises are willing to pay higher salaries in order to attract or retain staff, they still face challenges in hiring in Hong Kong due to unsuitable cultural fit⁴.

Many mainland Chinese enterprises are interested in recruiting Hong Kong youths because the latter have international perspectives and strong teamwork skills, as well as good language ability, professionalism, and reliability.⁵ But Hong Kong youths are observed to have a lack of understanding and trust in the mainland,⁶ resulting in a gap between job supply and demand. If the current situation continues, it will bring unnecessary limitations and obstacles to their career choices.

In view of the above, this study aims to broaden career choices and opportunities for young people in Hong Kong by exploring the factors contributing to the above gap and giving constructive opinions.

Through an on-site youth survey, this study seeks to understand the employment attitudes of working youths and their views on corporate culture. It tries to understand the work experience of young people who have worked or are working in mainland Chinese enterprises in Hong Kong through in-depth interviews, as well as their views on career development and opportunities, and their feelings and expectations regarding corporate culture. Furthermore, it tries to understand mainland Chinese enterprises' demand for Hong Kong staff, the remunerations and development opportunities they can offer, their staffs' adaptation to corporate culture, and the strengths and weaknesses of young employees in Hong Kong. By synthesising this information, this study will make suitable analyses and recommendations.

This study uses data collected through three methods during the period from May to June 2021: an on-site survey of 520 working youths aged 18-34,

³ JobsDB. (2021). *Hiring, compensation and benefits report 2021*. Hong Kong: JobsDB.

⁴ Michael Page. (2021). "China's new wave hits Hong Kong." Retrieved April 13, 2021 from <https://michaelpage.com.hk/content/chinas-new-wave-hits-hong-kong/>

⁵ Xin Hua Net. (October 30, 2019). "A large number of jobs provided by mainland Chinese enterprises in Hong Kong. Hong Kong youth hope to realize ambition in the mainland." Retrieved April 29, 2021 from http://www.xinhuanet.com/2019-10/30/c_1125173758.htm

⁶ Wen Wei Po. (May 5, 2020). "Recommendations to the present employment difficulties in Hong Kong and the national identity of the younger generation." Retrieved April 29, 2021 from <http://paper.wenweipo.com/2020/05/05/FK2005050003.htm>

case interviews with 20 young people who have worked or are working in mainland Chinese enterprises in Hong Kong, and interviews with five experts.

Main Discussion

- 1. Mainland Chinese enterprises have become more prevalent in the past ten years and have become a significant part of Hong Kong's economic system. The proportion of enterprises in Hong Kong with parent companies in mainland China has increased from 11.6% to 22.0%, and these enterprises are estimated to employ at least 90,000 people. Due to their expansion trend, they have specific manpower demands, and especial desire young Hong Kong employees, thereby creating career development opportunities for young people in Hong Kong.**

The growth of mainland Chinese enterprises in Hong Kong represents an emerging force which can hardly be ignored in the development of Hong Kong's economy. Many of these enterprises are still expanding, and their demand for various types of position is rising. For this reason, mainland Chinese enterprises are generally believed to be able to provide job choices with better employment opportunities, remunerations, stability, and development opportunities. How Hong Kong young people understand and will make use of these opportunities in order to enhance their development is worth investigating.

- 2. Young respondents mainly consider salary and prospects in job hunting. Although 70% think that capital background is not an important factor, only a small proportion prefer mainland Chinese enterprises. In addition, respondents generally do not have an in-depth understanding of such enterprises and are not sure about the employment and development opportunities involved.**

The survey shows that 72.5% of the 520 working young respondents say that "Salary / benefits" is the main consideration in job hunting, followed by "promotion opportunities / development prospects" (39.6%), "job nature / personal interests" (33.1%), and "job stability" (31.2%). Furthermore, 70.0% say company background is not an important factor in job hunting. However, 61.5% do have a preference

on company background. Out of all respondents, 26.9% prefer Hong Kong enterprises, 20.4% prefer foreign enterprises, and 6.3% prefer government enterprises, while only 5.0% prefer mainland Chinese enterprises. In addition, the overall average rating of their understanding of mainland Chinese enterprises is only 4.45 points (out of a range of 0-10 points), indicating that they are generally not sure about the employment and development opportunities provided by mainland Chinese enterprises.

