CHAPTER 2 PROFESSIONAL AND INDUSTRY/BUSINESS ORGANIZATIONS, TRADE UNIONS

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I. Definitions, methodology and background

Definition

1 As categorized by John Hopkins University, this non-profit sector is referred as the "Professional and Industry/Business Organizations including Labour Unions" (also known as trade unions within Hong Kong). I will hereafter refer to this as "the PB Sector" and to individual bodies as "PB organizations"

2 Within Hong Kong the PB Sector includes business associations, which are made up of local and international chambers of commerce, trade associations, management associations, professional associations, trade unions and job training organizations. The PB Sector excludes those organizations whose members are required by law to join in order to retain their professional status and as such, membership in the PB sector is considered to be voluntary in nature.

3 The Researcher compiled the following summary of the estimated number and type of organizations in the PB Sector[1]:

Ref:	Categories:	No. of Organizations	% of total
ICC	Foreign Chambers of Commerce	48	4%
LCC	Local Chambers of Commerce	53	4%
MA	Management Associations	21	2%
PR	Professional Associations	116	9%
TA	Trade Associations	410	31%
TU	Trade Unions and Job-Training Organizations	660	50%
Estimated Overall Total in the PB Sector		**1,308**	100%

4 While the above summary is not considered exhaustive, the Researcher believes that it provides a reasonable summary of the relative size of each organizational category within the PB Sector.

5 A brief outline of the Researcher's definition of each category is included below:

- Foreign Chambers of Commerce: ("internationally" is not right, e.g. British Chamber of Commerce in HK is "foreign" and not "international" "Internationally based" also sounds odd. For example, AmCham (HK) is HK-based but members are Am-based companies or Am business persons) membership drawn from foreign business organizations that aim to promote cross-industry professional and business interests;

- Local Chambers of Commerce: membership drawn from local business (for the above reason "locally based" may not be a good term to use) organizations that aim to promote cross-industry and professional and business interests;

- Management Associations: organizations that aim to promote management practices and processes;

- Professional Associations: organizations that aim to promote specific professions and/ or professional practices;

- Trade Associations: organizations that aim to promote specific trade or industry business interests; and

- Trade Unions and Job-Training Organizations: organizations that aim to protect employee rights and/ or undertake employee training.

Methodology

6 Details of the Researcher's survey methodology, survey questions, interview methodology and process, interview questions and a summary of the organizations interviewed as a part of this study is included in **Appendix A**.

Background

Development of Trade and Commerce

7 The development of the PB Sector is largely a result of the increased trade and commerce along with an increase in the labour force in Hong Kong during the 20th century.

8 Shipbuilding and repair was the first industry in Hong Kong, which originated as an entrepot in the 1840s. Textile manufacturing began in the early 1900s although a significant industry did not begin to develop until after World War I. By 1940 there were about 800 factories in Hong Kong and about the time of the establishment of the People's Republic of China in 1949, there was a huge influx of Chinese immigrants into Hong Kong, many of whom brought capital and skills[2].

9 The Korean War and the United Nations trade embargo against China in the early 1950s resulted in the industrialization of Hong Kong, which later became a leading supplier to the world of manufactured light products, including garments, plastics and enamel, aluminium torches, rubber footwear and rattan ware. Traditional Chinese products, such as embroidery and paper novelties, were also popular.[3]

10 While manufacturing industries were the mainstay of the economy during the 1960s and 1970s, Hong Kong witnessed a dramatic change beginning in the early 1980s The high costs of operating in Hong Kong, along with the tight labour supply and the opening up of the mainland in 1978, saw manufacturers moving their operations across the border. Gradually, a service economy emerged, one

that featured Hong Kong as a financial centre. Since the early 1980s, Hong Kong has been able to consolidate and expand its role as the most strategic gateway to the mainland by acting as an investor, a trading partner and a source of finance and intellectual capital.

11 As a result, since the mid-1980s the number of manual workers employed in Hong Kong manufacturing industries has steadily declined while the proportion of the workforce engaged in the service sector has grown, especially since the early 1990s[4].

Development of Business and Trade Associations through Trade Promotion

12 The Department of Commerce and Industry (DCI) was established to promote industry and trade and to administer the registration of all new businesses under the Business Regulation Ordinance of 1952. The department's trade division produced a monthly trade bulletin and annual trade booklets, which were sent to overseas businesses.[5]

13 Trade promotion during the 1940s and 50s was largely undertaken by government-sponsored delegations, which attended annual overseas events such as the British Industries Fair and the Canadian International Trade Fair Innovative promotional ideas, such as the installation of a display of local products on internationally routed ships, formed popular "floating showcases".

14 The development of smaller trade associations rose along with the development of trade through the 1960s and 1970s. However, the Hong Kong Federation of Industries was formed under statute in 1960 to promote the interests of Hong Kong industries as a whole and to help create infrastructure to assist the growth of industry. Before that, industry had been represented by individual manufacturers of limited ranges of products. Trade representation was also often formed on the basis of geographical location. The Trade Development Council (TDC) was also formed under statute in 1966 to promote Hong Kong's external trade[6].

15 Although the Hong Kong General Chamber of Commerce is the oldest chamber, founded in 1861, by 1965 there were many other local and foreign chambers, including the Hong Kong Junior Chamber of Commerce, the Indian Chamber of Commerce and the American Chamber of Commerce.

16 During the 1970s the TDC and the DCI sponsored missions to overseas countries to promote Hong Kong products and trade. In 1981 an independent, partially government-funded Trade Facilitation Council was set up to "*stimulate and assist the facilitation of international trade*"[7]. It was not until the mid-1990s that significant business and services promotion was undertaken by the Government in a promotion unit reporting directly to the Commerce and Industry Bureau (CIB) [8].

17 Trade associations and chambers of commerce have developed organically in alignment with the growth of their respective industries since the late 1940s. *"Today the Federation of Hong Kong Industries, the Chinese Manufacturers' Association of Hong Kong, the Hong Kong General Chamber of Commerce and the Chinese General Chamber of Commerce are among the oldest and the most*

influential trade and industrial associations in Hong Kong. Other major organizations include the Hong Kong Exporters' Association, the Hong Kong Chinese Business Association, the Hong Kong Management Association and the variousforeign chambers of commerce representing the interests of business from, for example, Australia, Canada, India, Japan, the United Kingdom and the United States"[9]

Development of Management Associations

18 In 1955 representatives from the Department of Commerce and Industry were sent to the United Kingdom to study industrial management and planning in an effort to provide assistance to and expand local manufacturing production methods. The Federation of Hong Kong Industries (FHKI), further identifying the need for better management practices, formed the Hong Kong Management Association (HKMA) in 1960 "*arising from the interest in scientific approaches to management problems*"[10]. The Hong Kong Productivity Council (HKPC) was established in 1967 to "*introduce new methods through industrial training programmes for both management and labour*"[11]. To this end, the HKPC worked together with the HKMA, the FHKI and the local and foreign chambers of commerce.

Development of Professional Associations

19 Traditionally professionals in Hong Kong have had very high social status, especially medical doctors, lawyers and architects. While many professional associations developed as far back as the 1940s, many have evolved in the 1980s in response to the demand for services as the economy was transformed.

20 Although other professionals such as engineers and accountants have existed since the 1970s, it was not until the early 1980s, during a period of strong economic development and social change, that the Government first recognized these professions and accorded them statutory rights and obligations[12].

21 The pattern of creating independent self-governing boards, such as those created for engineers, architects, surveyors and planners in 1987[13], supported the principle of self-discipline of the respective professions and obligated these professions to undertake statutory functions (i.e. licensing and registration) and to develop their professions within a set of structured rules determined by the boards.

