



BRITISH  
CHAMBER OF  
COMMERCE  
IN CHINA

中国英国商会

# BRITISH BUSINESS IN CHINA: DIVERSITY & INCLUSION SURVEY

2020



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# EXECUTIVE SUMMARY

British businesses in China believe that diverse and inclusive workforces bring significant advantages to their operations, and are committed to improving their Diversity and Inclusion (D&I) initiatives and becoming more welcoming to a broad range of talent. Three in five respondents to the British chambers' first D&I survey believe that creating a more diverse and inclusive workforce has had a positive impact on the performance of their business, tallying with similar research performed by McKinsey in which more diverse companies see higher profitability.<sup>1</sup>

D&I policies are relatively widespread, as over half of businesses state their aim to create a diverse working environment through an official D&I policy, while a further 24% have an 'unofficial' policy or firm commitment to D&I values. As in many other countries across Asia, these policies primarily focus on gender equality, but many companies also commit to non-discrimination and inclusivity around race and ethnicity, age, sexual orientation and religion.

Three quarters of companies substantiate this through various support programmes, giving employees from minority groups access to mentoring programmes, networking events, community groups, sponsorship programmes or other such initiatives. A similar number of companies provide opportunities for their staff to be seconded to other countries, granting them the opportunity to improve their understanding of other cultures, among other benefits. Diversity training or unconscious bias training is less common, but are still provided by just under half of respondents. In this they are ahead of their peers, as only 40% of companies across APAC are likely to include this type of training as part of their employee development strategy.

In a trend likely accelerated by the outbreak of COVID-19 year, 92% of companies currently provide flexible work options to their staff, compared to a rate of only 27% in the UK in 2017. This allows employees with health difficulties or dependents to balance their career with their own wellbeing or the wellbeing of their families, and granting companies access to potential talent. The most common forms available to employees are flexible working hours or the option to work from home, with fewer companies offering part-time work or job-sharing strategies. Nevertheless, some companies are experimenting with innovative solutions for workplace flexibility, with one implementing an unlimited leave policy.

Less encouragingly, standard rates of maternity and paternity leave available for new parents largely conform to Beijing's legal requirements, showing little uptake of calls to increase paternity leave in particular. The median length of maternity leave stands at 24 weeks, while paternity leave is only 2 weeks. A small number of companies are starting to provide longer periods of paternity leave, but the maximum paternity leave provided remains 20 weeks shorter than maximum maternity leave, which could increase pressure on female employees to balance the demands of their family and their employer, or discourage them from returning to work entirely, relative to their male colleagues.

Across the board, female participation in respondents' workplaces averages at 54%, which compares favourably to 37% in other countries in the Asia-Pacific. Encouragingly, 48% of senior roles are reported to be held by female employees, which greatly exceeds the 21-30% average of companies in the UK. Nevertheless, women are more likely to be part of the entry-level workforce than senior management, which could indicate that they face more barriers to promotion than their male counterparts. Foreign passport holders hold 20% of roles, but foreign passport holders of colour are less represented than their white colleagues at all levels of organisations and have a slower, although steady, rate of progression to senior management.

Companies report that a quarter of their employees at entry level were born into low-income families, and this group progresses through different strata of management at a steady rate. Similarly, although age diversity seems low, age doesn't seem to be a barrier to progression. LGBTQ employees are likely to make up around 6% of the workforce

<sup>1</sup> 'Diversity wins: How inclusion matters', McKinsey & Company, May 2020.



and rise through organisations at similar proportions. It should be noted, however, many respondents do not know how many of their employees are part of this group. This may indicate both an undercounting of LGBTQ employees in general and gaps in companies' ability to support these employees' needs and ensure they feel secure and respected in the workplace.

People with disabilities are the least present in the workforces of respondents, at 2% of entry-level roles and less than 1% of mid- and senior-levels, despite being estimated at just over 6% of the Chinese population. Government incentives to hire employees with disabilities do seem to be having some impact, but there is space to explore how companies can make themselves more accessible and welcoming to potential talent in this group.

Putting words into action and implementing strong D&I programmes is an effective way to improve the diversity of a company's workforce. Respondents who have implemented at least one D&I initiative are more likely to

attract employees from all categories of minority groups covered in the survey, and these employees are more likely to progress through the ranks of the organisation. In particular, the provision of diversity or unconscious bias training is the strongest predictor for more diverse organisations in terms of sexual orientation, disability and age. Although these initiatives may be perceived as being resource-intensive, they bring significant benefits for companies looking to become more diverse.