- 3. In addition to the sound business and job stability, the remunerations offered by mainland Chinese enterprises are competitive. Therefore, more than half of the respondents are willing to work there. Moreover, they can provide a broad range of work experience as well as more mainland-related clients and opportunities which could attract youths pursuing career development opportunities.**

The survey shows that 56.9% of the respondents are willing to work in mainland Chinese enterprises if they have such opportunities. Among these respondents, the main reasons for their choice are “high salary / good benefits” (37.5%), “stable job” (34.1%), and “good development prospects” (29.7%). Respondents generally think that the development opportunities in mainland Chinese enterprises are better than the market average, including “development prospects”, “job stability”, “promotion opportunity”, and “training opportunity”. Therefore, such enterprises could attract youths pursuing career development opportunities. Interviewees from in-depth interviews generally agree that mainland Chinese enterprises are able to provide remunerations that are comparable or better than the market average in addition to job stability. Furthermore, expanding mainland Chinese enterprises are able to offer new challenges, learning opportunities, and more mainland-related clients and opportunities.

- 4. Young interviewees generally think that both the long-term promotion opportunities and the training mechanisms in mainland Chinese enterprises are poor, which discourages them from staying in these companies.**

Interviewees who have worked or are working in mainland Chinese

enterprises generally think that the long-term promotion opportunities in these enterprises are poor. This may be due to the worse interpersonal network of Hong Kong staff compared with mainland staff. One interviewee said that expats from the mainland can be promoted to management level directly while Hong Kong staff can only be promoted step by step. Another interviewee observed that mid- and senior-level staff need to have good client networks and relationships, but Hong Kong staff are relatively weak in these aspects. Interviewed representatives of mainland Chinese enterprises emphasized that they recruit according to the ability but not the background of candidates.

In addition, interviewees generally think that job training in mainland Chinese enterprises is poor. Although these companies are able to provide basic training directly related to the job, they do not think that companies should play a role in improving employees' personal professional skills, so their training mechanisms are relatively poor. The above two factors discourage young employees from staying in these companies.

5. **Young interviewees think that mainland Chinese enterprises are relatively less transparent and more focused on bureaucracy and procedure. They also think that these enterprises are not good enough in areas such as valuing staff opinions, providing room for creativity, work autonomy, and corporate image. They worry that adapting to this kind of corporate culture would be problematic and therefore may not be willing to join these companies.**

Factors related to corporate culture and image are the main obstacles to developing a career in mainland Chinese enterprises for some young people. The survey shows that 25.6% of the respondents are unwilling to work in mainland Chinese enterprises. Among them, the main reasons for their choice are "not accustomed to mainland Chinese culture" (60.2%) and "company policy not transparent" (38.3%). Compared to those who think the cultural elements in mainland Chinese enterprises are better, more respondents think they are worse than other kinds of enterprises. These elements include "human touch", "room for creativity", "work-life balance", "valuing staff opinions", and "management transparency". Some human resources managers working

at mainland Chinese enterprises admitted that their management practices are different from most Hong Kong companies and Hong Kong staff may not be accustomed to this culture.

This study also finds that corporate image hinders the attraction and retainment of talents to a certain extent. An interviewee worried that he would be stereotyped as being unadaptable to other kinds of enterprises if he were to stay in mainland Chinese enterprises for a long time, and explained that he therefore does not plan to work there for a long time.

- 6. Mainland Chinese enterprises may consider improving staff communication and setting up concrete training mechanisms if they hope to attract and retain talents who can communicate between China and the West and to take up more social responsibility. Young employees could also choose enterprises that suit them with an open attitude.**

The surging number of mainland Chinese enterprises indicates that Hong Kong is uniquely attractive from a business operation perspective. From the operation angle, businesses need to attract talents who can bridge and communicate between China and the West in various aspects. From the angle of working youths, mainland Chinese enterprises have specific attractiveness, but there may also be challenges which could affect their development if they were to join these enterprises. The situation is currently sub-optimal for both parties; both parties could benefit if they could make improvements and narrow the gap between them. For those mainland Chinese enterprises that hope to contribute more to Hong Kong SAR and take up more social responsibility (e.g., state-owned enterprises), it would also be beneficial to their long-term development if they could open up more employment and development opportunities to Hong Kong youths and nurture young talents systematically.