Development of Trade Unions and Job-Training Organizations

22 Hong Kong trade unions have long been regarded as highly politicized and fragmented[14], largely arising from historical links to the Communist party in China and the Kuomintang in Taiwan. Both the (left-wing, pro-China) Hong Kong Federation of Trade Unions (FTU) and the (right-wing, pro-Taiwan) Hong Kong and Kowloon Trade Union Council (TUC) were formed in 1949, the year the communists won the civil war on the mainland[15].

23 During the 1950s and 60s trade unions were commonly characterized as non-militant and very competitive. Rather than taking on traditional shop floor union activities, such as collective bargaining with employers to protect wage

levels, these unions "*delivered the much needed mutual aid benefits and other supplementary provisions to their veteran members constantly threatened by the insecurities of unemployment and low pay*"[16] Trade unions were "*barely audible*" in public policy formation during the 1960s and 70s[17].

24 Most unions that developed in the 1970s were service sector based, mainly within the civil service. After union membership rates dropped to a historical low of below 16% during the mid-1980s, a resurgence occurred arising from a number of factors, including the opening up of the mainland, the emergence of a younger and better educated workforce, the creation of non-union pressure groups (such as the Christian Industrial Committee) and the rise in alternative "white collar" unions that were non-political and that concentrated on pay differentials, conditions of service and collective bargaining with employers.[18]

25 In 1984-85 the Government embarked upon a path of democratic reform[19], which gave trade unions access to political power and which once again led unions into a highly politicized arena[20]. This next wave of politicization saw the formation of the Hong Kong Confederation of Trade Unions (CTU), which represented politically independent unions and supported pro-democratic principles and political representation. With representation in Legco, trade unions now focus on policy-based pressure to influence labour issues, leaving the shop-floor management of employees to the employers, thus raising concerns regarding the long-term mobilization capacity of today's unions[21] [22].

26 The Vocational Training Council (VTC), established under statute in 1982, provides technical and industrial training places. The Government also created the Employee Retraining Board (ERB) in 1992 to provide training to workers adversely affected by the industrial restructuring of Hong Kong during the 1980s[23]. Although some PB Sector organizations undertake industry specific vocational training (i.e. not tertiary or professional further education), most of this training is undertaken by statutorily rooted training organizations such as the VTC and ERB

II. Current picture from the study

Description of the landscape of the PB Sector

General Overview

27 Within the PB Sector itself, organizations are not only characterized by their role and membership focus; they are practically characterized by their size, membership diversity, resultant resource base and level of professionalism. Through interviews undertaken within this research, it became clear that while all PB Sector organizations attempt to provide similar services to their members, the community, the Government and society, their effectiveness in areas such as policy making, cross-societal awareness building, and community involvement is largely dependent on the size of the organization (which is usually defined by the size of its membership) and the resulting resources available to it[24]. Furthermore, organizations that crossed industries and professions, such as chambers of commerce, with wider access to a range of people and resources, were often much stronger in areas of creating dialogue, lobbying the Government, contributing to

policy formation and shaping of industry standards and practices.

28 It is important to note that the size of an organization, especially in relation to smaller organizations, is not necessarily indicative of its popularity or importance. Many professional and management organizations are considered very important because of the roles they play; yet, because of the small number of professionals in that industry, its membership base potential is limited.

29 In general, the smaller organizations suffer from funding constraints leading to staffing and facilities issues. Furthermore, smaller organizations in areas of general trade union activities often found it difficult to increase their membership base, which they believed would lead to greater influence and power both within the Third Sector and within the Government.

Role in economy

General Overview

30 Beyond providing employment opportunities within the economy, the PB Sector plays a crucial role in advocating and enhancing Hong Kong's stature as an international business centre. Generally, the PB Sector supports the free flow of goods and information in order to attract local and foreign business.

31 The PB Sector is deeply engaged in fostering business relationships in mainland China and has assisted the setting up and promotion of significant business interests there. In this way, the PB Sector is helping to ease the transition of Hong Kong from a manufacturing centre into a financial centre and service provider supporting manufacturing, which is now based in the mainland.

32 As indicated above, while the effectiveness of service provision is severely affected by size and resource capacity, all PB Sector organizations nevertheless attempt to contribute similar services within the economy to their members and society, which is further outlined below.

Trends of Development

33 The decline of Hong Kong as a manufacturing centre has resulted in a sharp drop in membership in trade unions and trade associations, many of which are now defunct or represent much smaller constituencies. At the same time, while there are no definitive figures, it is clear that during the past 10 years there has been a rise in membership in the professional services sector, such as accountants, lawyers and engineers and people working in finance and the insurance business as well as a rise in membership in professional organizations.

Role in society

General Overview

34 The PB Sector's role can broadly be described as providing networking, promotion, education, research, training and protection of rights for workers,

professionals and trading entities. Both individually and collectively, organizations support their members' economic interests.

35 While discharging its obligation to protect and promote members' interests, the PB Sector often assumes other roles, including acting as policy advisors to the Government, advocacy, problem solving, watchdog, educator and service provider. The PB Sector also interacts and contributes to other Third Sector organizations by providing financial and intellectual support and by contributing to policy formulation, in turn contributing to a stable functioning society.

36 The PB Sector sees its role in the economy and society as:

- ***Monitoring economic, social and environmental issues***. The PB Sector believes that the social, economic and environmental issues of Hong Kong form the basis of an open and free, functioning society. As membership of the PB Sector covers all industries and professions, its organizations are able to independently represent the diverse views and concerns of society as a whole. While the PB Sector generally refrains from becoming directly involved in social and environmental issues, through its monitoring and reporting of such issues, it helps to raise awareness of such issues.

- ***Creating a bridge between the financial community and the larger community.*** While society is able to articulate concerns such as poor customer service, environmental degradation and welfare needs, it is difficult for an individual organization to respond directly to and have an industry or society-wide impact on these concerns, especially given the competing goal of profit which, in the majority of business entities, is the reason for their existence. In this regard, the PB Sector plays a crucial role in hearing local community concerns and developing creative solutions, which can often be implemented on an industry-wide basis, on behalf of professionals and business entities. To date, this has included the initiation of product recycling programmes (based on the principle that producers take responsibility for the end-of-life product waste), provision of socially responsible investment alternatives (providing a direct way for an individual's investment decisions to shape a better society) and the facilitation of dialogue between consumers and regulatory bodies, including the Consumer Council.

- ***Creating a platform for negotiation between employers and employees***. Trade associations can act as a liaison body between industry and trade unions representing employees. Similarly, trade unions act as a liaison body between employees and employers.

- ***Creating dialogue with Government.*** The creation of worthwhile dialogue with the Government on relevant policy issues has become an essential element of PB activities. Through discussion and cooperation, the PB Sector is able to voice the opinions of its members and influence policy decisions, which often have far-reaching effects on society. For instance, trade unions have been successful in gaining greater retirement compensation in certain industries after employees have completed 10 years of service.

- ***Lobbying the Government.*** In the absence of an electoral system based on universal suffrage, the participation of the PB Sector and its involvement in policy formulation, largely though networks of consultative committees and advisory bodies, effectively constitutes an intermediary between the Government and the people and helps bring a democratic element into the political process. A study of the role of the Federation of Hong Kong Industries (FHKI) in the policy process concluded that strategically placed groups such as the FHKI are effectively pressure groups that act as "*vehicles for political participation and provide for aggregation, articulation and transmission of group demands.*"[25] Even in democratic electoral systems, groups such as chambers of commerce can act as pressure groups. A study of the American Chamber of Commerce in Hong Kong (AmCham) concluded that as a by-product of its role as a business promoter, AmCham has also effectively become a lobbyist to the US government regarding issues of concern in the Asia Pacific region.[26]

- ***Protecting employee rights***. Trade unions seek to protect employee rights in accordance with international conventions and locally accepted standards. They also provide support in areas such as minimum living standards and welfare benefits, undertake retraining and skill updating schemes, offer discounted services such as insurance and travel and provide access to free services such as legal advice on matters of employee rights and job search facilities. Studies on the effect of trade unions on the development of social issues in Hong Kong include a review of the development of the social welfare system and the reorganization of medical services[27].