This survey was developed as a way to measure the diversity of British businesses in China and their efforts to create more inclusive working environments, with the aim of building a set of annual benchmarks by which they can mark their own progress and be inspired by initiatives developed by others in the business community. As the conversation around D&I develops, we hope to provide companies with the information they need to find effective and innovative ways to attract the best talent from all walks of life, strengthening their own performance in turn.

# KEY FINDINGS

## DIVERSITY & INCLUSION INITIATIVES:



**59%** of companies believe that creating a more diverse and inclusive workforce has had a **positive impact** on the performance of their business

**55%** of companies have an **official Diversity & Inclusion policy**



**48%** of companies offer **training** on diversity or unconscious bias

**78%** of companies offer at least one type of **support programme** for employees from minority groups



**92%** of companies offer **flexible work options** to their employees

**75%** of companies provide opportunities for their staff to be **seconded** to other countries



Companies offer  
**24 weeks** of maternity leave and  
**2 weeks** of paternity leave



## REPRESENTATION OF FOCUS AREAS:



**54%** of employees are **women**

**20%** of employees are **foreign passport holders**

**16%** are **white**

**4%** are **people of colour**



**6%\*** of employees are members of the **LGBTQ community**

**2%** of employees are **people with disabilities**



**26%\*** of employees were born into **low-income families**

**8%** of employees are **notably older or younger** than their peers



\* Denotes that over 25% of companies do not know how many of their employees belonged to this group, which may increase the percentage.



# VALUES STATEMENT

The British chambers of commerce in China builds awareness of, shares knowledge about, provides a community for, and advocates on diversity and inclusion issues through the Diversity in Business forum.

Our aim is for member companies to understand the business and economic benefits of a workforce that is inclusive and diverse, and share best practice to achieve success. We will be bold but sensitive to the topic to

achieve the chambers' mission. Member companies are encouraged to use the information provided to guide decision-making and set tangible, realistic goals for making corporate culture more inclusive and welcoming.

We understand that companies, individuals, and societies are on their own journeys to understand inclusion and diversity. To create an environment that is safe and supportive for constructive conversations on diversity and inclusion issues, the Diversity in Business Forum, and the chambers themselves, operate based on a core set of guiding principles and values. These are:

- Inclusivity
- Respect
- Open-mindedness
- Honest discussion
- Action







## METHODOLOGY

The *British Business in China: Diversity and Inclusion Survey 2020* is the first survey conducted by the British Chambers of Commerce in China on our member companies' diversity and inclusion (D&I) initiatives. The survey measures the perspectives of British businesses operating on the ground across the Chinese mainland towards D&I, covering such topics as: the scope of their D&I policies, training and resources provided for staff and representation of minority groups in their workforce. Invitations to complete the survey were sent to the four chapters' member companies from Wednesday 2<sup>nd</sup>

September to Wednesday 23<sup>rd</sup> September 2020, resulting in responses from 58 companies. The largest share of respondents were C-Suite level (41%), followed by the heads of human resources departments (15%) and other members of human resources departments (15%).

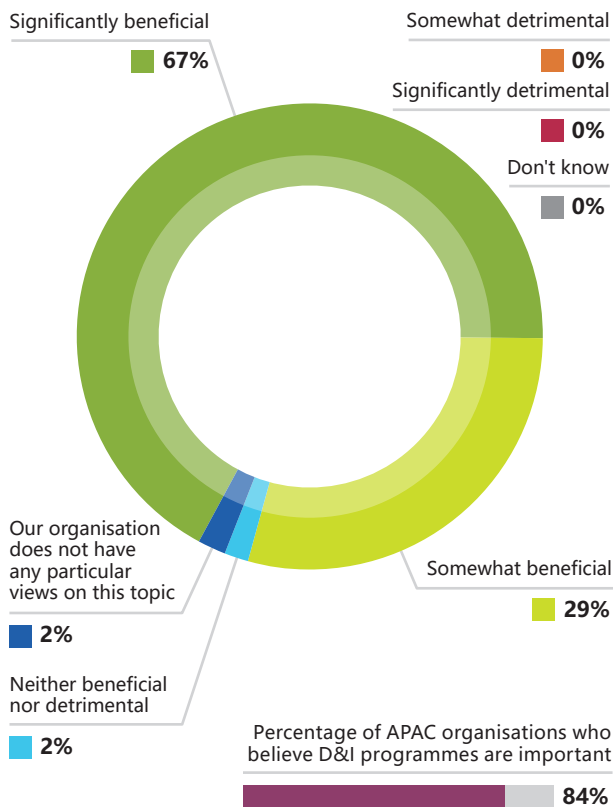
Complete anonymity of all respondents, both in terms of organisation and individuals, was maintained throughout the publication of information. It should be noted that the average length of maternity and paternity leave were calculated according to the median average, while the average percentages of minority groups within workforces were calculated according to the mean.