Some mainland Chinese scholars think that mainland Chinese enterprises should practise cross-cultural management to prevent or mitigate the risk brought about by cultural conflict. Some interviewed representatives of mainland Chinese enterprises believe that more staff communication and activities would foster a culture of inclusion

between companies and their staff. Interviewed young people think that enterprises should try to understand the needs of staff pro-actively (e.g., setting up concrete training mechanisms). They also suggest that enterprises could make more flexible arrangements according to youths' characteristics in order to attract and retain young talents.

Finally, it is worth emphasizing that everyone can have different career and employment preferences. Work experience with mainland Chinese enterprises, foreign enterprises, or Hong Kong enterprises is valuable in different ways. Young people should explore different opportunities with an open attitude and try to learn more about the cultures of different companies so that they can choose one that suits them.

Recommendations

Based on the above findings and discussion, the following recommendations are offered, with the aims of attracting talents for enterprises and finding suitable career development directions for young people. It is hoped that, through these recommendations, the career development opportunities of Hong Kong young people can be broadened.

- 1. Hong Kong young people should enhance their strengths in areas such as international perspectives and cultural knowledge of China and the West in order to maintain their unique competitiveness.**

Young people should review their strengths, especially in areas that are commonly recognized, such as international perspectives, cultural knowledge of China and the West, English language ability, and professionalism. They should look for opportunities to learn new knowledge and skills such as international trends in their particular industries, new development trends in their professional areas, and an understanding of emerging markets. Most importantly, they should be aware of current employment demand and find positions in which they can contribute their strengths in this ever-changing economic world. Young people need to enhance their own abilities continually and maintain their unique value and competitiveness.

- 2. Hong Kong young people who wish to explore different career**

development opportunities should find ways to understand the background and culture of different enterprises.

Young people wishing to explore different career development opportunities should seek ways of understanding different enterprises. For instance, they could join internships offered by the enterprises that they are interested in and choose one that suits them. On the other hand, mainland Chinese enterprises could offer more channels for the younger generation to understand their corporate culture. They could offer more places in internship programmes via tertiary institutes and employment service organizations which last for six months to one year. Enterprises could also make use of such opportunities to select suitable young talents.

3. Mainland Chinese enterprises could improve their talent-training mechanisms and consider trainee programmes with job rotation.

In response to young people's concerns regarding long-term development prospects and training mechanisms in mainland Chinese enterprises, trainee programmes with job rotation could be considered so that young employees can learn about the work of different departments or business areas within an enterprise. On the one hand, this arrangement would help employees understand companies more thoroughly, enrich their experiences, and strengthen their belongingness. On the other hand, it would also allow employees to explore their interests and expertise so that they can practise their strengths in suitable positions. Such an arrangement would also be beneficial to enterprises as it would make good use of and retain talents, thereby achieving a win-win situation for companies and their employees.

4. Mainland Chinese enterprises could strengthen their corporate image in order to improve their public stereotypes.

In response to the problems of corporate image and insufficient understanding of young people, mainland Chinese enterprises could strengthen their corporate image in order to overcome their public stereotypes. Brand messages could relate to their corporate goals,

history, development of a variety of businesses, fulfilment of corporate social responsibility, and innovative products and services, as well as the development opportunities they can offer to Hong Kong young people such as promotion and leading new projects. They could make use of videos and/or online channels to deliver content that is relevant to young people.

5. Enterprises could improve flexible work arrangements and set up mechanisms for staff feedback collection and response.

Young people seek work-life balance and look for work cultures with more autonomy and participation. Traditional companies could reform their management cultures and introduce flexible work arrangements by emulating the practices of new companies. Measures such as creating flexible workplaces and monitoring work effectiveness could be considered, while IT or other relevant training could be used to implement these measures. Enterprises could set up mechanisms for staff feedback collection and response and accept constructive and innovative feedback. These measures would help to strengthen staff belongingness and enhance business efficiency.