



The British
Chamber of Commerce
in Hong Kong
香港英商會

THE BRITISH CHAMBER OF COMMERCE IN
HONG KONG

BRITCHAM COVID-19 SURVEY 2021

December 2021

Overview

The British Chamber of Commerce in Hong Kong (the Chamber) has conducted a survey amongst its members to understand further the implications for our members on the current COVID-19 restrictions, in particular quarantine on entry, on international travel. The results of the survey are summarised in the attached presentation.

The survey was conducted over a two week period between 25 October and 8 November, and received 152 responses (representing approximately 15% of the membership) on an anonymous basis. Responses were received from a broad range of multinational members across many different sectors and size of companies. Many respondents submitted comments, some quite detailed, and we have sought to give illustrative examples of these in the results of the survey. (The percentage of responses does not reflect the size of the business responding).

We fully appreciate the challenges that the Hong Kong Government faces in battling the COVID-19 pandemic and the various interests that need to be balanced. Indeed we have in the past commended the Hong Kong Government on the way COVID-19 has been kept in check over the last two years. We also understand that Hong Kong's role as the gateway to Mainland China means that opening up the boundary is an important priority. However, Hong Kong is also, crucially, an international financial and trading centre and many international companies have established presences or regional headquarters in Hong Kong relying not only on access to the Mainland but also on access to other parts of Asia and the rest of the world.

From the results of our survey, it is clear that the current approach to international travel restrictions is, in the short term, having a significant impact on talent retention and acquisition, and on corporate planning for our members. Whilst we have not, to-date, seen large movements of talent and business out of Hong Kong, there have been some isolated cases. As the rest of the world opens up to international travel, there is a risk that Hong Kong will become increasingly isolated as an international business centre. Businesses that use Hong Kong as a hub to manage their activities on the Mainland are considering scaling down their operations in Hong Kong and moving them to the Mainland; and those that use Hong Kong as a headquarter for activities in the broader Asia region are considering moving senior executives or functions to other locations in Asia (most notably Singapore) or elsewhere (including Dubai) in order to enable more freedom for international travel, both around the region and back to home base. This may be a temporary arrangement in the first instance but is a trend which potentially will impact Hong Kong not only in the short term but also its standing in the longer term.

The current approach which focusses on opening the boundary with the Mainland as a priority whilst maintaining (or even tightening) the restrictions for international travel elsewhere, with a timeline which suggests little or no movement on such international travel restrictions until the middle of next year at the earliest, is a concern for the Chamber and its members; and is likely to lead to decision-making by corporates and individuals over the coming months in relation to their activities in Hong Kong which may become permanent. We understand the constraints that the Hong Kong Government is under, but would urge it to explore if there is not a middle ground that would allow an earlier relaxation of international travel. The vaccination rate in Hong Kong is clearly an important factor and we would request the Government, as a matter of urgency, to look at more ways to incentivise vaccination in the city. In addition, in their discussions with the Mainland authorities, we would ask the Hong Kong Government to continue to reflect the views of the international business community and the impact that the current restrictions are having on Hong Kong's international status, as we have also done in our various meetings with such authorities.

Hong Kong is "home" for many of our members and we remain very excited about the future of Hong Kong and the business opportunities. However, the current situation is presenting real challenges. We, along with the other international Chambers of Commerce, welcome our continuing dialogue on this critical issue.