## ACRONYMS

APAC	Asia-Pacific
D&I	Diversity & Inclusion
MNC	Multinational company
SME	Small- and medium-sized enterprises

# DIVERSITY AND INCLUSION PERCEPTIONS

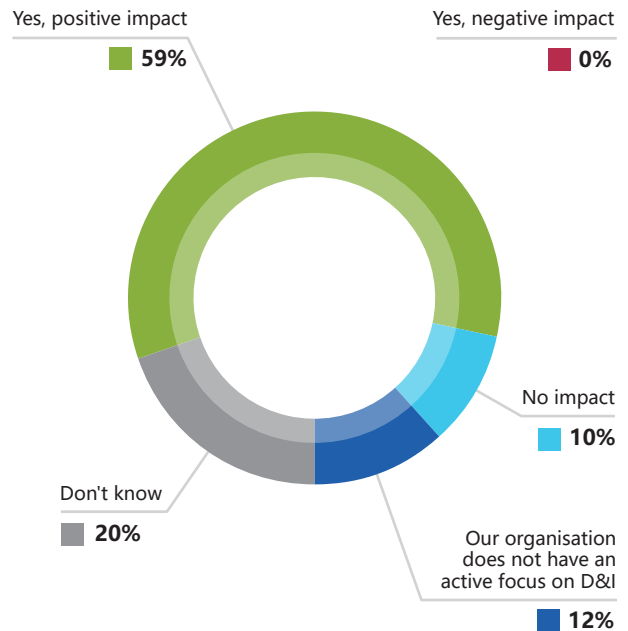
## WHAT IMPACT DOES YOUR ORGANISATION BELIEVE A DIVERSE WORKFORCE HAS ON BUSINESS PERFORMANCE?



Almost all organisations believe that diverse workforces have a positive impact on business performance. This impact is significant for 67%, while 29% believe it is somewhat positive. No companies believe that diverse workforces have a detrimental effect on business. These views are encouraging, and generally align with increasingly progressive attitudes across the Asia-Pacific, with D&I programmes considered important by 31% of companies and considered very important by 53%.<sup>2</sup>

<sup>2</sup> 'Diverse Region, Inclusive Workforces: Asia Pacific Diversity And Inclusion Survey 2019', Heidrick & Struggles, April 2019.

## IF YOUR ORGANISATION'S CHINA OFFICES HAVE ACTIVELY FOCUSED ON D&I POLICIES OR INITIATIVES, HAVE THEY SEEN ANY RELATED IMPACT ON BUSINESS PERFORMANCE?



Although it can be difficult to assess the impact of encouraging greater diversity and inclusion in workplaces, 59% of companies believe that doing so has had a positive impact on their business performance. They cite a more motivated and engaged workforce, higher levels of staff retention and higher levels of innovation, creativity and adaptability. Nevertheless, one in five companies are unsure what benefits focusing on D&I brings their organisation.

