

**Seminar on Corporate Citizenship  
Executive Summary and Evaluation Report**

- Event: Seminar on Corporate Citizenship
- Date: 28 April 2005
- Time: 9:00 am – 1:00 pm
- Venue: Salon 5-6, Level 3, Hong Kong JW Marriot Hotel  
Pacific Place, Admiralty
- Organized by: The Home Affairs Bureau  
The Committee on the Promotion of Civic Education
- Co-organized by: The Hong Kong Council of Social Service  
The Community Business  
The Corporate Environmental Governance Programme
- Officiating Guests: Dr. Patrick C P HO, Secretary for Home Affairs  
Mr. Daniel C K HEUNG, Chairman of the Committee  
on the Promotion of Civic Education
- Presenter: Professor LEE Wing-on, Member of the Committee on  
the Promotion of Civic Education
- Guest Speakers: Professor Richard Welford, Deputy Director, Corporate  
Environmental Governance Programme, University of  
Hong Kong  
Ms. Shalini Mahtani, Founder & Chief Executive  
Officer, Community Business  
Ms. Christine FANG, Chief Executive of the Hong Kong  
Council of Social Service
- Group Facilitators: Dr. K C PANG, Committee of the Promotion of Civic  
Education  
Dr. Lesile WONG Pak-yuen, Kowloon Chamber of  
Commerce  
Ms. Carmen CHAN Ka-mun, Committee of the  
Promotion of Civic Education  
Mr. KO Chi-sum, Committee of the Promotion of Civic  
Education  
Mr. Cliff CHOI Kim-wah, Committee of the Promotion  
of Civic Education  
Mr. CHAN Tak-ming, Committee of the Promotion of

### Civic Education

Mr. Rock CHEN Chung-nin, Committee of the Promotion of Civic Education

Mr. Gary LO, Federation of International SME

Mr. Edward TSUI Ping-kwong, The Chinese Manufacturers' Association of Hong Kong

Ms. Connie WONG Wai-ching, Committee of the Promotion of Civic Education

Number of participants: 137

### **Background**

The Committee on the Promotion of Civic Education (the Committee), being an advisory body under the Home Affairs Bureau, is responsible for promoting civic education outside schools through a range of publicity and educational activities. With the aim of enhancing civic awareness and social responsibility of the community, the Committee conducts studies on specific civic education topics, implements programmes with non-governmental organizations (NGOs) and provides financial sponsorship to NGOs for organizing civic education projects.

The promotion of civic education to individuals is important. Moreover, since Hong Kong is an international business and financial centre, the principles of corporate governance adopted by enterprises have far-reaching effects on shaping the civic values of their employees, the employees' families, their clients and the public at large. Hence, the promotion of corporate citizenship is also important in enhancing civic responsibility in Hong Kong. In fact, many enterprises in Hong Kong are taking on corporate social responsibility. They have made valuable contributions to promoting charity activities, taking care of the underprivileged and transferring knowledge and skills for the benefit of the community. In early 2004, the Committee commissioned a public opinion survey on corporate citizenship. The survey results revealed that while the general public was yet to fully understand the concept of corporate citizenship, they had much expectation of the enterprises to assume social responsibility. The results also showed that local enterprises should step up efforts in promoting corporate citizenship in the community.

The purpose of organizing the Seminar on Corporate Citizenship is to enhance the awareness and understanding of the local business community on corporate social responsibility and corporate citizenship. The Seminar aims to provide an opportunity for those with the knowledge and expertise on corporate

citizenship to share with the participants their experiences and insights, with a view to enabling the enterprises to gain a better understanding of the concept of corporate citizenship and explore on how best to promote corporate citizenship in the local business community.

### **Conduct of the Seminar**

There were altogether four sessions in the Seminar (please refer to the Programme Rundown at <http://www.cpce.gov.hk/common/doc/rundown.pdf> for details). In the first three sessions, the three speakers gave their presentations on the concept of corporate citizenship and the values relating to corporate social responsibility, and shared their experience with the participants based on case studies.

## **Session 1 – Corporate Social Responsibility in Asia: Engaging with the Issues**

Speaker : Professor Richard Welford, Deputy Director, Corporate Environmental Governance Programme, University of Hong Kong

《Summary of Presentation》

### **Preamble**

The presentation by Professor Welford gave the participants a brief outline of the concept of corporate social responsibility (CSR). His speech was on the current situation in South-east Asian countries, particularly the adverse impacts of industrial production and the importance of taking on CSR. Having regard to the fact that many small and medium enterprises (SMEs) in Hong Kong had set up production lines on the Mainland or had business dealings with the Mainland, Professor Welford focused his discussion on the situation on the Mainland.