Peter Burnett,
Chairman

David Graham,
Executive Director

Date: 2 December 2021

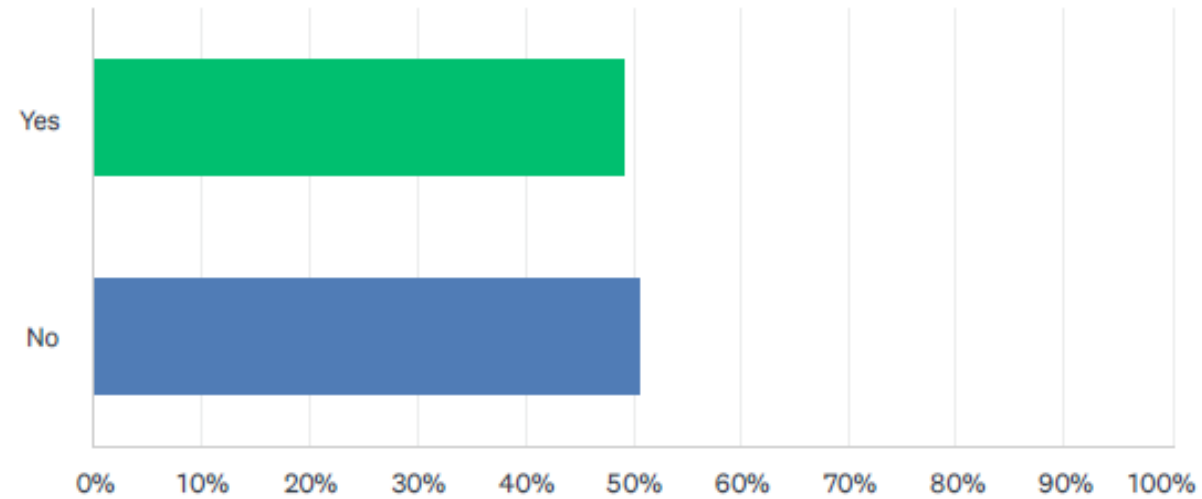
Key Takeaways

- 1) Around half of the companies that answered the survey have not seen an unusually high turnover of staff in Hong Kong in the past two years.
- 2) 80% of the respondents said they have been seeking new headcount in Hong Kong.
- 3) However, more than 70% of those who responded to Question 3 have experienced difficulties bringing talent into Hong Kong. (Question 3: If yes, have you experienced difficulties bringing talent into Hong Kong from overseas? And, if yes, what difficulties?)
- 4) Almost half of those who responded to Question 4 have seen some staff decide to leave their company or Hong Kong due to the quarantine restrictions. (Question 4: If relevant, do you have any data on the number / percentage of your staff who have decided to leave either your company or Hong Kong because of quarantine or other restrictions imposed in Hong Kong in relation to international travel to combat COVID-19?)
- 5) Almost 70% of those who responded to Question 5 commented that the COVID-19 measures had impacted talent acquisition and limited business growth. (Question 5: Do you have any other comments / data on how the COVID-19 measures have impacted your company around its retention / acquisition of talent in Hong Kong, including the introduction of any policies to hire staff in, or to relocate staff to, other locations (including on the Mainland)?)
- 6) Almost 60% of those who responded to Question 6 have seen an impact on their corporate / strategic planning which has primarily lead to plans being put on hold. (Question 6: Have the COVID-19 restrictions impacted your company's corporate or strategic planning in Hong Kong in terms of delaying / putting on hold / abandoning plans to grow business segments in Hong Kong? If yes, in what respects and did this result in such plans being pursued in another location?)
- 7) Over 50% of those who responded yes to Question 7 said that if the current restrictions were to remain in place for another 12 months it would impact their views and indicated that this could result in either the relocation of some business (including on a temporary basis) and/or loss of staff. (Question 7: Do you think your views (if any) expressed in response to Q5 and Q6 above would likely change if the current restrictions were to remain in place for another 12 months? If yes, in what respects?)

***NB: Figures are based on the total number of responses for each question.**

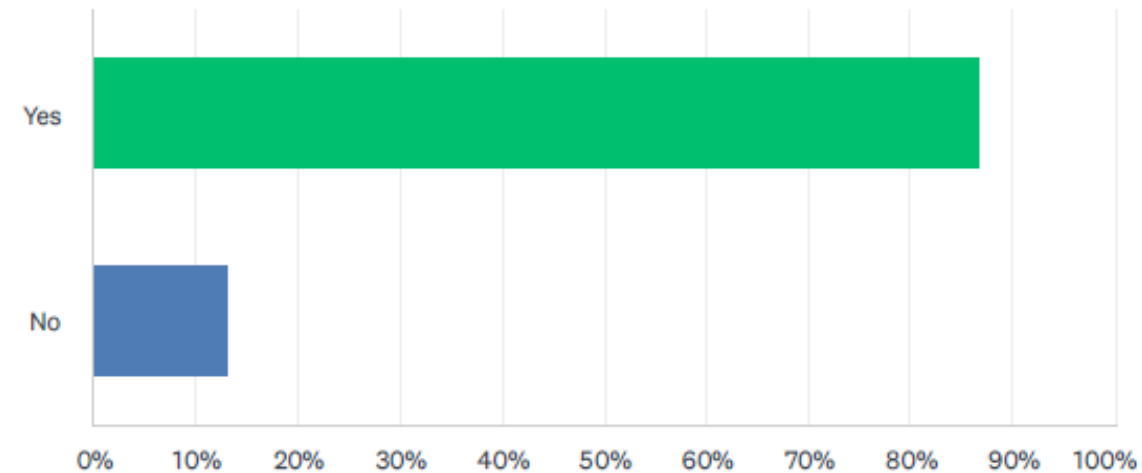
Q1: From early 2020 till now, has there been unusually high staff turnover in your company in Hong Kong?

Answered: 152 Skipped: 0



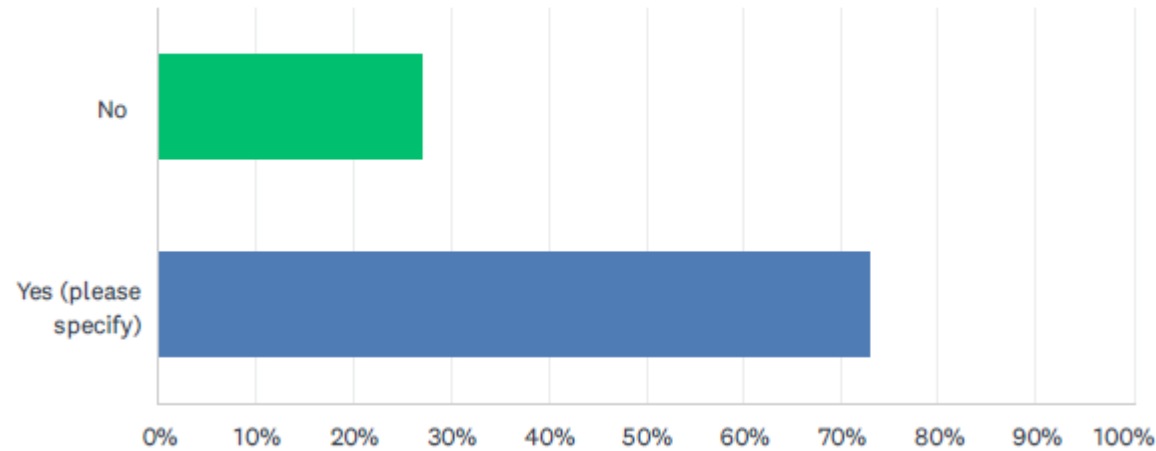
Q2: During this period, has your company been hiring/ seeking to hire new headcounts in Hong Kong?