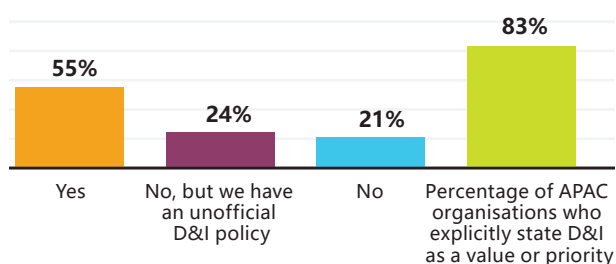


**Diversity is perceiving difference, inclusion is valuing it.**



# DIVERSITY AND INCLUSION INITIATIVES

## DO YOUR ORGANISATION'S CHINA OFFICES HAVE AN OFFICIAL D&I POLICY?



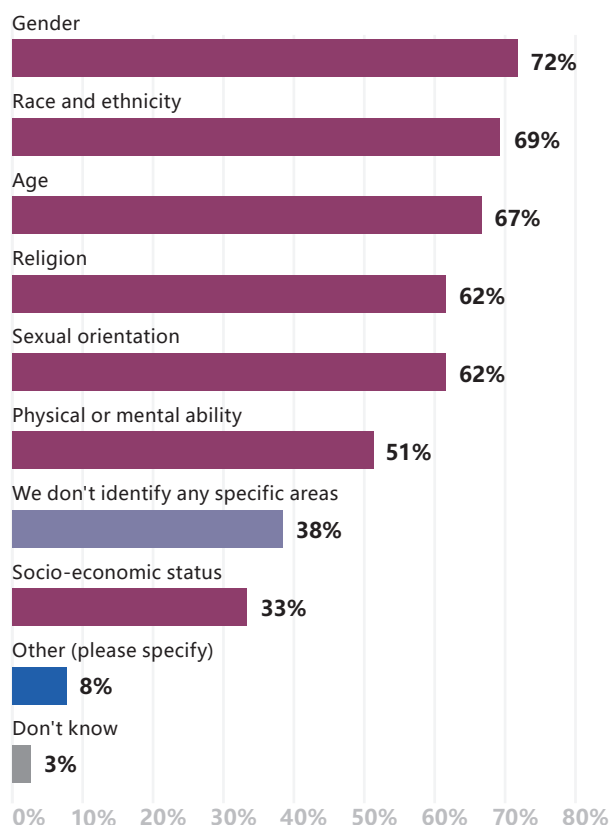
British businesses in China are likely to have an official D&I policy informing their workplace practices and programmes, at 55%. Just under a quarter of companies have 'unofficial' D&I policies, while one in five companies do not have a D&I policy.

There is nevertheless a gap between uptake of D&I among our members in China and uptake in the Asia-Pacific (APAC), where 83% of companies explicitly state that D&I is a value or priority area for them.<sup>3</sup> Multinational companies (MNCs) are slightly more likely to have official policies, while many small and medium-sized enterprises (SMEs) operate according to an unofficial set of D&I values. As such, there is space for more British businesses in China to join others in the region to confirm their commitment to creating and maintaining a diverse and inclusive workplace.

Companies with official D&I policies highlight themes that evoke a sense of innovation and belonging, featuring such words as "create", "bring" and "experiences" in their definitions. They also highlight the need to create an atmosphere in which employees felt valued, with some referring to the idea of allowing their employees to

bring their "whole" or "authentic" self to the workplace. Others raise the perceived link that diversity of opinion and experience has with a greater innovation.

## WHICH OF THE FOLLOWING AREAS ARE COVERED IN YOUR ORGANISATION'S CHINA D&I POLICY?



Those with an official D&I policy are likely to explicitly include a broad range of minority groups. Gender (72%) and race and ethnicity (69%) are the most likely aspects to be mentioned, but more than half of businesses also reference sexual orientation, age, religion and physical or mental ability. 38% of companies do not identify specific areas, instead stating their commitment to creating an inclusive environment for all employees irrespective of identity or background.

**We make sure to take a diversity lens to our compensation review process.**

<sup>3</sup> 'Diversity & Inclusion Benchmarking Survey: APAC Data Sheet', pwc, December 2019.

**IF YOUR GLOBAL HEADQUARTERS IS OUTSIDE THE CHINESE MAINLAND, HOW SIMILAR IS YOUR CHINA OFFICES' D&I POLICY TO THAT OF YOUR HEADQUARTERS?**

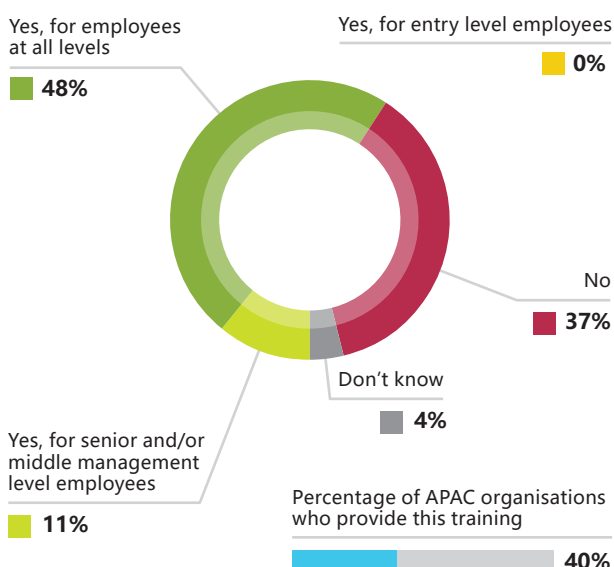


MNCs headquartered outside of China are most likely to keep D&I policies in their China offices identical or similar to that of their head offices. However, a quarter localise their policies to suit regulations or their operating environment.