- ***Providing training and education for employees***. By providing education and training at both professional and non-professional levels, the PB Sector broadens and deepens education available in Hong Kong. In many instances, the PB Sector is providing training and education where there is a clear need that is not met by the Government. The range of education and training provided includes formal certificate courses (which may or may not be recognized and subsidized by the Vocational Training Council), professional qualification courses, continuing professional education, special training in relevant areas such as marketing and public relations, information technology, environment, safety and management issues and conference, workshop or seminar style education which provides networking opportunities within and across industries and brings together experts who can provide updates on a local, regional and international level. A number of international chambers of commerce also offer English-language and testing courses.

- ***Supporting and co-operating with local education institutions***. Through activities including but not limited to membership of education advisory boards, submissions on education policy review, sponsorship of undergraduate and graduate programmes and participation in education committee activities, the PB Sector contributes to the ongoing education of the community. Historically, needs identified and articulated by the PB Sector led to the creation of educational institutions such as the Hong Kong Polytechnic University, which has long since become an important educational institution that crosses many disciplines in society. There is also ongoing active

involvement in the establishment of schools to popularize education. For example, the Hong Kong Management Association runs two secondary schools and hopes to establish more.

- ***Creation of education trusts, foundations and opportunities***. The PB Sector arranges, finances and oversees many international education exchange programmes, for both educators and students. Larger organizations such as local and international chambers of commerce often establish trusts and foundations, which focus on education through awards and scholarships.

- ***Shaping industry standard practices***. The PB Sector is often required to bridge the divide between existing laws and the actual situation by providing practical application guidelines, which may ultimately form industry standard practices. For instance, through initiatives that improve awareness and compliance with safety management, trade associations in industries such as construction were strong contributors to improving safety conditions for employees and reducing accidents. In the area of environmental legislation, the lack of locally available intellectual resources forced the PB Sector to work closely with the Government's Environmental Protection Department to develop industry practice guidelines. Similarly, professional associations are constantly working both independently and with government guidance towards raising industry standards.

- ***Facilitating cross-border interaction***. Through organizing high-level delegations to Beijing, participation on cross-border development committees, the organization and sponsorship of conferences in connected trading cities such as Guangzhou and liaison with different levels of government and party officials, the PB Sector facilitates cross-border interaction, which is the seed for future economic, social and environmental co-ordination with the mainland. Within Hong Kong, the PB Sector encourages co-operation with the mainland and provides a variety of networking and capability building opportunities such as training in marketing and understanding the Chinese legal, financial and trading system.

- ***Providing intellectual capital***. Many of the PB Sector organizations dedicate resources to research on issues within the economy and society, which are not only relevant to their specific organizational objectives but to other members of society, including Government, NGOs and the business community. For instance, the American Chamber of Commerce in Hong Kong produces an annual *Business Outlook Survey, which reflects the* views, insights and concerns of its 2,500 members on the local economy and the business environment. Through access of this information on the internet and through sharing of information with Government and other organizations such as the HKPC and the TDC, this information reaches a much broader local and international community.

- ***Providing sporting and social networks.*** Sporting and social events form a significant part of PB Sector activities. Competitions are arranged between members and communities and have often developed into annual sporting events such as the Hong Kong Teachers' Athletic Meet. This sporting and

social interaction often result in new friendships, greater understanding of differences and a widened network of contacts and support.

III. Links among the Government, the market and the Third Sector

General Overview

37 There is a significant amount of interaction between the Government and the PB Sector. The purpose of this interaction is usually to present the PB Sector's views on matters of public policy and law. As such, the independence of the PB Sector from the Government has been an important factor in facilitating this process. However, in general, PB Sector organizations are able to carry out their roles effectively with limited interaction with the Government, as appears to be the case with many organizations.

38 In the absence of a democratically elected government, groups such as trade unions and business associations have historically taken on political roles, effectively acting as pressure groups and lobbyists in order to reflect the values and concerns of their members. In return for having a voice in public policy, established business groups, many from the PB Sector, have given their support to the government, which some studies contend has been a key to the success of a government that rules through central administration[28].

39 The smaller PB Sector organizations claim that it is only the bigger and more representative organizations that have any real influence on government policy. This appears to be supported by the fact that some of the larger organizations claim to be unofficial advisors to the Government.

40 Organizations within the PB Sector often collaborate on issues to form a louder voice when lobbying the Government and, similarly, organizations such as trade unions align themselves within larger federations in order to increase their influence.

41 While there is interaction within the PB Sector, there is also interaction and collaboration with other Third Sector organizations on issues ranging from education and the environment to welfare. The contribution of financial and intellectual support, rather than the sharing of operating roles, often characterizes these relationships.

Specific Avenues of Government Interaction

42 ***Legislative and Executive Council.*** Some larger PB Sector organizations are represented directly in the Legislative and Executive Councils of Hong Kong. There are currently 21 members in the legislature (out of a total of 60 members) in areas related to the PB Sector; When this report was written, one member of the Executive Council was a trade union representative.

43 For smaller PB organizations, their access to this level of government is usually through their relevant functional constituency representative in the legislature (for example the two industrial representatives). All PB Sector organizations

interviewed were generally satisfied with their access to LegCo members.

44 ***Policy review submissions.*** Many PB Sector organizations submit regular policy-related research papers and position papers. They also issue papers to the Government to highlight problems and suggest changes in existing laws and policies. As outlined above, policies commented on by the PB Sector are not limited to business issues.

45 ***Public consultation.*** Most PB Sector organizations comment on relevant public consultation documents in which the Government invites public comment. However, many PB organizations noted that responding to Government consultations alone was not enough to effect policy change.

46 ***Representation on government advisory committees and statutory bodies***. The PB Sector is represented on and contributes to a large number of government advisory committees and statutory bodies in matters ranging from promotion of trade and commerce, to vocation training, to rehabilitation for disadvantaged people, to environmental issues, to cross-border initiatives, etc. While organizational representation is common, many individuals within the PB Sector are members in their personal capacities. In fact, a recent local newspaper report showed that the Hong Kong Government's top advisers are largely men from the business and professional sectors, which is considered a flaw within the system.[29].

47 ***Round table discussions***. PB Sector organizations are often able to join together and invite government officials to small circle/ round table discussions to discuss issues of relevance to the economy and society. These discussions are often off the record.

48 ***International liaison.*** Larger, more influential PB organizations such as foreign chambers of commerce have regular, formal and informal, discussions with Government officials, including a regularly scheduled meeting with the Chief Executive, and effectively act as liaison bodies between the Hong Kong Government and the respective foreign business communities. (I have doubt about the last part of the preceding sentence. As far as Commerce & Industry Branch is concerned, we have not used a foreign chamber of commerce to act as a liaison body between the HKG and a foreign government.)

49 ***Government participation in functions and briefings***. The Government is sometimes represented in PB Sector organized events as speakers, sponsors and information providers. Members of the Government also undertake briefings to PB Sector organizations, such as professional associations, on issues affecting their industries.