Answered: 151 Skipped: 1



Q3: If yes, have you experienced difficulties bringing talent into Hong Kong from overseas? And, if yes, what difficulties?

Answered: 144 Skipped: 8

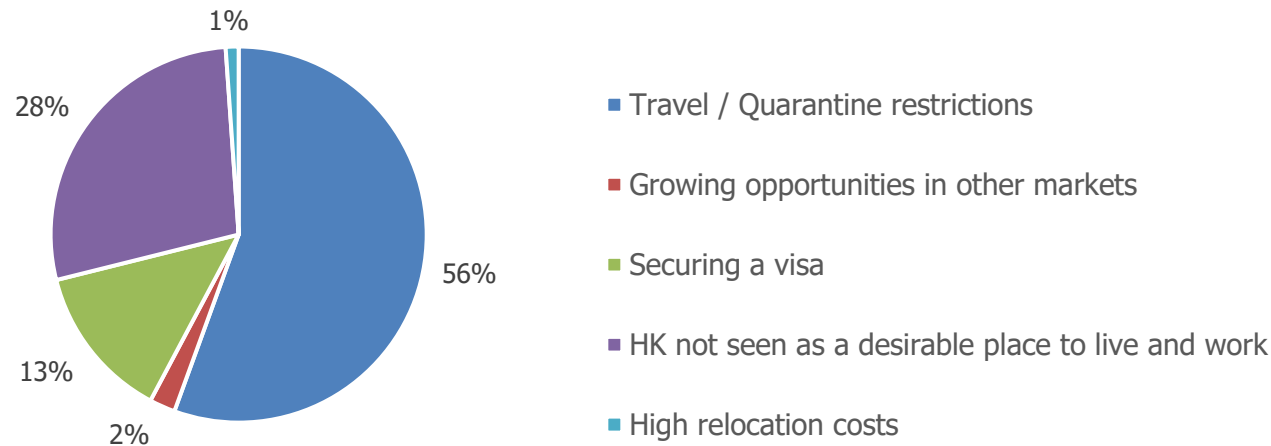


We receive fewer overseas applicants. It is difficult to persuade candidates to move to Hong Kong at the present time.

The quarantine requirements are putting many potential applicants off Hong Kong together with restrictions on entry into Hong Kong are making it extremely difficult to attract potential employees.

Less talent left in HK as many are moving away due to the strict quarantine rules. Very hard to persuade talent to move to HK given the tough rules and uncertainty. Singapore is increasingly becoming the preferred destination for regional/international roles in Asia.

What difficulties?

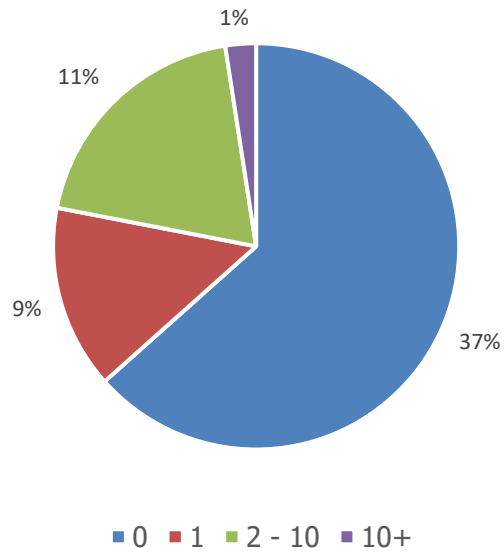


The interest in coming to Hong Kong has waned slightly relative to previous years. There are growing opportunities in other markets that are probably being seen as more secure due to misconceptions of HK, suffice to say it seems there is less talent coming in.

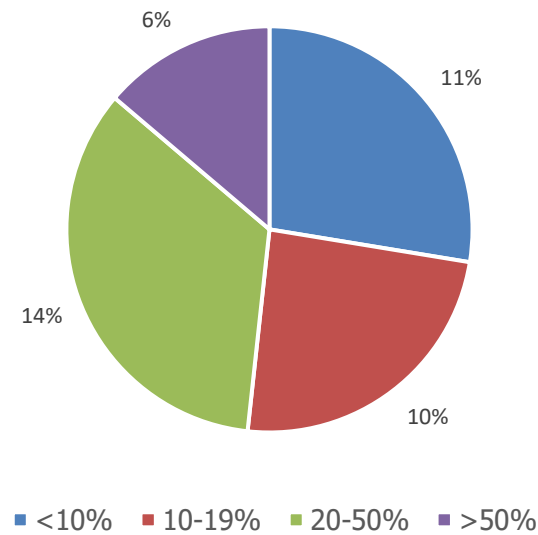
***NB: Figures are based on a total of 90 responses who provided comments in their response and the comments included are a sample of representative comments made.**

Q4: If relevant, do you have any data on the number / percentage of your staff who have decided to leave either your company or Hong Kong because of quarantine or other restrictions imposed in Hong Kong in relation to international travel to combat COVID-19?