**Having a focus on diversity and inclusion across our business allows us to adapt and change in the disruptive times in which we live and work. It enables us to harness the different perspectives of our people, and create the best solutions for our equally diverse client base.**

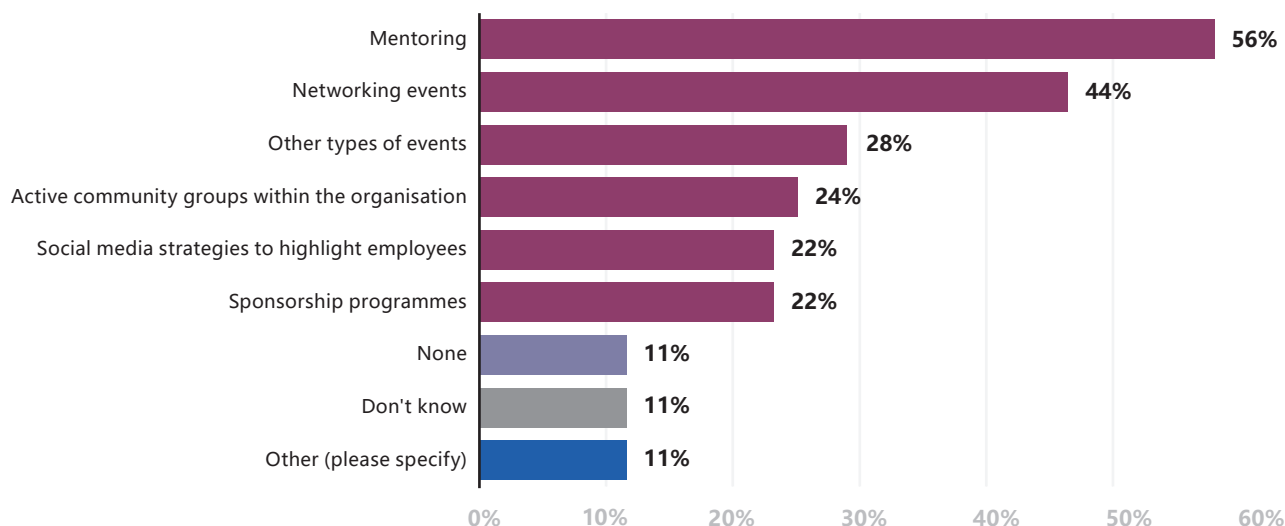
**DO YOUR ORGANISATION'S CHINA OFFICES PROVIDE DIVERSITY AND/OR UNCONSCIOUS BIAS TRAINING FOR YOUR EMPLOYEES?**



59% of businesses provide some form of training around diversity or unconscious bias for their staff, and among these firms the vast majority make the training available to employees at all levels. In this they are ahead of their peers, as only 40% of companies across APAC are likely to provide a form of diversity or bias training.<sup>4</sup> Notably, there is no difference between SMEs and MNCs in this regard. Companies with official D&I policies are the most likely to offer diversity and/or unconscious bias training, but just over half of those with unofficial policies also provide it to staff. By contrast, this training is not available in 82% of firms that do not have a D&I policy, official or unofficial.

<sup>4</sup> 'Diversity & Inclusion Benchmarking Survey: APAC Data Sheet', pwc, December 2019.

## WHICH OF THE FOLLOWING PROGRAMMES DO YOUR ORGANISATION'S CHINA OFFICES OFFER TO SUPPORT EMPLOYEES FROM MINORITY GROUPS?



The vast majority of organisations report that their senior and mid-level management actively work to create diverse and inclusive workplaces and support D&I initiatives (94%), greatly outpacing a global average of 37%.<sup>5</sup> More than three quarters offer at least one type of support programme for employees from minority groups, and despite their differences in terms of resources and capacity, MNCs and SMEs tend to provide similar types of initiatives to staff. British businesses in China are as likely as British businesses in the UK to provide these options for staff.<sup>6</sup>

Mentoring programmes are the most common of these initiatives, and are provided by more than half of the companies surveyed. The next most popular are networking events (44%), followed by other types of events (28%).