Specific Avenues of Interaction within the Third Sector

50 ***Contribution of professional skills.*** Many professional bodies and professional individuals volunteer their time and intellect to Third Sector organizations. While often nominated by a PB Sector organization, individuals often sit and contribute in their personal capacity[30].

51 A study focusing on the volunteering aspirations of retiring or retired professionals in Hong Kong found that over half of the survey respondents planned to do voluntary work in their retirement although the majority of respondents had never had any volunteer experience prior to retirement. The main reasons respondents planned to do voluntary work were that they were interested in it, they wanted to contribute their skills and knowledge and they wished to maintain their contact with society[31].

52 ***Supporting fund-raising, community activities and environmental programmes arranged by other Third Sector Organizations*.** The PB Sector contributes time, intellect, resources and money to society through participation in events such as annual tree planting, gala fund- raising events and community activities such as the Matilda Hospital Sedan Chair Race.

53 ***Collaboration and sponsorship of research***. The PB Sector also engages other Third Sector organizations to undertake research, especially by educational institutions, on PB Sector related issues such as reviews of specific industry initiatives.

54 ***Lobbying*** – PB sector organizations often work together to lobby the Government on issues of common concern. For instance, in 2002 over 20 trade associations placed a statement in a Chinese newspaper to support a proposed bridge linking Hong Kong, Macau and Zhuhai.

IV. Major issues facing the sector

General Overview

55 Smaller PB Sector organizations are often constrained by funding issues as their smaller membership base usually limits fund-raising capacity. However, both the larger and smaller organizations commented that membership recruitment is increasingly more difficult as a result of difficult economic times and the greater number of PB Sector organizations competing for membership. Staffing and management issues were also cited as key issues facing this sector, largely arising from funding issues. A characteristic of the Third Sector in general is that staff, particularly professional staff, are paid at rates lower than market and in general are offered less formal training and personal development. Public awareness was also cited as a difficulty of the PB Sector, although many organizations noted that, in catering to their members' needs, they rarely have to engage in large-scale public awareness campaigns. While the PB Sector is active in government policy making, few organizations noted that government policy was a factor inhibiting their operations within Hong Kong. Many organizations, however, commented that government policy could be more supportive of the PB Sector and the role that it plays in the economy and society.

Funding

General Overview

56 Compared to other Third Sector organizations, the PB Sector, because it is a

collection of individuals and organizations interested in pursuing economic benefit, has generally greater access to resources from its membership base. Like the market economy itself, the existence of the PB Sector has grown to accommodate increased trade and employment within Hong Kong and it is this market that has borne the responsibility of funding the sector.

57 While both the larger and smaller organizations within the PB Sector have much difficulty in commanding funding from outside their membership, it is the smaller organizations that appear to be more constrained financially as a result. Many smaller PB Sector organizations are often forced to work with shoestring budgets, relying heavily on volunteers. Nevertheless, with both the larger and smaller PB Sector organizations, a lack of resources is a common problem that often reduces the potential effectiveness of the organization's intellectual resources.

58 The PB Sector has very little government support and in times of economic downturn this sector, especially smaller organizations, encounters funding difficulties. The majority of the PB Sector organizations interviewed identified funding constraints as a problem and a limiting factor in providing further member and community services.

Funding Sources

59 ***Subscription fees and Donations***. Funding structures of those organizations interviewed are predominantly made up of member funding through annual fees, subscriptions and/ or member donations. Members are often called on to sponsor larger one-off events outside of their annual contribution.

60 Community donations are usually minimal and any donations largely come from members and honorary members. PB Sector organizations that cannot satisfy the overall Inland Revenue Department requirements of offering a charitable service are usually not eligible for charitable status. Donations are therefore normally not tax deductible.

61 Membership fees are usually only deductible (under salaries tax) for people who are professionals and for whom (a) holding a professional qualification is a pre-requisite of employment; and (b) the retention of membership and the keeping abreast of current developments in the particular profession are of use and benefit in the performance of duties.

62 Generally, larger organizations, or those that represented a greater proportion of their industry, tended to have fewer funding and resource issues. The smaller organizations, and those that represented a smaller proportion of their industry, tended to be constrained by funding issues.

63 Recent tough financial market conditions have increased the difficulty in obtaining funding as this has had a negative effect on the rate of membership renewals and the recruitment of new members. Moreover, in tight markets, businesses are more likely to make investment decisions based solely on business principles and not on other criteria, such as community or social principles.

64 ***Investment income***. For older, larger and generally more established organizations, net year- on-year surpluses often accumulate into investment portfolios including property, which also generates income. However, organizations that rely on investment income are currently suffering from funding shortages arising from the worsened market conditions.

65 ***Levies***. A small number of organizations impose a levy on members, either in place of or in addition to membership fees. These levies are often based on a percentage of commercial revenue generated by members. Such levies are based on honour systems and are often difficult to implement and enforce. A number of PB Sector organizations also have levies imposed under statute, such as the Construction Industry Training Authority and the Hong Kong Futures Exchange.

66 ***Fees from training and education***. While most organizations charge participants (both members and non-members) for the provision of specialized training and education programmes, the rates charged are usually based on break-even principles. One trade union interviewed, which provides professional training to the open community, offers a full refund of training programme rates charged upon successful completion of the training programme. This organization advised that this programme was gaining popularity among new immigrants. The statutory based Vocational Training Council (VTC) subsidizes some PB Sector training programmes. In these cases, the VTC usually refunds the subsidy directly to the participant and not through the relevant PB organization.

67 ***Programmes, Conferences and Seminars*.** Larger organizations, especially ones that represent higher profile industries, appear to be more successful at generating revenue from organizing information and networking functions. These larger organizations advised that the key to attracting more paying participants is to attract high profile experts as participants and speakers.

68 ***Publications revenues***. Organizations that produce publications, such as the bi-annual *Official Guide to Telecommunications in Hong Kong*, generate revenues from both advertising and publication sales. However, in most instances, publications are charged at cost and generate little surplus revenues.

69 ***Certification and Electronic Trading Revenue***. There are five organizations (Government Approved Certification Organizations or GACOs) within the PB Sector that have been designated by the Government to issue Certificates of Origin (CO) [32]. The issuing of CO generates significant revenues for these organizations. However, this source of revenue is expected to drop after 2005 as a result of changes to the quota system.

70 Certain GACOs also have arrangements with Tradelink (the only government-approved organization that provides Electronic Trading Access Service (ETAS)[33] to process import/ export declarations electronically. In order to replace the loss of GACO income after 2005, the GACOs have applied to the Government for licenses to process ETAS upon the opening of this market in 2007.

71 ***Other Government Funding***. Trade unions and job-retraining organizations have

received government funding from time to time, usually on a project basis. Historically, certain trade union federations have been supported and financed by the Chinese and Taiwanese governments. However, generally the PB Sector does not receive government funding.

Organizational Structure, Reporting Requirements, Staffing, Volunteers and Office Infrastructure

General Overview

72 Under limited funding, smaller organizations often hire only one paid administrative secretary who is expected to carry out all executive functions, quite often limiting the capacity of the organization. Generally it is also the smaller organizations that have difficulty in attracting full-time staff as rates of pay are usually much lower than market rates. As a result, smaller PB organizations suffer from a lack of breadth and depth of expertise.

73 While volunteers are essential and welcome, it is difficult to manage them, as it is difficult to set deadlines and make volunteers responsible and accountable to the organization. Space and infrastructure is also an issue for smaller organizations which are often forced to share space and facilities with their members.

Organizational Structure

74 Generally, larger PB Sector organizations are structured with a separate, full-time, fully paid executive that supports members, operating committees and a board of directors. Although the smaller PB Sector organizations maintain a similar organizational structure, lack of resources often forces the executive to be staffed by the organization's members, sometimes on a voluntary basis. Under limited funding, smaller organizations often hire only one paid administrative secretary, who directly supports the board level and who carries out the day-to-day management of the organization, including membership renewal and event organization. This can often limit the administrative and intellectual capacity of an organization.