### **Pollution**

China is the second largest producer of carbon dioxide in the world (the first is the United States). It is the largest producer of sulphur dioxide (a large quantity of sulphur-rich coal was burnt for generating electricity). Pollution in China is so serious that it has made adverse impacts on the economy and the people's livelihood. According to the World Bank, pollution in China has costed the country an annual loss of 8-12% of its Gross Domestic Product. In other words, although there has been enormous economic growth in China in recent years, part of the growth has been offset by damages caused by environmental pollution. As such, the rates of economic growth in real terms were not as high as people thought.

Therefore, environmental considerations are of paramount importance in the production process. Many studies have shown that adopting measures to protect the environment during the production process would result in savings on production costs, such as the reduction of expenditure on energy and waste disposal. Also, enterprises could benefit from giving weight to social responsibilities.

## **Climatic Changes**

Pollution caused by industrial production would induce climatic changes. In fact, many people have been suffering from climate changes caused by pollution. Most of the victims were those from poor countries and they were not the polluters at all.

## **Shortage of Natural Resources**

China is the second largest importer of oil and the largest consumer of coal in the world. Coal is mainly used for generating electricity. 70% of China's electricity has come from the combustion of sulphur-rich coal. The large quantity of sulphur dioxide released during the burning process has led to air pollution in the Asian region.

## **Water**

Climatic changes caused by pollution, on the other hand, have made profound impacts on industrial production. Information has shown that some areas in Southern China were hit by droughts whilst many places in South-east Asia were under threat of flooding. In 2004, about 400 cities in China suffered from water shortage and many factories in Guangdong Province were forced to cease production. A number of countries in Asia, including China, India and Pakistan, have suffered from economic losses because of water shortage.

## **Public Health**

The aforesaid factors created impacts on public health. According to the World Health Organization, 2.5 million people have been killed, directly or indirectly, by abnormal weather or environmental changes. Meanwhile, there was an outbreak of AIDS and other infectious diseases in South-east Asia. Currently, India is the country with the second highest number of AIDS cases. These have led to discrimination in employment. For example, Hepatitis B carriers in China found it difficult to get a job, and employees identified to be carriers were sacked.

## **Labour Laws and Protection**

Labour protection is an important issue in assuming CSR. A comprehensive set of labour laws is already in place in the South-east Asian countries, including China and Cambodia, to protect labour interests. These laws cover areas concerning wages, minimum wages, working hours, payment on time, remuneration for overtime, trade unions and so on. However, local authorities in these countries have failed to enforce the laws to protect labour interests. Improper implementation of the legislation has led to many illegal practices, such as age discrimination, sex discrimination, disability discrimination in employment and illegal industrial production (e.g. in coal mining). Nevertheless, if Hong Kong enterprises are willing to take on CSR in China, what they have to do is simply to obey the laws.

## **Asian and Western Companies' Perception on CSR**

According to a study (with 450 listed companies being surveyed), Asian and Western companies hold different views on CSR. The priority criteria for CSR set out, in order, by Asian and Western companies are as follows:

Western Countries	Asian Countries
1. Non-discrimination	1. Local Community Engagement
2. Wages and Working Hours of Employees	2. Supplier Inspections
3. Local Community Engagement	3. Bribery and Corruption
4. Supplier Inspections	4. Non-discrimination
5. Reporting	5. Labour Standards in the Supply Chain

## **The Importance of Good Corporate Governance and the Ways to Make a Start**

To be a good corporate citizen, an enterprise can start, for example, by introducing changes to the company management culture, adopting green production technologies, enhancing management transparency, protecting employees' interests and formulating relevant codes. Every enterprise should assume its civic responsibilities and prioritize such responsibilities to meet its needs. We cannot expect an enterprise to fulfil all the responsibilities overnight or within a short period of time. It is already commendable if an enterprise takes on some of the responsibilities as a start.

## **Session 2 – Corporate Social Responsibility in Hong Kong**

Speaker : Ms. Shalini Mahtani, Founder and Chief Executive Officer,  
Community Business

《 Summary of Presentation 》

### **Preamble**

The presentation by Ms. Shalini Mahtani was mainly on the introduction of the concepts of “corporate social responsibility” and “corporate community investment”.

### **About Corporate Social Responsibility**

What is corporate social responsibility (CSR) and corporate citizenship? According to our speaker, CSR is “about companies achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment”.

CSR is made up of a number of elements, for example:

- ✧ appreciate the diversity of cultures, respect individual differences and eliminate discrimination;
- ✧ ensure reasonable working hours;
- ✧ encourage staff development;
- ✧ prohibit employment of child labour;
- ✧ allow trade union activities;
- ✧ participate in community investment.