Specific internal programmes highlighted by companies include resource-sharing platforms for employees from different groups, skip-level meetings for female employees, regular 'pulse-taking' checks on the level of comfort employees feel within their organisation and free language training.

Many organisations also support or participate in external initiatives. These range from initiatives developed by government or intergovernmental organisations, such as the United Nations' '#HeForShe' and the British Embassy Beijing's 'Be Yourself' campaigns, to national and global business networks, such as sHero China, the Diversity & Inclusion in Asia Network (DIAN) and Open for Business.

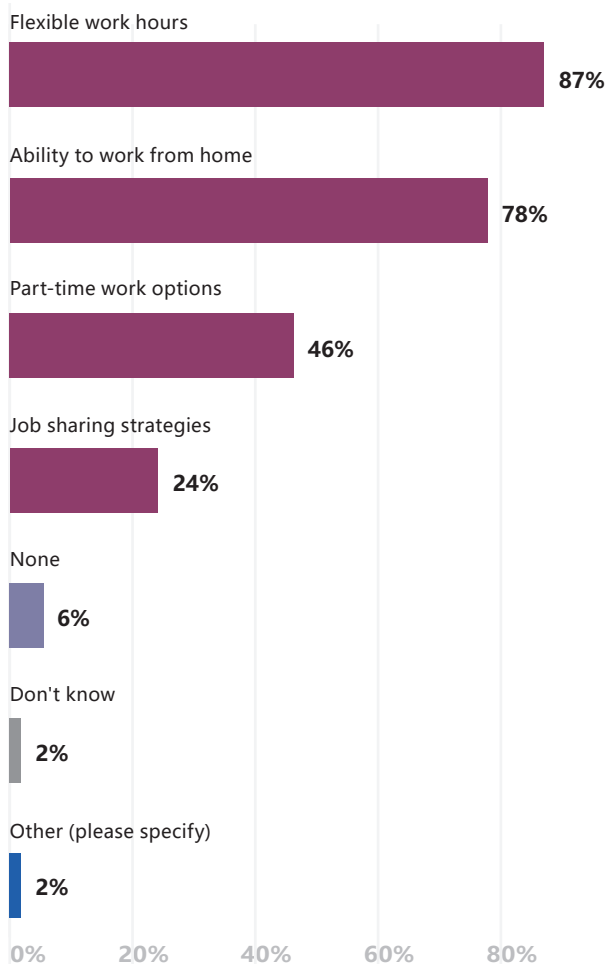


**[We provide] professional consultancy to employees and their family members who experience mental health challenges.**

<sup>5</sup> 'Diversity & Inclusion Index: World', Universum, December 2019. Graph not provided.

<sup>6</sup> 'Why Your Diversity Strategy Needs to Be More Diverse', Boston Consulting Group, January 2019.

## DO YOUR ORGANISATION'S CHINA OFFICES PROVIDE ANY OF THE FOLLOWING FLEXIBLE WORK OPTIONS?

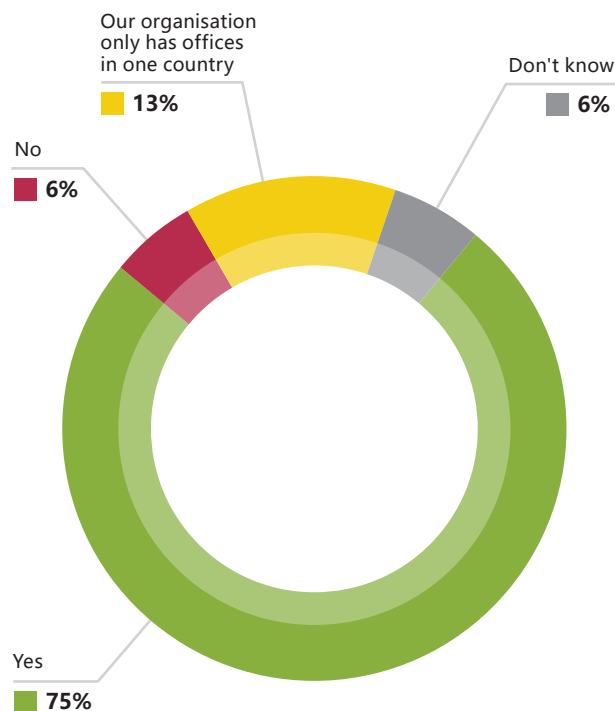


Flexible work hours are the most commonly offered flexible work benefit, followed by the ability to work from home. More companies offer either of these benefits compared to part-time work options and job-sharing strategies but, as a whole, 92% of companies offer at least one. SMEs are also more likely to be flexible in their ability to provide non-traditional work options compared to MNCs.