Number



Percentage



If restrictions remain in place, our staff who have children or families outside of Hong Kong, will be considering their options on remaining in Hong Kong. This will cause a huge insurmountable challenge for us as we will unlikely be able to replace these specialised staff within the current HK market

We have had a good number of our more senior team leave HK in the last 12-18 months (some expats, some HKers). All have moved internally with the business but amounts to c25% of our senior leadership team.

We have had no departures from our firm due to Covid restrictions, but we have had to become extremely flexible in where we allow our employees to work to enable them to justify travelling home. E.g. working in other locations for an extended time to justify the amount of time spent in quarantine, as well as the time spent in quarantine itself. This has a significant impact on productivity as well as employee wellbeing and morale.

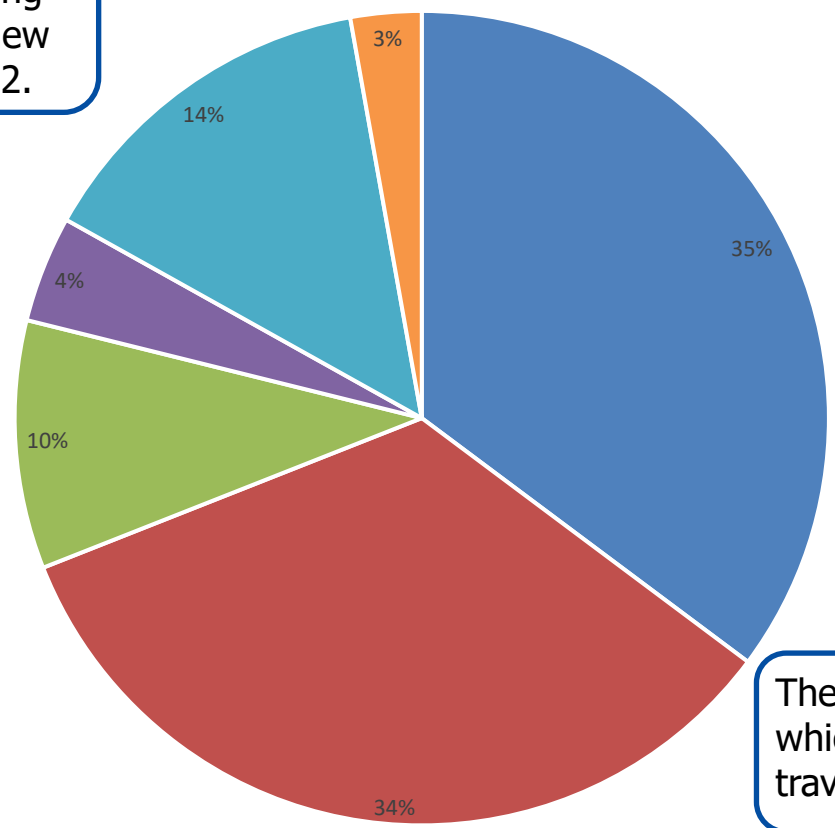
Minimal staff leaving because of COVID-19 restrictions. conversely, staff think that HK is much safer for themselves and their families in terms of COVID restrictions...

Q5: Do you have any other comments / data on how the COVID-19 measures have impacted your company around its retention / acquisition of talent in Hong Kong, including the introduction of any policies to hire staff in, or to relocate staff to, other locations (including on the Mainland)?

Significant impact in being unable to meet clients, most of whom are outside HK. 85% of our consulting work is "exported". Almost impossible to develop new business as a result. That impact will be felt in 2022.

We have seen an uptick in requests from staff to relocate to other locations, particularly Singapore, which we have accommodated to retain talent.

We are a fast-growing firm that needs to look internationally to hire talent. Our ability to grow has been constrained by Covid restrictions in Hong Kong.



We are unable to recruit from outside HK at the moment. Previously we have recruited from the UK and Australia but particularly for UK candidates, they are no longer interested in HK as a destination particularly due to the lengthy quarantine periods and the inability to travel without exceedingly large expense and changing quarantine procedures. It is a huge disincentive for candidates that we cannot advise them when, if or how the quarantine rules are likely to be relaxed.

No impact. Local based staff have no desire to travel at this stage and the expat staff have either continued to work in Hong Kong or remotely from their base.