Different companies come up with different definitions for CSR, depending on the nature of their businesses. For example, in Mainland China, CSR may involve issues like trade union activities and employment of child labour.

CSR is governed by both internal and external factors. Internal factors mainly deal with the company itself. For example, has the company formulated any anti-corruption guidelines? How does it treat its employees? Is there any staff development mechanism? External factors concern the ways in which a company participates in community activities, its relationship with the



Government on CSR matters, etc. Hence, each company may have its own mode of performing CSR, depending on the scope and nature of its business.

### **The Situation in Hong Kong**

In Hong Kong, there is still much room for CSR development. Many companies think that they have fulfilled their CSR or claim themselves to be corporate citizens by simply participating in charity activities and volunteer work, which are in fact far from enough. Many companies make pecuniary and tangible donations whilst acting against their social responsibilities (e.g. discrimination against pregnant employees, sexual harassment in offices, requiring 65 working hours per week, etc.). All these companies cannot be regarded as corporate citizens. In this respect, the media should also take up part of the responsibility. Individual companies participating in charity work are widely reported and regarded as having fulfilled their CSR. But in fact, a company has to meet many other criteria in order to become a corporate citizen.

### **Clarifying the Misunderstandings**

According to the speaker, there are misunderstandings among Hong Kong companies about the performance of CSR which should be clarified. These misunderstandings include :

- ✧ In Hong Kong, many companies perform CSR in a reactive way. They do so not because it is good for their business but because they are suggested to act in such a way, thus lacking long-term and strategic planning.
- ✧ Some people are cynical about discharging CSR, thinking that it is merely publicity work. Therefore, many companies make it only the job of public relations staff. Companies should first decide whether the purpose of performing CSR is to bring benefits to their business or to establish their images. For the former, the best results will be achieved if the implementation of CSR is led by the management level.
- ✧ Many people have the misconception that assuming CSR is costly

and only large companies are able to do so. But the fact is, not all companies that assume CSR are large ones.

### **Who Should Be the Leader?**

As the implementation of CSR will bring benefits to a company, it is certainly for the management level to take up the leadership role.

### **The Government's Role**

The participation of the Government is crucial to the successful implementation of CSR. Therefore, the Government should:

- ✧ formulate related laws (e.g. human rights and labour protection laws) aligned with international standards;
- ✧ monitor the implementation of laws;
- ✧ take the lead to assume CSR;
- ✧ define clearly the different roles played by itself and the companies regarding the implementation of CSR;
- ✧ cooperate with the private sector and establish a relationship of mutual benefit.

### **About Corporate Community Investment**

Corporate community investment (CCI) includes:

- (i) cash
- (ii) in-kind contribution
- (iii) employee volunteering

While CCI will affect the profits of a company, it can also bring greater benefits which are of a long-term nature. A company should deliberate on the following : “CCI is good for business but there is a cost for it. Do the benefits of CCI outweigh the costs? ”

### **Session 3 – “Caring Company” Experience Sharing – Find Your Corporate Community Involvement Partner**

Speaker: Ms. Christine Fang, Chief Executive of the Hong Kong Council of Social Service

《Summary of Presentation》

#### **Preamble**

In her presentation, Ms. Fang focused on sharing with the participants the experience of the Hong Kong Council of Social Service (HKCSS) in the implementation of the Caring Company Scheme (the Scheme) over the past three years. Cases were cited to enhance the participants’ understanding of how social service organizations could cultivate the spirit of corporate citizenship and establish long-term partnership with the Government and the business sector.

#### **“Caring Company”**

It is necessary for the social service sector to cooperate with other sectors in the community in order to provide a full range of social services for the public. As such, HKCSS has extended the scope of its services in collaboration with the Government and the business sector, with the primary aim of promoting corporate citizenship and establishing tripartite partnership.

The characteristics of a good corporate citizen include, inter alia, the provision of employee protection, equal pay, staff development and environment-friendly production processes, as well as compliance with international laws on environmental standards and enhancement of product safety for consumers.

#### **Community Involvement**

The business community is a core element of Hong Kong. Through the Caring Company Scheme, HKCSS has succeeded in conveying the message to the public at large that many of our commercial organizations are not only interested in making profits but also willing to promote and support community services. HKCSS has launched a number of initiatives in recognition of the contribution of these organizations. These include:

- ✧ Award of the “Caring Company Logo”
- ✧ “Caring Ambassadors” Programme
- ✧ Outstanding Partnership Project Award

## ✧ Total Caring Award

The “Caring Company Logo” will be awarded to corporations which satisfy two of the six criteria of the Award. The six criteria are:

- ✧ volunteering
- ✧ family-friendly
- ✧ employing the vulnerable
- ✧ partnering
- ✧ mentoring
- ✧ giving

The number of companies being awarded the “Caring Company Logo” has been increasing since the launch of the Scheme.