75 Although the combinations of electoral systems vary, most board-level members are voted in on one- or two-year terms by the entire membership level on a one-vote-per-member basis. For organizations such as International Chambers of Commerce(foreign chambers of commerce?), voting members are sometimes restricted to *eligible* members, which can be defined as registered companies from the country or nationality of the chamber.

76 Board level members are often made up of a variety of members from different industries and professions. While the majority of members appear to be men, this is a characteristic more of the business sector in Hong Kong than specifically of the Third Sector. One organization commented that that there is a need for creative disagreement on the governing board and that cultural and other differences bring out a variety of issues and reflect the real-life board compositions of many companies, especially multinationals.

77 Committee leaders (including the chairperson and other office holders) at the committee level are usually voted in by the committee-level membership, although in some circumstances they are nominated by past office holders or in informal circumstances may simply volunteer for the positions. Committee membership (i.e. non-office holding positions) are usually volunteers from the membership level. Members usually join the organization on an annual basis although some organizations, such as trade unions, offer life memberships. Certain organizations will only accept new members who are recommended or nominated by existing members.

Reporting Requirements

78 For non-profit organizations (which are often limited by guarantee) and for non-profits registered under the Societies Ordinance[34], the preparation of annual reports and the holding of AGMs is in accordance with regulations stipulated in the Companies Ordinance[35] and the Societies Ordinance, respectively. For non-profit organizations registered under the Trade Unions Ordinance[36], the reporting process is stipulated within this law and includes a condition that the Registrar of Trade Unions must audit all trade unions, although most unions also have their accounts independently audited. Many organizations commented that there is a need to streamline company registry reporting procedures and regulations. Furthermore, there is a need to build flexibility into the requirements and to create synergies between Companies Registry requirements and Inland Revenue Department requirements.

Staffing Issues

79 Organizations that suffer from funding constraints, especially smaller organizations that rely on volunteers to manage their executive functions and day-to-day operations, usually suffer from staffing issues. They also suffer from an overall lack of breadth of expertise, as they don't have the resources to hire the needed expertise. Smaller trade unions and professional organizations are particularly prone to capacity building constraints arising from funding shortages.

80 One organization noted that a problem for many Third Sector organizations is that the founders' time is eaten up in administrative tasks, which is neither cost effective nor efficient and results in the most expensive person doing the administrative work.

Volunteers

81 There appear to be two levels of volunteers in the PB Sector, most of whom come from within the membership. The first level is a non-professional volunteer who usually fills roles that require no particular qualification or training. These volunteers can assist with activities that usually require little supervision and may involve supporting marketing and event organization, document processing and simple translation, office administration and information delivery or exchange. The second level of volunteers is that of qualified persons who fill roles with greater responsibilities, such as website maintenance, public speaking, event development and management and provision of accounting and legal advice. In

instances of professional organizations, there may be shortages of non-professional volunteers and in instances of smaller trade organizations, there are often shortages of professionally qualified volunteers.

82 In both large and small organizations, committee-level and board-level members donate their time although office holders such as chairpersons are sometimes paid token honorariums. In larger organizations, full-time, paid personnel usually staff the executive, while smaller organizations rely on volunteers either in whole or in part.

83 Smaller organizations tend to engage part-time volunteers on a regular basis. However, larger organizations with full-time paid executives operate on a more institutional basis and are less likely to engage volunteers. Some trade unions appear to be an exception to this rule. There, the larger organizations have reported that volunteers, almost always members, help out regularly and are easy to recruit. Some organizations also offer internships to students during summer periods as a way of promoting education and providing practical experience.

84 However, overall, a number of organizations noted that it is difficult to manage volunteers, as it is difficult to set deadlines and make the volunteer responsible/ accountable to the organization. It was suggested that volunteers should commence work on short-term projects in order to obtain a sense of achievement and involvement early on in the relationship. This would also assist the volunteers to intensify their commitment to the organization. Where feasible, work undertaken by volunteers should also be outlined and regulated by use of contracts, similar to fully paid employees.

85 There is a need to professionalize management, especially if it is on a voluntary basis. Some organizations noted that while they were proud of the individual pro-bono contributions, which professionals were making, the individuals themselves were embarrassed that they were working on a pro-bono basis. One organization commented that generally pride in pro-bono work is lacking in Hong Kong as some people consider those work for free as being of a lowly status. One way to remedy this situation is to ensure that all individuals/volunteers working for Third Sector organizations have their own name card and title and are treated like fully paid employees.

86 Of the organizations interviewed, most indicated that both skilled and non-skilled volunteers were essential and, for the most part, sufficiently available.

Resources and Infrastructure

87 Most organizations rent their office space though a few of the larger organizations own their properties. In general office space and equipment was not a key issue for the larger organizations in terms of day-to-day activities, though all could benefit from more space and better equipment. Space was an issue for smaller organizations and for organizations who use a lot of volunteers or who have regular large meetings and need to hire outside space.

88 ***Subsidized Office Space*** – Larger organizations that have the resources to employ

full-time staff usually have minimal staffing or other management issues. However, smaller organizations tend to share office space and facilities within members' offices in order to either significantly reduce or eliminate office rental expenses. One limiting effect of this is that the number of persons working within these offices is limited to the generosity of the individual member, as some organizations interviewed were limited to the use of one room barely able to house more than two standard-sized office desks. However, these smaller organizations believe that they would not be able to survive without the support of subsidized office expenses. Many smaller PB organizations, such as professional bodies, do not have registered offices, as funding constraints force the office bearer's day-time office to be the PB organization's office as well.

89 ***Government-sponsored space*** - The Government recently opened a Professional Centre to house and support 12 professional non-profit bodies at significantly subsidized rents. This Professional Centre provides common reception, IT infrastructure and meeting rooms for the organizations. Other statutorily based non-profit bodies such as the HKPC provide office space for companies within certain government-approved industries, such technology[37]. Although not at reduced market rates, the HKPC provides services in technology and management consultancy and training to these organizations. While the PB Sector encourages this type of Government support, the biggest issue is that there is not enough space available and there is little information and avenue as to how to apply for such existing subsidized space.

90 ***Increased demand for welfare*** - As a result of the prevailing economic conditions and the historically high unemployment rates in Hong Kong, many trade unions have had to supply higher levels of aid and welfare for their members and have provided free legal advice and counselling. In order to help members gain new employment, one organization suggested that the Government provide facilities to create an expanded network of employment referral services.

Other Issues

91 ***Language difficulties.*** Organizations that are predominantly English-speaking commented that it is more difficult to access the local Cantonese-speaking press and, as such, have concluded that they need to employ more local employees in areas such as public relations, marketing, event organization and overall administration and management.

Government policies

General Overview

92 Generally, the PB Sector reported that the Government has played a minimal role in development of the sector, and at the regulatory or structural level of the PB Sector, this is preferred. The PB Sector in general does not see the need for Government regulation and would prefer that the Government not develop policies, especially those that will add administrative requirements and that do not provide real benefits to the sector. However, considering the severe lack of funding and resources that the smaller PB organizations face, the PB Sector

welcomes Government initiatives that may ease this problem.

93 Overall, the PB Sector is quite active in contributing to government policy formulation, particularly at a business and industry level but also at a social level.