This far exceeds the access employees in the UK had to such options in 2017, at which time only 27% of employees were found to have access to flexible work arrangements.<sup>7</sup> Nevertheless, this may be due in part to the increased interest in working from home during the outbreak of COVID-19, and future studies of flexible work in the UK may find that the gap has closed considerably.

<sup>7</sup> 'Flexible Working in the UK', Chartered Institute of Personnel and Development, June 2019.

## DOES YOUR ORGANISATION PROVIDE EMPLOYEES WITH THE OPPORTUNITY TO TRANSFER BETWEEN YOUR GLOBAL OFFICES?



Most MNCs provide opportunities for their staff to transfer to offices in other countries, giving them more exposure to a wider variety of cultures and viewpoints among other benefits, with only 7% of companies with offices in more than one country not including this in the potential career moves available to employees.



**Our goal is to continue to create and enable an environment where people are comfortable to be their 'full-selves'.**



## 24 WEEKS OF PAID MATERNITY LEAVE



## 2 WEEKS OF PAID PATERNITY LEAVE



Most companies are based in Beijing or Shanghai, and as such conform to the local regulations governing maternity and paternity leave, with maternity leave stipulated at 6 months and paternity leave at 15 days. While companies are entitled to provide this length of leave, it unfortunately

doesn't reflect increasingly common conversations around increasing paternity leave in particular, which is believed to reduce gendered expectations for new fathers to sacrifice bonding with their family in favour of their career and increases pressure on female workers to either balance their new responsibilities with the return to work or to leave the workforce.

Encouragingly, however, a significant number of companies provide between 25 and 40 weeks of maternity leave, with the upper limit set at 52 weeks. A smaller proportion of companies provide upwards of 10 weeks paternity leave, with the maximum established as 34 weeks by one organisation.



# REPRESENTATION OF FOCUS AREAS

Group		Entry-level	Mid-level	Senior-level	Average	Average among UK companies with a D&I focus <sup>8</sup>
Women	Most common answer	50-75%	25-50%	25-75%	54%	50%+
	Average across all businesses	60%	55%	48%		
Foreign passport holder (white)	Most common answer	None	None	1-10%	16%	85-89%
	Average across all businesses	11%	13%	22%		
Foreign passport holder (person of colour)	Most common answer	None	None	None	4%	11-15%
	Average across all businesses	3%	4%	5%		
Member of the LGBTQ community	Most common answer	None	None	None	6%*	1-5%
	Average across all businesses	7%*	5%*	8%*		
People with disabilities	Most common answer	None	None	None	2%	1-5%
	Average across all businesses	2%	<1%	<1%		
Born into a low-income family	Most common answer	None	None	None	26%*	34% <sup>9</sup>
	Average across all businesses	27%	25%*	26%*		
Older or younger than average	Most common answer	None	None	None	8%	N/A
	Average across all businesses	9%*	8%	9%		

\* Denotes that over 25% of companies did not know how many of their employees belonged to this group, affecting sample size.

Companies in our network report a high level of female participation in the workplace, at an average of 54%. This compares favourably with an average of 37% in other APAC countries<sup>10</sup>, and broadly mirrors the representation of women in the UK workforce. 48% of senior roles in respondents' organisation are also held by women, which greatly exceeds the 21-30% average of companies in the UK.<sup>11</sup> Nevertheless, a drop in the proportion of female employees between junior and senior levels could indicate the impact of barriers to promotion opportunities.

As expected, foreign passport holders comprise a significant minority of workforces, filling just under 15% of entry level roles and 27% of senior-level roles with foreign staff. They are more likely to be white, at 11% of entry-level employees and 22% of senior-level employees. This isn't entirely unexpected, due to the focus on British multinationals and companies founded by British entrepreneurs.

However, people of colour hold 3% of entry-level roles, rising to 5% of senior-level roles, despite comprising around 14% of the British population.<sup>12</sup> While the proportion of people of colour does rise slightly at senior levels, in contrast to a downward trend in the UK,<sup>13</sup> the difference between their rates of progression and that of their white colleagues could indicate the impact of conscious or unconscious biases in hiring and promotion processes, or point to difficulties accessing personal development or sponsorship opportunities.