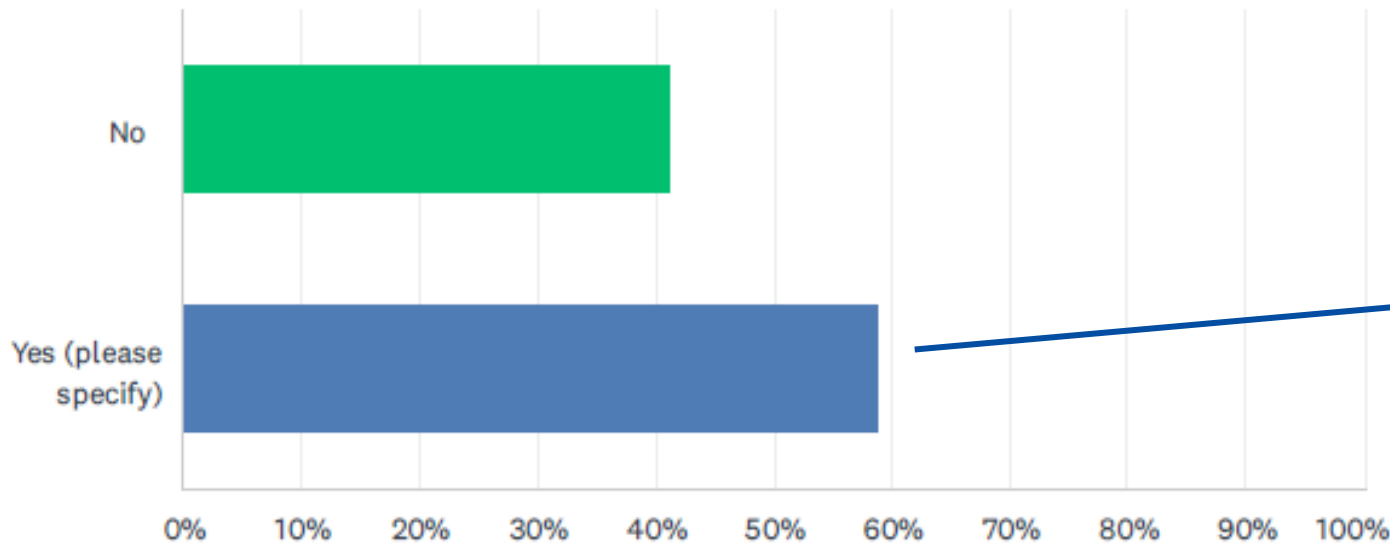
The intention was to expand our southern China operations, which we cannot do until we have a target date for uninhibited travel between Hong Kong and Shenzhen / Guangzhou.

- Limited business growth
- Acquisition of talent has been impacted
- No impact on retention
- Adopted new business avenues
- Increased requests to relocate
- Hire overseas to work remotely

*NB: Figures are based on a total of 71 responses who provided data in their response and the comments included are a sample of representative comments made.

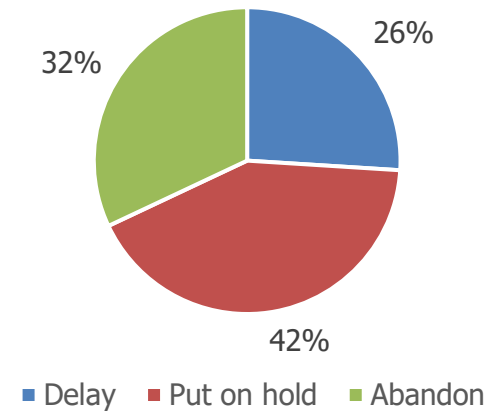
Q6: Have the COVID-19 restrictions impacted your company's corporate or strategic planning in Hong Kong in terms of delaying / putting on hold / abandoning plans to grow business segments in Hong Kong? If yes, in what respects and did this result in such plans being pursued in another location?

Answered: 151 Skipped: 1

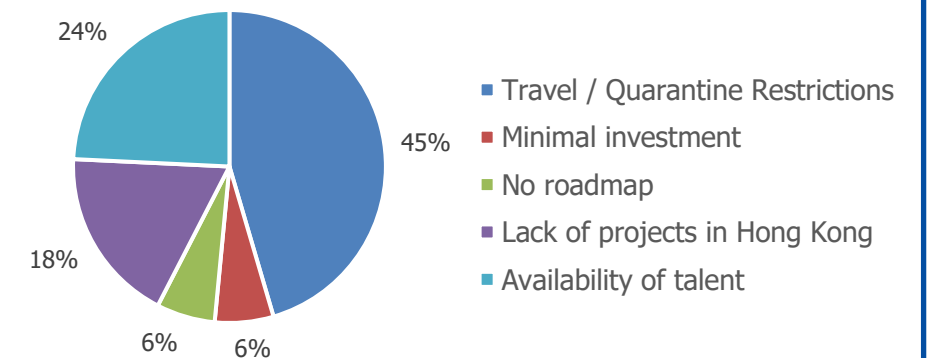


(Results based on those who have selected 'yes')

Impact on corporate strategic planning



In what respects?



Q6: Continued...

We have put on hold our growth of the Hong Kong office in favour of building up a new office in the mainland. There are limited opportunities available within Hong Kong currently. With realistic quarantine provisions we could operate regionally as travel elsewhere reopens. But with Hong Kong's restrictions we must place local teams.

Without qualified staff we cannot grow the company in the sectors we would like to.

