

## Results announced of survey on corporate citizenship in Hong Kong

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The following is issued on behalf of the Committee on the Promotion of Civic Education:

The Committee on the Promotion of Civic Education today (November 12) announced the results of a survey on corporate citizenship (also commonly referred to as CSR — corporate social responsibility) in Hong Kong.

The survey was conducted between November 2006, and April this year. Its objective was to obtain information on Hong Kong companies' corporate culture and values, their existing policies and practices as well as their understanding and awareness of corporate citizenship with a view to facilitating formulation of strategies and measures to promote corporate citizenship in Hong Kong.

The Centre for Civil Society and Governance and Policy 21 Ltd of the University of Hong Kong were commissioned to conduct the survey through focus group discussions, interviews, and a large-scale territory-wide questionnaire survey of business establishments. A total of 20,417 business establishments of various sizes were drawn from the Register of Establishments maintained by the Census and Statistics Department, with a response rate of 61% from 10,094 establishments.

The survey revealed that 23% of the establishments were aware of the concept of CSR, and 9% had institutional mechanisms to implement, monitor and evaluate CSR programmes. Large companies were more aware of and have CSR programmes, and companies which were aware of CSR had better CSR practices than those that were not.

Presenting the major findings of the survey at a press conference today, the Chairman of the Committee on the Promotion of Civic Education, Dr Pang King-chee, said the study focused specifically on four dimensions of CSR - a corporation's commitment to ethical practices, minimising negative impacts, social contribution and improving employees' well-being. While CSR awareness was not particularly high, it was encouraging to see that most companies supported CSR principles and CSR implementation. Most companies believed CSR could benefit them in the long run. They also thought they had responsibility to foster values and develop corporate culture, and that implementing CSR was the responsibility of every company.

"Insofar as actions are concerned, results showed that companies' actions were mostly done in compliance with the basic ethical norms or legal measures," Dr Pang said. "Beyond that, they practised CSR only when it helped commercial interests. Thus, they did rather well in the minimisation of negative impact and ethical business operation but not so well in positively contributing to employees' well-being or society where such actions were beyond duty.

"An analysis of the incentive structure indicated that companies regarding CSR as bringing benefits or seeing CSR as part of the company culture (internal incentive) were more likely to have CSR-related measures than those which said they would provide such measures only if they were required by law or if there was pressure from the market (external incentive).

"The Government was expected to take the lead in promoting and implementing CSR by providing training to companies, raising CSR incentives, and developing CSR charters.

"The committee will carefully take into account the results of this survey in formulating future plans in promoting corporate citizenship in Hong Kong," Dr Pang said.

The major findings of the survey on the four dimensions of corporate citizenship are as follows:

#### CSR dimension 1: Well-being of employees and their families

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- \* 88% of the establishments had provided some benefits to employees and their families.
- \* Nearly all establishments that had 50 employees or more (over 98%) had some employee welfare.
- \* A higher proportion of the establishments paid more attention to aspects like workplace safety (65%), hours of work (62%), salaries and fringe benefits (58%) than education (48%), medical benefits (48%) and training (40%). A lower proportion of the establishments extended benefits to employees' families, such as organising leisure and recreational activities for staff and family members (25%) and providing benefits for the family members of staff (15%).

\* Most establishments believed that provision of staff benefits was more than compensated by increased efficiency (73%) and reduced staff mobility (77%). Moreover, 61% of the establishments considered equal opportunity a part of their corporate culture.

## CSR dimension 2: Minimisation of negative impacts

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### (1) Environmental protection:

\* 95% of all establishments had some environmental protection measures or policies.

\* Large companies were relatively more environmentally conscious than small companies.

\* About two-thirds of the establishments considered that it was part of their companies' corporate culture to implement environmental protection measures (64%), or that doing so would help enhance the company's image (66%) and reduce costs (69%).

\* 30% of the establishments regarded pressure from environmental groups a main consideration in implementing environmental protection measures. A higher proportion indicated the law (51%) or the customers (43%) as the reasons for having such measures.

### (2) Anti-discrimination in recruitment and employment:

\* 74% of the establishments had neither anti-discrimination guidelines nor measures. This was more prominent among small than large companies.

\* Only a small proportion of the establishments had stated guidelines against sex discrimination (14%), age discrimination (14%) and discrimination on grounds of disability (13%). About 10% had stated guidelines against family status discrimination and racial discrimination. About 9% had stated guidelines against discrimination on religious grounds.

\* About 19% of the establishments had adopted measures to guard against discrimination in recruitment and employment. For these establishments, the more common measures adopted were conveying

company policy on anti-discrimination to staff responsible for recruitment and employment (78%) and to all employees (44%). Having an internal committee to guard against discrimination (10%) or to promote equal opportunity (10%) was not common.

\* About 30% of the establishments considered it a company tradition to provide employment to disadvantaged groups and about 35% considered that doing so would help to promote their corporate image.

### CSR dimension 3: Ethical business operation

#### (1) Ethical business conduct regarding customers:

\* The majority of the establishments had policies or measure to protect their customers, such as providing clear and precise price information (86%), after-sales service (77%), and non-price information (74%). They were also vigilant about protecting customers' personal data (80%).

\* The majority of the establishments believed that they had an obligation to supply safe and quality goods and services (88%). They thought that it would benefit them in the long run (87%) and that it was their corporate value to treat customers fairly (84%).

\* External forces also played a role in reinforcing ethical business operation. Legal requirements were important; 61% of the establishments said that they had no obligation to disclose product and service information unless it was required by law. Similarly, 66% of the establishments said product safety was provided only to the extent that it was required by law. Furthermore, 69% of the establishments' product and service pricing was solely determined by market forces.

#### (2) Ethical business conduct demanded of suppliers:

\* Companies had lower ethical requirements of their suppliers. Having relevant policies or measures to ensure that suppliers complied with the laws made up only 31% of all establishments interviewed, that suppliers had taken steps to protect the environment, 18%, and that suppliers had good employment practices, 16%.

\* More than two-thirds of the establishments claimed that market forces determined their dealings with their suppliers (72%), and that as long as

they themselves were law abiding, it was not necessary to impose extra requirements on the suppliers (68%).

- \* Most establishments believed that acting morally towards their competitors was more important than making profit (77%) and that it was not right to drive competitors out of business (59%).

#### CSR dimension 4: Contribution to society

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- \* 18% of the establishments donated to charities in the past 12 months. The median amount of donation was \$3,000.

- \* 14% of the establishments had made non-monetary donations in terms of products or services in the past 12 months.

- \* 15% of the establishments had encouraged their staff to make donations/take part in volunteer work in the past 12 months, such as giving out awards, organising company-wide participation, or allowing time off.

- \* Overall, 37% of the establishments did not make any monetary or non-monetary donation, or encourage their staff to take part in volunteer work in the past 12 months.

- \* Two-thirds of the establishments saw the benefits that contributing to society brought to them, such as building team spirit (69%), promoting company image (67%), and enhancing the sense of belonging to the company (66%).

A seminar entitled "Adding Value to Your Business - Seminar on Corporate Citizenship 2007" will be held by the committee in conjunction with the Home Affairs Bureau on November 24. The seminar will disseminate these findings to business corporations, and through the sharing and discussion of successful practices by guest speakers, further promote the concept of corporate citizenship in Hong Kong.

Ends/Monday, November 12, 2007