Areas of Concern

94 ***Non–profit classification and charitable status***. Non-profit organizations within the PB Sector are concerned with the limited classification of their organization in terms of taxation treatment. Although non-profit in nature, business-related non-profit organizations are not exempt from taxation and are rarely able to register as exempt charitable organizations. In fact, very few PB Sector organizations have obtained charitable status[38], which would obviate the need to pay tax on net surplus income[39]. The current "double hurdle" system, which involves incorporation as a "non-profit" organization followed by registration as a "charitable" organization, can often leave organizations in a legal grey area where they are subject to the associated financial costs of incorporation without the financial advantages of charitable status[40]. One organization commented that one of the effects of this is that it can often lead to revenue smoothing in accounting records, as organizations avoid the need to pay tax. One downside is that this makes it difficult for the organization to build up reserves, which could be of help during times of lower revenues.

95 Smaller organizations within the PB Sector also maintain that if they were able to gain charitable status, they would attract further private funding and the tax-break incentive would provide a further incentive for new members.

96 ***Supportive Government policies***. Although there are very few Government policies that inhibit the operation of the PB Sector, most interviews revealed that there is a general lack of government policy and behaviour that encourages employment and productive initiatives within the PB Sector. For instance, one organization, which supports socially and ethically responsible investment, cites examples of foreign countries, such as the UK and Australia, where regulations ensure that pension fund documentation notes whether the fund consists of socially responsible investments (SRI) or not. While not actively encouraging investment in SRI, these governments are nevertheless encouraging awareness of SRI and responsible investor purchasing, which encourages further initiatives within the relevant sectors.

97 ***Government contact and accessibility.*** Many smaller PB organizations reported that they had little or no contact with the Government. Others contend that there is a general lack of openness and willingness to collaborate on the part of the Government, especially at the middle to lower levels. Instances of requesting information on simple issues such as tender processes have been ignored or resulted in the provision of misinformation.

98 ***Overseas promotion and development.*** Professional associations believe that the Government should provide more support in establishing footholds in international markets, especially in mainland China. Centralized government controls lead to difficulties at the ground level, or even at the level of the Trade

Development Council, and similar government and semi-government trade promotion bodies. In particular, professional organizations argue that promotion needs to occur at higher head to head levels in order to be effective. Examples of initiatives, which other governments have taken to support professional market development in the mainland, include leading delegations of professionals to visit Beijing to promote services, such as architecture and design, to industry development leading up to the 2008 Olympic Games.

99 ***Recognition.*** While the PB Sector does not ask the Government to become involved in undertaking tasks performed by the sector, it does believe that through recognition of the sector's work, the Government could help to build awareness of the contribution that the PB Sector is making to society. This may also help the sector attract high-calibre employees and encourage greater participation in sector activities along with stronger membership and support.

100 Certain trade associations also feel that there is greater recognition of service and advice sought from members of chambers of commerce by virtue of the fact that these chambers deal with cross-industry issues. These organizations believe that those who serve on non-profit bodies should be recognized for their service and all non-profit organizations should be treated equally in this respect. Recognition, which could be in the form of medals and/or awards, can be useful as a marketing tool to attract high-calibre members, as this earns respect in the community.

101 Furthermore, within the Government certain organizations believe there is little recognition or understanding of the service provided by the PB Sector. Even when an organization has had a long history of successful collaboration with a government department, it often finds it difficult to obtain cooperation from members within the department who are not familiar with the PB organization. Naturally, it is even more difficult to gain cooperation from other Government departments with no history of involvement. By ranking certain PB organizations, such as trade associations, by history and achievement, it has been suggested that the Government would be able to gain an understanding of the importance of the relevant organizations and ensure that they have better access to the Government and be able to influence policy formulation.

102 ***Over-administration.*** Certain industries believe that instead of providing creative solutions to problems, the Government usually responds with the imposition of greater administrative requirements, which do little more than add further layers to the problem. It has been suggested that the Government needs to gain deeper insight into issues rather than focussing on details that can easily be regulated. In this regard, the PB Sector is ideally situated to assist the Government with information gathering and analysis.

103 ***Industry self-regulation*** – Many organizations within the PB Sector contribute to the development of industry and professional practices and guidelines. By allowing greater industry self-regulation though the PB Sector, some trade and professional organizations suggest, the sector would have greater power to ensure compliance with industry-accepted, and government-approved codes of ethics and behaviour. This would allow the PB Sector to sanction members' actions that may not violate the law but that can still be morally or ethically wrong.

Public Awareness

General Overview

104 Public awareness is important to PB organizations, especially trade associations, chambers of commerce, management associations, professional bodies and larger amalgamated trade unions whose members cross various industries and business sectors. The PB Sector makes use of word of mouth, the internet, their members' contacts, internal publications and research reports, the media, other NGOs and non-profit organizations, educational institutions and collaborative initiatives with the Government to raise public awareness. Within its target audience of interested persons, the PB Sector is confident on the whole that there is enough information freely available about the sector. Directories such as the Trade Development Council web trade directory also help to bring sector-wide information together.

Public Perception

105 Historically, public awareness was largely linked to membership recruitment and thus efforts were aimed at sectors within society that shared common interests, rather than at society as a whole. However, certain organizations suggest that society has become more politicized during the past 10 years or so and is more quick to comment on government and industry behaviour, which in turn has led to a greater emphasis on wider public recognition and acceptance. Certain industries within the PB Sector are more sensitive to public awareness because of past problems and scandals. For instance, the construction industry believes that while society is quick to place blame on it for problems, there is little recognition of the positive contribution the industry has made.

106 Local and foreign chambers of commerce have linkages to a wide variety of industries and communities, including expatriate communities, which results in a high level of public awareness of their activities.

Government Involvement

107 ***Trade Union Lists.*** One smaller trade union suggested that the Government should be more involved in raising public awareness and thought that this could be done with a web page describing all trade unions in Hong Kong, including a brief description of the union's objectives, membership application details and other relevant contact information. Although the Labour Department has a list of trade unions on its website[41], it is not updated regularly, is not easy to review, is not interactive and has no details of the nature of or contact information for the trade unions. According to the Registrar of Trade Unions, who was contacted for information in relation to this study, many of the unions on the list are now defunct.

Sector Involvement

108 ***Limitation of Resources.*** Smaller organizations must rely on donations of services such as website development to facilitate greater public awareness. These

organizations generally find large-scale public awareness to be an unachievable objective and usually resort to word of mouth and industry contacts to spread their message. These organizations also believe that this fact severely limits their growth potential.

109 ***Campaigning***. In order to achieve greater public awareness, some organizations believe that they need to launch publicity campaigns and deliver their message on a large scale through all forms of media. However, due to the prohibitive costs, very few PB organizations can afford such a campaign.

110 Trade unions that engage in low profile campaigns say that it is difficult to interest the media, which is only interested in adversarial type demonstrations. Similarly, certain PB organizations say the Government tends to listen to noisy protesters but should try to get input from all representative groups and not just the noisy ones.

Ethics

General Overview

111 While our interviews disclosed no issues in relation to honesty, professional integrity and accountability, the existence of a clear organizational structure, including appropriate review levels, appears to be an essential element to ensure ethical behaviour. Most organizations believed that the board of directors and/or general management committees were accountable to the membership through the AGM and through the audited annual report, which is normally available to members and is often posted on the organization's website.

112 Although not highlighted in any interviews, it is reasonable to assume that funding and resource shortages, which lead to a lack of segregation of duties and tasks, increase the likelihood of a breakdown in internal controls and thus non-ethical behaviour. However, overall, it appears that the PB Sector has had minimal reported issues in this regard.