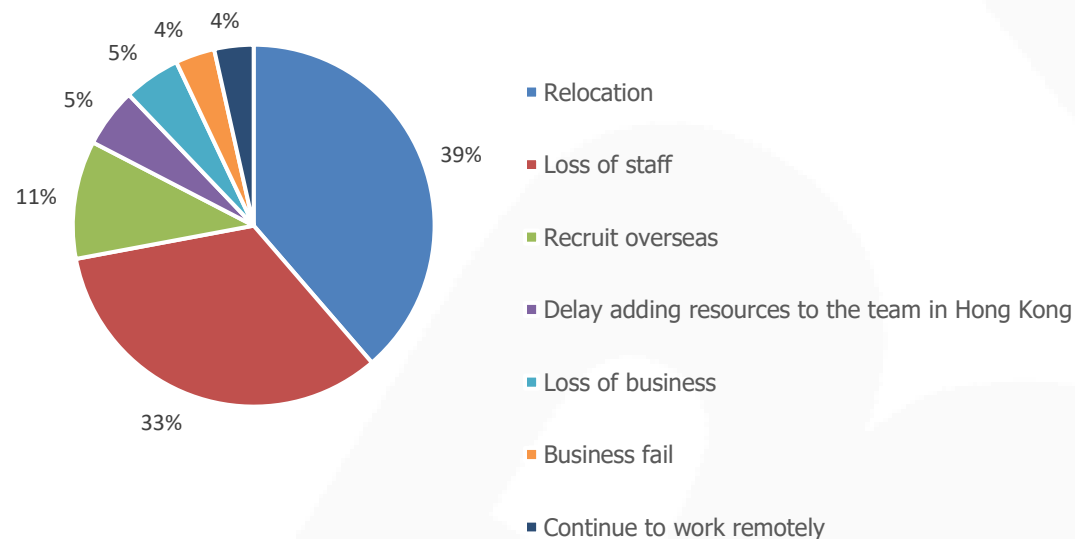
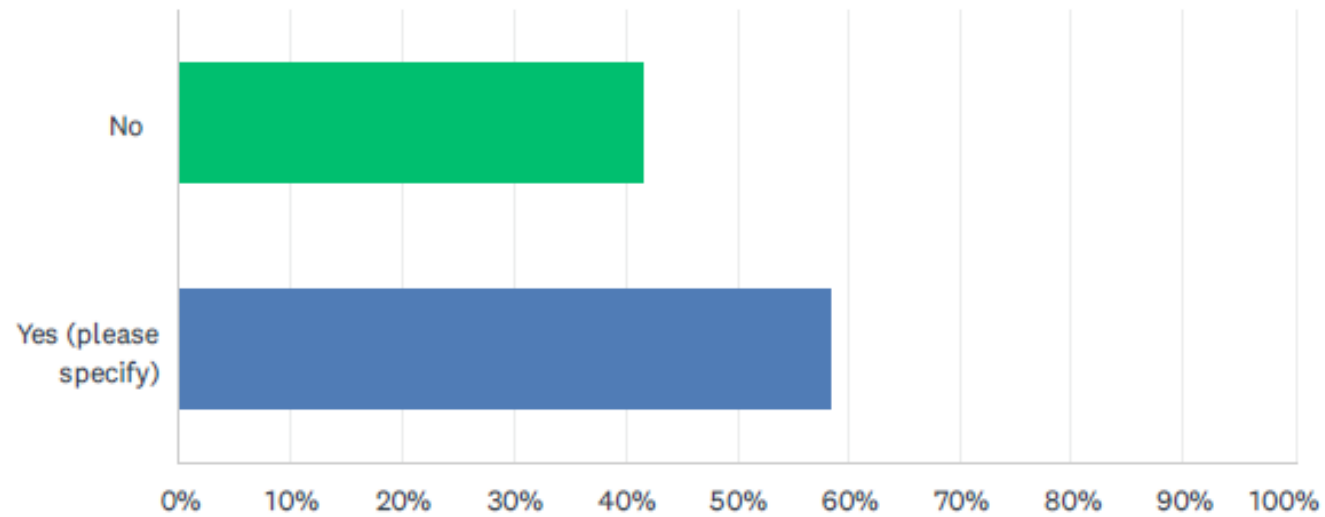
At this stage no plans to move to another location however plans can only be put on hold for so long.

Will be setting up an office in Singapore with a view to moving operations there.

Yes, although the APAC region remains an important region for our business, the short term focus has shifted to the rest of the world where countries are reopening.

Q7: Do you think your views (if any) expressed in response to Q5 and Q6 above would likely change if the current restrictions were to remain in place for another 12 months? If yes, in what respects?

Answered: 147 Skipped: 5



If restrictions extend beyond March 2022, we will need to consider placing southern China business under the Shanghai or Beijing office.

Continuation of the restrictions will make Hong Kong a less attractive location and therefore recruitment will be more difficult.