Roughly a quarter of staff come from low-income backgrounds and, encouragingly, these employees seem to progress at a steady rate throughout the organisation. Nevertheless, British businesses in China seem less likely to hire employees from low-income backgrounds — who may have not had access to the same opportunities in terms of education or work experience — than their counterparts in the UK. It should be noted, however, that of all minority groups featured, companies were the least likely to have an understanding about how many of their staff belonged to this group.

Companies report that LGBTQ employees make up around 6% of their workforce, with a relatively stable level of progression between entry, mid-level and senior-level roles. This is higher than the number of LGBTQ individuals employed by D&I-focused businesses in the UK, which stands at 1-5%, but only slightly. However, in line with

expectations, roughly half of companies did not know what proportion of their staff fell under this category, which may mean that many LGBTQ employees who are not out to their employers do not receive the same support or feel as welcome in their work environment as their heterosexual or cisgender colleagues.

Just under 10% of employees at entry level are likely to be notably older or younger than their peers, and this figure remains consistent throughout mid-level and senior-level roles. People with disabilities hold just under 2% of entry-level posts and less than 1% of mid-level management or senior leadership. This figure tracks with government programmes to incentivise hiring people with employees, but nevertheless underrepresents a group that totals over 6% of the population.<sup>14</sup>

There is no significant difference in the presence or progression rates of employees from minority groups between companies on the basis of whether or not they have established D&I policies. Instead, companies who provide diversity or unconscious bias training and support programmes, such as mentoring schemes or networking events, are more likely to attract employees from all of the measured minority groups and see them progress through the ranks of the organisation. In particular, diversity and unconscious bias training is the strongest predictor for more diverse organisations in terms of sexual orientation, disability and age.

8 'The Inclusive Top 50 UK Employers 2018 Report', Inclusive Companies, November 2018. All UK figures in this column are sourced from this report unless otherwise stated.

9 'Elitist Britain 2019: The educational backgrounds of Britain's leading people', The Social Mobility Commission, June 2019. The statistic relates to employees from working-class backgrounds in "professional" roles.

10 'Diversity wins: How inclusion matters', McKinsey & Company, May 2020.

11 'The Inclusive Top 50 UK Employers 2018 Report', Inclusive Companies, November 2018. All UK figures in this column are sourced from this report unless otherwise stated.

12 'Ethnicity facts and figures', GOV.UK, November 2020.

13 'The Inclusive Top 50 UK Employers 2018 Report', Inclusive Companies, November 2018. All UK figures in this column are sourced from this report unless otherwise stated.

14 'Facts on people with disabilities in China', International Labor Organization, August 2008.

# ABOUT THE CHAMBERS

The British chambers of commerce in China, established in Shanghai in 1915 and in Beijing in 1981, are a collective of membership organisations in the Chinese mainland focused on providing advocacy, business support and networking opportunities for British business in China. For more than 100 years, our chapters across Beijing, Shanghai, Guangdong and Southwest China have brought the British business community together to help them thrive in one of the world's fastest growing markets.

The British chambers of commerce in China would like to thank all the UK companies who filled out the survey, our Diversity in Business forum committee for their guidance and Anika Patel and Yiai Zhang for analysing the data and compiling the report. Our appreciation also goes to Boglárka Miriszalai for designing the report.

## ADDITIONAL RESOURCES

'Diverse Region, Inclusive Workforces: Asia Pacific Diversity and Inclusion Survey 2019', Heidrick and Struggles, April 2019.

'Diversity & Inclusion Survey: APAC Data Sheet', pwc, May 2020.

'The Diversity Study 2020', Kantar, August 2020.

'Diversity Wins: How Inclusion Matters', McKinsey & Company, May 2020.

'Fixing the Flawed Approach to Diversity', Boston Consulting Group, January 2019.

'Global Gender Gap Report 2020', The World Economic Forum, December 2019.

'The Global Social Mobility Report 2020: Equality, Opportunity and a New Economic Imperative', The World Economic Forum, January 2020.

'Locating Asia's Untapped Innovators: Getting Below the Surface of the D&I Iceberg', Hays, November 2019.

'Women and Trade: The Role of Trade in Promoting Gender Equality', World Bank, July 2020.