## **Implementation**

How can our enterprises put these criteria into practice? The following seven steps are introduced by HKCSS:

- ✧ set one’s goal
- ✧ identify community needs
- ✧ understand and engage the employees
- ✧ think about business strategies
- ✧ what one can offer to the society
- ✧ take action
- ✧ communicate and measure results

## **Future challenges**

Lastly, HKCSS identifies six major social issues in Hong Kong for examination and necessary action by the Government and the business sector:

- ✧ relative poverty
- ✧ aging population
- ✧ barriers for ethnic minorities
- ✧ family solidarity
- ✧ cross-border needs
- ✧ digital divide

## **Session 4 – Group Discussion and Presentation – the Relevance of Corporate Social Responsibility to your Business**

The topics for group discussion are as follows:

- (1) What does corporate citizenship or corporate social responsibility (CSR) mean to your business?
- (2) How do you practise CSR?
- (3) What are the barriers of practising CSR?
- (4) What are the benefits and main drives for practising CSR?

**The following is a summary of comments from the participants:**

### **(I) The current position of practising CSR in Hong Kong**

Views of the participants:

- ✧ The concept of corporate citizenship is, in fact, not new to Hong Kong people. Many enterprises have been taking on corporate citizenship practices. Externally, they help the underprivileged by providing cash, in-kind contribution and employee volunteering service. Internally, they take good care of their staff and give priority to matters on staff welfare, training and development.
- ✧ Generally speaking, big enterprises have more resources and can take on corporate citizenship practices in various fields and at different levels. But it does not mean that small and medium enterprises (SMEs) in Hong Kong are not involved in corporate citizenship practices.
- ✧ Generally speaking, the management of most enterprises is well aware of the benefits brought to their companies and employees by corporate citizenship practices. However, not the management and employees of every company have a clear understanding of the concept of corporate citizenship.

### **(II) Difficulties in Practising and Promoting CSR**

The participants pointed out the following difficulties in practising and promoting CSR:

- ✧ The prerequisite for promoting corporate citizenship is to change the corporate culture, particularly the internal governance culture. The change should start with the management level, who is supposed to take the lead in promoting corporate citizenship. However, it takes time to change the culture, and education is required in this regard. As such, the change will not come overnight.

- ✧ Personality development is an important aspect in the successful promotion of CSR, and this involves general education and cultivation of every individual (including the management and the staff) in an enterprise. Compared with other advanced countries, Hong Kong has not done enough in this regard. Materialism and money-mindedness also hinder the promotion of CSR.
- ✧ The concept of corporate citizenship has not been clearly explained. Many people think that practising CSR will reduce corporate profits and increase the burden on staff. They have yet to fully understand the benefits of taking on CSR.
- ✧ Although big enterprises have more resources, they face certain difficulties in practicing CSR. For instance, there are a great number of employees in the enterprise and communication between employees and management is not very effective. On the other hand, SMEs may enjoy advantages in this regard because the number of employees is relatively small and the relationship between employees and management could be closer.
- ✧ Time and money are required for practising CSR. In Hong Kong, SMEs have to struggle for survival in the first place. They cannot promote CSR unless they have profits.
- ✧ Some enterprises are keen to practise CSR but find it difficult to get their partners (e.g. voluntary or charity organizations). The enterprises do not have much knowledge of these partners and they do not know where to find them. Moreover, the enterprises are worried that their donations might fail to help those in need.
- ✧ Generally, the working hours of employees in Hong Kong are so long that they consider promoting CSR an extra task, or an extra burden.
- ✧ Many enterprises in Hong Kong have close dealings with the Mainland. However, corporate citizenship awareness on the Mainland is relatively weak. Even if Hong Kong enterprises want to

practise CSR, they might find it difficult to get the support from enterprises and workers on the Mainland.

- ✧ Government support is needed to successfully promote corporate citizenship practices in certain matters, such as formulating comprehensive laws and codes, creating a level playing field and business-friendly environment, providing tax concessions for SMEs and taking the initiatives in activities to promote corporate citizenship. In these respects, there is still room for improvement by the Government.