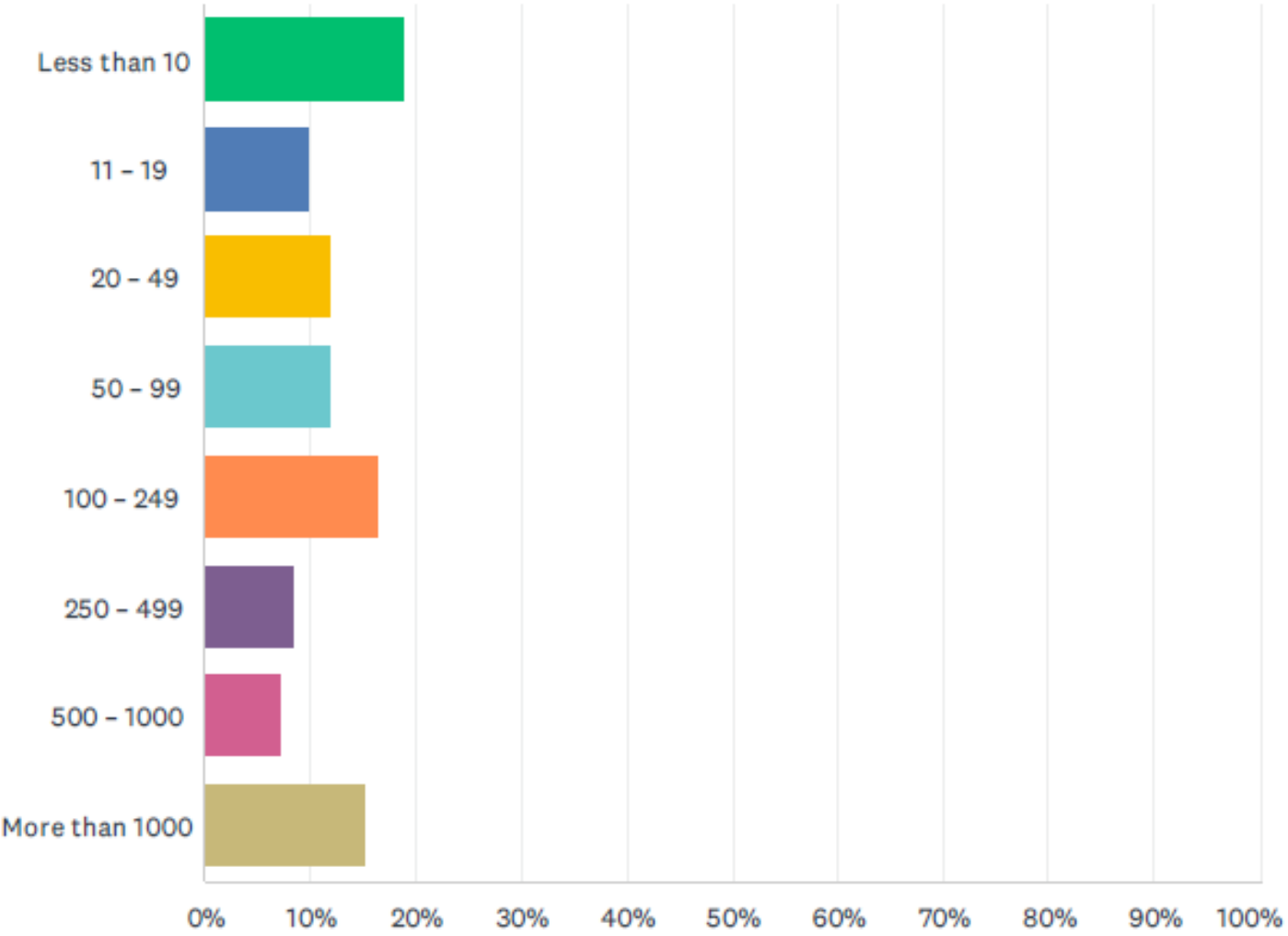
If the current restrictions were to remain in place for another 12 months there would be serious damage to its standing and special status. International businesses would necessarily consider Hong Kong an isolated location with diminished global relevance and look for alternative locations for their Asia headquarters and launch strategies - likely to be a combination of Singapore, Korea, Tokyo and others.

Whilst the majority of our work requires us to be close to our clients, we have found it possible to deliver high quality outcomes via remote working. Should the restrictions continue we would look to relocate some staff into other locations e.g. Singapore or Australia.