V. Conclusion

113 The PB Sector represents a significant sector of society, which is interconnected with business, the Government, NGOs and other Third Sector organizations, largely through the process of trade and commerce. The PB Sector has established many footholds in policy formulation through dialogue, advocacy, lobbying and cooperation within the sector itself. However, in order to continue to provide incentives and support for the economy to expand in socially beneficial ways, including economic, social and environmental integration with mainland China, the sector needs to maintain and expand its membership base and to cater to its members' needs. This is especially true for smaller organizations.

114 As with most Third Sector organizations, the PB Sector suffers from funding and resource shortages, which severely hamper the capacity and awareness building of the smaller PB organizations. However any solutions must be creative, as the sector strives to maintain its independence even as it seeks encouragement and support in order to continue to contribute to the intellectual and social capital of

Hong Kong.

115 The breadth and depth of the PB Sector's potential contribution to Hong Kong is staggering and it is in this area that the Researcher believes further studies need to be undertaken. Under pressure of financial deficits and worsening societal issues, governments around the world need to reassess how to engage with and foster public efforts for greater societal benefits. Governments need to understand why people and organizations contribute voluntarily to society and what aspects to support and encourage so that they will continue to contribute and, in fact, to increase their contribution. In this regard, the Third Sector, particularly those within the PB Sector, offer even more potential than the business sector itself, because these individuals and organizations are not constrained by the need for economic incentive.

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(i) Survey Methodology

For the purposes of "the PB Sector Survey", the Researcher used the list of 1,308 PB Sector organizations as the survey sample pool. The Researcher determined that although each organizational sub-category had specific individual characteristics, the entirety of the PB Sector organizations shared a common objective of promoting economic interest for their members and in this regard were a relatively homogeneous group.

In conjunction with the Central Policy Unit's statistician and Hong Kong Polytechnic University, the Researcher selected a sample of some 20% of organizations to be surveyed from the PB survey sample pool, or 262 organizations.

Of the 262 organizations that were sent the PB Sector Survey questionnaires by post, some 35% responded to the Survey.

(ii) Survey Questions

The Survey questionnaire used for the PB Sector was the same as that used to survey all other Third Sector organizations.

(iii) Interview Methodology and Process

Although the PB Sector can be considered a homogeneous group in the sense that each organization within the sector shares the common objective of promoting the economic interests of their members, the sector can also be broken down into smaller categories, which have distinct objectives and activities. There are some six categories of PB Sector organizations that the Researcher identified as having differing objectives and activities.

The Researcher conducted interviews with at least two organizations within each of the six categories. Due to the size and industry diversity of the trade associations and trade unions and job-training organizational categories (both of which have over 400 organizations within their respective categories), the Researcher felt it was appropriate to conduct further interviews within these categories.

As summarized in the table below, the Researcher undertook a total of 18 interviews:

Categories:	No. of Organizations	No. of Interviews
Foreign Chambers of Commerce	48	2
Local Chambers of Commerce	53	2
Management Associations	21	2
Professional Associations[42]	116	3
Trade Associations	413	4
Trade unions and Job-training Organizations	661	5
Total	1,312	18

Selection Criteria

Within each category, selection for interviews was based on the following criteria:

- **Size** – number of members and membership type;
- **Financial Support** – revenue base;
- **Age** – history and achievement;
- **Industry** – industry represented;
- **Nature** - nature of services or information provided;
- **Area of Operation** – geographic coverage (local, regional, international) and
- **Language** – operational language and predominant language of members

The aim of interview selection was to select a variety of organizations for interviews that differed in some, or all, of the above criteria. However, the Researcher emphasizes that the weight given to each of the above criteria varied for each category based on the size and nature of each category. .

(iv) Interview Questions

The interview questions, which are included as **Appendix B**, aimed to gain an understanding of the organization's objectives and activities including the organization's self-perspective of how and why it fits into society. The interview questions also aimed to gain a thorough understanding of the critical issues the organization faces, including but not limited to funding, staffing and management, government policies and public awareness.

A summary of the organizations interviewed can be shown as follows:

Industry	Nature	Date Established	Members	Member Type	Area of Operation	Language
Accounting	Trade Union	1997	200	Individuals	Local	English / Cantonese
Architecture	Professional Association	1956	173	Corporate and Individuals	Local	English / Cantonese
Corporate Governance	Professional Association	1999	18	Corporate and NGO	International	English
Construction	Trade Association	1930	400	Corporate	Local	English / Cantonese
Education	Trade Union	1934	17,000	Individuals	Local	Cantonese
Entrepreneurial Development	Management Association	1997	100	Individuals	Local	English / Cantonese
Food and Catering	Trade Union	1968	8,000	Individuals	Local	Cantonese
Business Development	Foreign Chamber of Commerce	1969	2,500	Corporate	International	English
Business Development	Foreign Chamber of Commerce	1952	500	Corporate	International	English
Law[43]	Professional Association	1949	800	Individuals	Regional	English / Cantonese
Management Practices	Management Association	1960	13,000	Corporate and Individuals	Local and some Regional	Cantonese
Socially Responsible Investment	Trade Association	2001	74	Corporate and Individuals	Regional	English
Telecommunications	Trade Association	1983	100	Corporate	Local	English / Cantonese
Trade Development	Local Chamber of Commerce	1960	3,000	Corporate	Regional	English / Cantonese
Trade Development	Local Chamber of Commerce	1959	235	Corporate and Individuals, Trade Unions and Chambers of Commerce	Local	Cantonese
Transport – Road	Trade Union	1996	65	Corporate and Individuals	Local	Cantonese
Transport – Sea	Trade Association	1995	120	Corporate	Regional	Cantonese
Employee Management	Trade Union	1960	310,000	Individuals	Local	Cantonese

Mission and Activities

- What is your mission statement?
- What is your primary activity?
- What other activities do you undertake?
- What are the three biggest issues or problems facing the organization (answer will help determine the level of questioning in other areas)?

Funding

- What are your main funding sources and what is the relative importance of each source (can be measured in percentage terms)?
- Do you find it difficult to obtain funding?
- How could your funding situation be improved (if required)?

Staffing/Management

- What is your administrative structure (total staff numbers (paid), management structure, board of directors (if so, elected or appointed and by whom))?
- Do you have annual general meetings and publish annual reports (ask for a copy of the latest annual report)?
- Do you have sufficient office infrastructure (i.e. office space, equipment etc)
- Do you have staff training programmes? If so, for what levels of staff?
- Do you use volunteers - if so, what sort of areas do they work in and how effective are they?
- How could your staffing or management situation be improved?

Government policies

- Are there any areas of government policy that inhibit your operations (i.e. are you able to effectively carry out your work, access information and assistance)? If so, what sort of additional support would be helpful?
- Does your organization or a representative from your organization sit on any government advisory or statutory bodies? If so, which ones?
- Does your organization make submissions on government policy or have regular contact with government officials?
- Are there any other issues related to government policies?

Public awareness

- Are you happy with the level of public awareness of your organization / is public awareness a concern for you?
- Is it easy to promote your activities to interested parties?

- How could your public awareness situation be improved?

Role in economy, society and the Third Sector

- How would you describe your role in society and the economy? (e.g. whom do you target, what do you produce and distribute (trade magazines, reports etc), do you only work with your membership group or do you target society and communities etc.
- Is your organization associated with or networked to other Third Sector organizations?
- How would you describe Hong Kong's Third Sector?
- What do you see as the ultimate value of your work?

[1] The Researcher compiled the above summary of organizations with reference to (a) the HKTB Associations & Societies in Hong Kong 2001 Edition (b) the Labour Department of the HKSAR Government list of registered trade unions (as at Sept, 20, 2002) (c) Hong Kong SAR Government Gazette No. 30 of 26 July 2002, *List of Approved Charitable Institutions and Trusts of A Public Character* (d) the Hong Kong Trade Development Council Web Trade Directory which was accessed during October 2002 (http://my.tdctrade.com/webdir/directory_header.asp?catid=1) and (e) from information contained on various internet websites and through local contacts. The Researcher also highlights that certain of the Professional Associations included in the above summary may require mandatory membership which would therefore exclude them from the definition of the PB Sector, however, this number is not expected to be significant.

