

Finance Priorities in the COVID Era: Digital Dominance and Flexible Labor Models

Executive Summary: Hong Kong

Protiviti 2020 Global Finance Trends Report

It has been a year like no other. COVID-19 has significantly disrupted business across Hong Kong, and as the results of our latest Global Finance Trends survey show, the finance function has not escaped unscathed.

Financial reporting has been seriously disrupted, data security jeopardised, office shutdowns have hindered third-party providers, supply chain snafus have proliferated, and business process outsourcing has often been thrown into disarray. On top of these challenges, many finance team members across Hong Kong have been transitioning on and off remote working structures as the pandemic situation changes in the city.

When looking at the survey responses, there were striking differences in the top priorities facing finance leaders across the globe. In Hong Kong, competitive intelligence, enhanced data analytics, and process improvement topped their 2021 priorities list, compared to other markets where the top priorities remained consistent with data security and privacy, financial planning and analysis, and enhanced data analytics leading the list.

Early in the pandemic, CFOs and finance leaders were called upon to make fundamental strategic decisions with their C-suite colleagues to enable organisations to continue to operate. There was no time to move existing strategic priorities to the backburner. This has had major consequences for the expectations of internal customers – let alone plans to strengthen data security, analytics, cloud applications, or other business improvements. All these issues have had to be addressed while managing the inevitable crisis-related responses elevated by the economic impacts of the pandemic.

During this time, leadership within the finance function has been tested like never before. It is unsurprising that this survey places leadership as the number one staff skill that will have to be prioritised over the next 12 months. It ranks number one both in Hong Kong and globally.

Leadership is particularly relevant given that the majority of staff are working remotely. This is a time of rapid organisational change and most companies have experienced significant disruption, which has challenged existing business models and, in many cases, financial viability.

Hong Kong respondents said changing customer demands and expectations were the most important finance priorities, in line with respondents across APAC – whereas global respondents were more inclined to prioritise cloud-based applications that support finance.

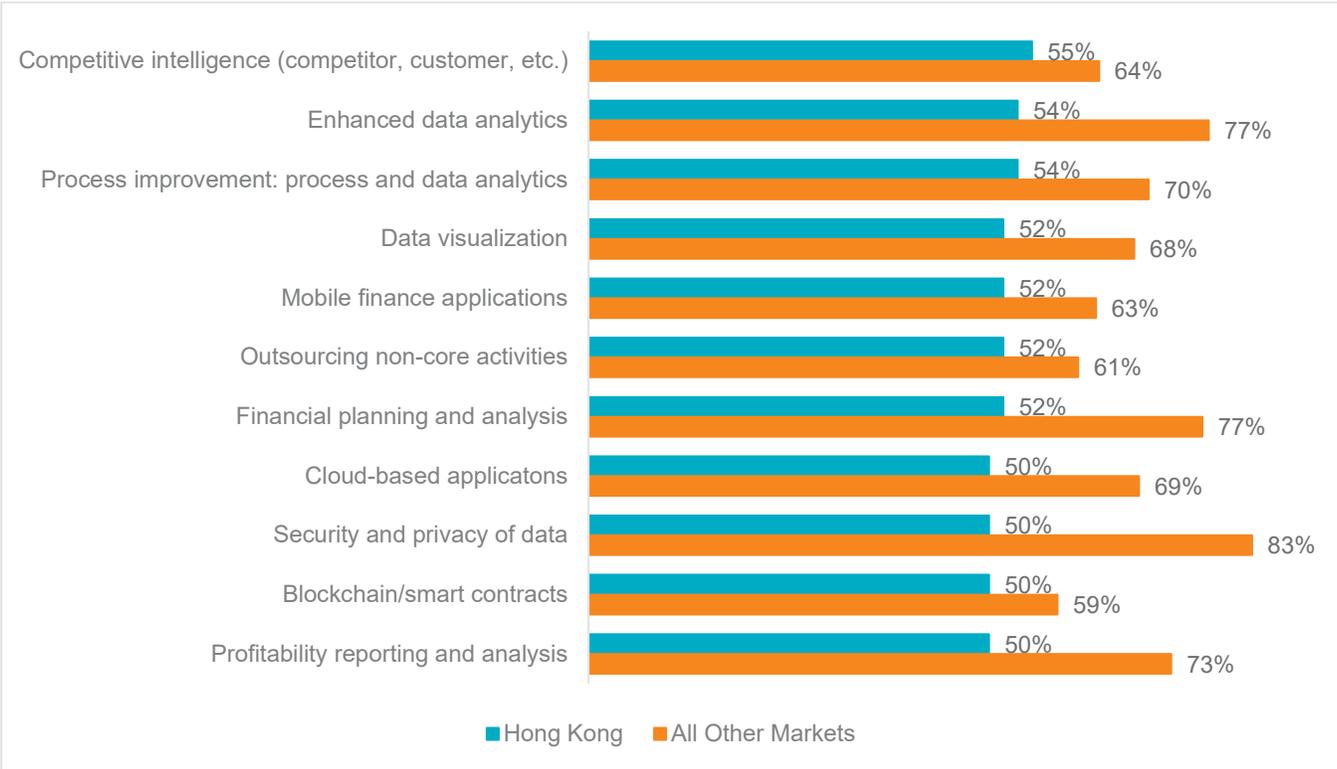
With an increased number of staff working from home, 53% of Hong Kong respondents said their level of concern had increased when it came to utilising existing security measures to protect finance-related data security and privacy issues. A further 34% said it had significantly increased. Only 4% of Hong Kong respondents said their level of concern was the same (slightly lower than the 8% who said this globally).

According to Willis Towers Watson’s latest cyber claims data, 63% of cyber incidents are caused directly by employees through accidental disclosure, social engineering scams, inadvertent ransomware infection, and even malicious intentional behaviour. The lack of direct physical oversight over remote employees only compounds these problems.

There have no doubt been significant challenges for finance functions in the work from home environment. In particular, they have stated that challenges in preparing reliable financial reports and statements under required timelines have been significant, which is exacerbated by additional challenges in reporting on the impacts of COVID-19 and changes in reporting standards.

With cost-cutting measures mainly impacting the workforce and operations, finance leaders in Hong Kong will continue to rely on external contractors and freelancers to help balance out their teams. Specifically, staff augmentation will be more heavily utilised at an average of 43.5% in the areas of finance PMO and strategic finance (M&A), significantly higher than global respondents at 28%.

Top 10 Overall Priorities - Hong Kong vs. All Other Markets*



* Respondents were asked to rate different areas of finance based on a 10-point scale, where “1” reflects the lowest priority and “10” reflects the highest priority for the finance organization to improve its knowledge and capabilities over the next 12 months. Percentages indicate ratings with a score of 8-10.

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