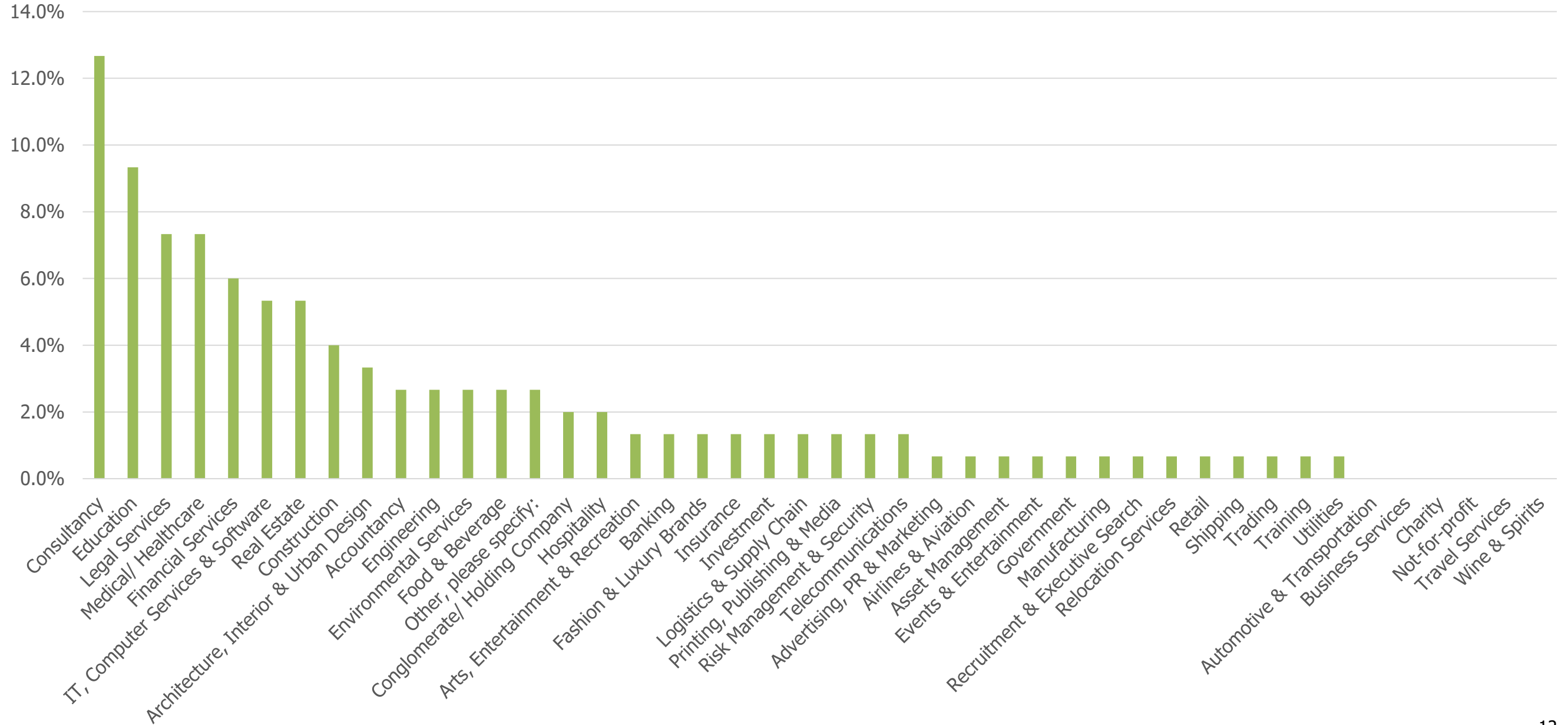
We are planning on the assumption that the restrictions will remain in place and staffing up in Singapore while reducing staff in Hong Kong. We need to take action to ensure that our business is not affected by government policies like the ones we have seen for the past 18 months.

There are rumours that the existing travel restrictions might remain in place until November 2022. If so, we will consider moving a third of our capacity to a country from which staff could travel freely, e.g. Dubai or Singapore.

Q8: Please indicate number of employees in the Hong Kong office of your company:

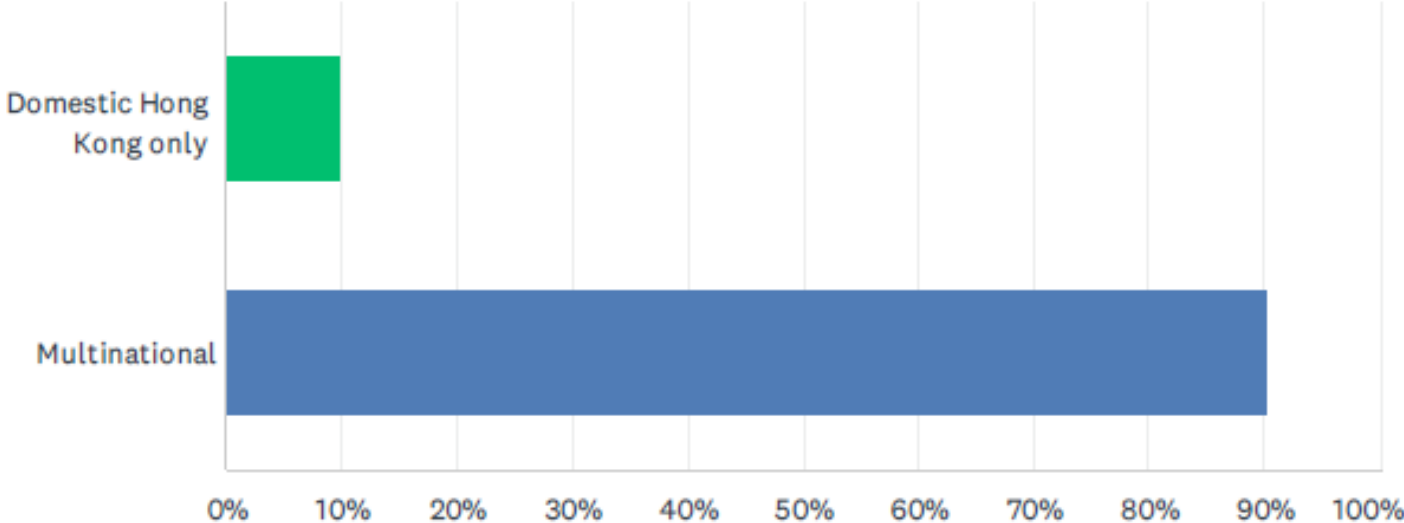


Q9: Please indicate which sector your company belongs to:



Q10: Please indicate if your company is

Answered: 152 Skipped: 0





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Thank you

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