### **Benefits of Practising CSR**

The participants agreed that practising CSR would bring the following benefits:

- ✧ Practising CSR will give a boost to a company's brand image. The company's employees, its customers and even the public will agree that the company is socially responsible.
- ✧ As CSR-related activities are often conducted in a rather informal and light-hearted manner (e.g. volunteer work), employees taking part in these activities would improve their communication with other colleagues and the management, thus enhancing the employees' sense of belonging to the company and improving the efficiency of their work.
- ✧ Practising CSR will foster team spirit.
- ✧ A company which implements CSR will make its employees feel proud of being affiliated with the company.
- ✧ Activities related to CSR are mostly beneficial to the underprivileged and the community. Employees taking part in these activities can thus develop a set of positive values. Besides, most of them will feel good about being able to help those in need.

## **How to Practise CSR: Recommendations for Enterprises, Employees, Volunteer Organizations and the Government**

Suggestions for enterprises and employees:

- ✧ In order to promote CSR effectively, the management of the companies concerned should play the leading role.
- ✧ Companies should understand that taking up CSR and being corporate citizens are good for themselves and their employees.
- ✧ Communication between the management and employees should be enhanced. Together they should develop a good culture of caring about society and others, making CSR one of the core values of the companies.
- ✧ Companies should be well aware of their own strengths and those of their employees (e.g. transmission of knowledge, donation of goods). Long-term strategies on practising CSR should be developed.
- ✧ Guidelines related to corporate citizenship (on topics like anti-corruption, protection for employees, criteria for quality products, etc.) should be compiled for reference by the employees.
- ✧ Concern should be given to the physical and mental development of the employees. Employees should be provided with training according to their needs. Employees who practise CSR should be rewarded as and when circumstances permit (e.g. in the form of training allowances, hourly pay for over-time work, etc.).
- ✧ Chambers of commerce should designate CSR as a standing item in the agendas of their regular meetings, with a view to enhancing their members' awareness of the subject.

Recommendations for Voluntary Organizations:

- ✧ Dedicated platforms should be set up and relevant information channels should be promoted to enhance the flow of information so that enterprises willing to undertake CSR will be able to identify



suitable community partners.

- ✧ Accountability should be enhanced to secure the confidence of the enterprises in devoting their resources to community services.
- ✧ Training should be arranged so that business managers and staff members can better understand the benefits of practising CSR in their organizations.
- ✧ Various leisure activities should be organized catering for the needs of individual corporations. The activities should not only enrich the life of staff members but also facilitate their engagement in community services.

#### Recommendations for the Government:

- ✧ With self-cultivation and personal development as a starting point, more resources should be allocated to the cultivation of civic awareness among students.
- ✧ Emphasis should be placed on civic education in the university curriculum. For example, participation in community services should be made compulsory for all university students.
- ✧ The Government should take the initiative to promote CSR, attach importance to staff welfare and staff training, employ the disabled, and participate in charity events.
- ✧ A level playing field and a favourable business environment should be created to enable our enterprises, large and small, to gain profits and then contribute to the society.
- ✧ Comprehensive laws in specific areas (for example, legislation on labour, anti-bribery and pollution control) should be enacted and properly implemented.
- ✧ Substantive tax incentives should be provided to socially responsible corporations (especially SMEs) to encourage them to participate in community services.

Committee on the Promotion of Civic Education  
June 2005

### Evaluation Questionnaire

A total of 45 questionnaires have been collected from the participants. The findings are as follows:

- (1) The participants' understanding of the concept of corporate citizenship before attending the Seminar

Findings:

	Fully understand	Partly understand	Do not understand	Total
Number	11	33	1	45
Percentage	24.4%	73.4%	2.2%	100%

- (2) The clarity of the speakers' presentation on the concept of corporate citizenship

Findings:

	Very clear	Quite clear	Moderate	Not clear	Total
Number	24	19	2	0	45
Percentage	53.4%	42.2%	4.4%	0%	100%

- (3) The applicability of the concept of corporate citizenship presented by the speakers

Findings:

	Applicable	Partially applicable	Not applicable	Total
Number	29	16	0	45
Percentage	64.4%	35.6%	0%	100%

- (4) Whether the participants will practise corporate citizenship in their companies

Findings:

	Yes	No	No comment	Total
Number	44	0	1	45
Percentage	97.8%	0%	2.2%	100%

- (5) Usefulness of the group discussion session

Findings:

	Very useful	Quite useful	Not useful	Total
Number	19	26	0	45
Percentage	42.2%	57.8%	0%	100%

- (6) The overall rating accorded to the Seminar

Findings:

	Very good	Good	Moderate	Poor	Total
Number	23	20	2	0	45
Percentage	51.1%	44.5%	4.4%	0%	100%