[2] Government Information Services (1955), "*The Hong Kong Report – 1955*", Government Printer. Hong Kong.

[3] *Ibid*.

[4] Chan, Wing-chiu Andy (2000) "*Between trade unionism and professionalism: the collective organization of school teachers and social workers in Hong Kong*".

[5] Government Information Services (1955), "*The Hong Kong Report – 1995*", Government Printer.HK 1955.

[6] Established in 1966, the TDC now has a network of more than 40 offices around the world.

[7] Government Information Services (1986), "*The Hong Kong Report – 1985*", Government Printer, Hong Kong.

[8] CIB is now the Commerce, Industry and Technology Bureau. Further information on the Business and Services Promotion Unit objectives and services provided can be found at http://www.info.gov.hk/bspu/ehtml/index.htm (accessed 13 November, 2002)

[9] Government Information Services (2001), "*The Hong Kong Report – 2000*", Government Printer, Hong Kong.

[10] Government Information Services (1960), "*The Hong Kong Report – 1960*", Government Printer, Hong Kong.

[11] Government Information Services (1965 and 1970), "*The Hong Kong Report – 1965*" and "*The Hong Kong Report – 1970*", Government Printer, Hong Kong.

[12] Chan, Wing-chiu Andy (2000) "*Between trade unionism and professionalism: the collective organization of school teachers and social workers in Hong Kong*", Ph.D., Doctor of Philosophy, Business Department, The University of Hong Kong, p.6.

[13] For further information on the objectives of these boards, see the Engineering Registration Board details at, http://www.erb.org.hk/page1-1.htm (accessed 13 November, 2002)

[14] Ng, Sek Hong "Labour Group's Political Participation" in Cheung, Joseph Y.S. (ed.) "*Political Participation in Hong Kong: Theoretical Issues and Historical legacy*", City University of Hong Kong (1999), Chapter 10, p.249-274 and also Chiu, Stephen Wing Kai and Levin, David A "*Contestatory Unionism: Trade Unions in the Private Sector*" in Chiu, Stephen Wing Kai and Lui, Tai Lok (ed.)"*Hong Kong Culture and Society, The Dynamics of Social Movement in Hong Kong*", Hong Kong University Press (2000), chapter 4, p.91-138.

[15] Both these unions registered as Societies as the newly introduced Trade Unions Registration Ordinance of 1948 did not allow for the creation of federations that represented cross-industry unions. Although this regulation has now been changed and cross-trade union federations are now able to register under the Trade Union Ordinance, very few federations have changed their registered status.

[16] Lethbridge, David G and Ng, Sek Hong "*Labour and Employment*", in Ng, Sek Hong and David G. Lethbridge (eds.), "*The Business Environment in Hong Kong*", 3rd edition, Hong Kong: Oxford University Press (1995), p.76.

[17] Ng, Sek Hong (1999), p.253

[18] *Ibid*. p.254

[19] For further details on the path of democratic reform in Hong Kong, see the Chapter on Political Organizations of this Report.

[20] Chiu, Stephen Wing Kai and Levin, David A (2000), p.113. Chiu and Levin also inform that individuals who were either currently or previously active in labour affairs occupied some 11 of the 60 Legco seats in the first post-handover elected legislature.

[21] Ng, Sek Hong (1999), p.130.

[22] At the end of 1997, trade union density in Hong Kong was 22% and 648,000 members were

distributed among 580 trade unions. See Commissioner for Labour, Report of the Commissioner of Labour, p.47, and Registry of Trade Unions, Labour Department, Annual Statistical Report 1997, p.1.

23 Chiu, Stephen Wing Kai and Levin, David A (2000), p.118. The Government also launched the "on the job training scheme" in 1993 which subsidized employers who hired and provided training to retrainees.

24 Generally, discussions relating to size are based on the Researcher's understanding that a smaller organization would have fewer than 300 members and larger organizations would have over 500 members.

25 Kwan, Lai Kam (1990), "*Pressure groups and public policy: a study of the role of the Federation of Hong Kong Industries*", MPA, Department of Public Administration, The University of Hong Kong.

26 Himango, Stephanie (1996), "*The American Chamber of Commerce (Hong Kong): an analysis of a dual purpose business and political organization*", M.Phil, Politics and Administration Department, The University of Hong Kong.

27 Tsui, Fee-hung Vincent (1986) "*Labour movement and its influence on the development of social security in Hong Kong*", Masters of Social Work, Social Work Department, The University of Hong Kong, and Levin, David A and Chiu, Stephen Wing Kai "Bureaucratic Insurgency: The public Sector Labour Movement" in Chiu, Stephen Wing Kai and Lui, Tai Lok (ed.)"*Hong Kong Culture and Society, The Dynamics of Social Movement in Hong Kong*", Hong Kong University Press (2000), chapter 5, p.139-184.

28 Kwan, Lai Kam, 1990.

29 Shamdasani R, '*Flaws Revealed in Advisory System'* South China Morning Post, October 14, 2002

30 As an example of the range and quantity of professionals involvement in community organization, see http://www.hkia.net/load3.asp?file=9a00815.htm&content_id=815 (accessed November 11, 2002)

31 Low, Loi-looi (2000) "*A study on the volunteering aspirations of retired or retiring professionals in Hong Kong*", Master of Social Sciences, Department of Social Work and Social Administration, The University of Hong Kong. The target population of this study was professional workers in Hong Kong aged 45 and beyond. Some 438 valid survey responses were received which constituted 16.7% of the total survey pool.

32 For further information on Certificates of Origin and GACOs, see the HKSAR Government website: http://www.gov.hk/tid/online_pub/booklets/factsheet.htm (accessed November 6, 2002)

33 For further information on ETAS see the HKSAR Customs and Excise Department website: http://www.info.gov.hk/customs/eng/faq/f_trade_e.html (accessed on November 6, 2002)

34 Societies Ordinance, Cap. 151 of the laws of the HKSAR Government.

35 Companies Ordinance, Cap. 31 of the laws of the HKSAR Government.

36 Trade Unions Ordinance, Cap.332 of the laws of the HKSAR Government.

37 As advised by the HKPC in direct email correspondence with the Researcher in November 2002, these should be technology-related companies that are engaged in "*promoting or undertaking product research and innovation, industrial design, prototype development, pilot production and related consultancy services".*

38 It is estimated that less than 10% of PB Sector organizations have charitable status with the IRD.

39 In order to obtain charitable status under Section 88 of the Inland Revenue Ordinance, an organization must prove among other things that it is providing charitable benefit to the public or a significant section of it. Most PB Sector organizations do not satisfy this requirement as they are largely organized for the benefit of their members.

40 One organization noted that, at a minimum, the Inland Revenue Department should adopt more efficient procedures in accepting or rejecting applications for charitable status.

41 For a list of registered trade unions on the Labour Departments website see: http://www.info.gov.hk/labour/news/pdf/dd/TU_add_list.pdf

42 During the interview with the Hong Kong Bar Association (HKBA), the Researcher determined that the membership requirements excluded it from being a voluntary membership organization and thus it would technically be excluded from this study. However, as there are many non-profit organizations of a professional nature that have mandatory membership, the Researcher has included the HKBA interview in this report and has also added another professional organization that does not have mandatory membership, thus overall including comments from three professional organizations.

43 *Ibid.*