

CHAPTER 15

SURVEY

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I. Introduction

- 1 The objective of this survey is to find out statistical facts on the Third Sector¹ for possible studies and policymaking in the future.

II. Definitions and methodology

Definition

- 2 This study has followed Johns Hopkins University (JHU) definitions in broad terms regarding the Third Sector in Hong Kong. In brief, the Johns Hopkins Comparative Non-profit Sector Project, conducted in 1995 and published in 1996, sought to develop for the first time a common base of data about a similar set of “non-profit” or “voluntary” institutions in a disparate set of some 40 countries. Out of their study emerged five key structural and operations characteristics that seemed to define the range of entities most commonly associated with the non-profit or voluntary sector in countries throughout the world. This “structural-operational” definition then became the working definition of the non-profit sector for purposes of the JHU project, and which has been adopted in other mainstream studies of the Third Sector. Please refer to Appendix A for details.
- 3 In brief, an organization belongs to the Third Sector if it meets the following five requirements:
 - *organized*: this means that the organization is institutionalized to some extent;
 - *private*: this means that the organization is institutionally separate from the government;
 - *non-profit-distributing*: this means that the organization does not return profits generated to their owners or directors;
 - *self-governing*: this means that the organization is equipped to control its own activities;
 - *Voluntary*: this means that the organization involves some meaningful degree of voluntary participation.
- 4 For academic rigour and for ease of international comparison, we have decided to adopt in this study in broad terms the International Classification of Non-profit Organizations (ICNPO) adopted by JHU, and have made suitable adaptations where the situations so warrant. These are described in more detail in the chapters on individual sub-sectors. A summary here is made of the divisions and codes used of the 14 sub-sectors and two spun-off sub-groups:

<i>Sub-sector (Code)</i>	<i>Code</i>	<i>Fields of activities</i>
Education and research	ER	All non-public and non-private kindergartens, primary and secondary schools, universities, post-secondary education institutes, adult education institutes, special schools and professional educational organizations.
Professional and industry/business organizations, including trade unions	PB	International and local chambers of commerce, trade associations, management associations, professional associations, trade unions, job training organizations. Includes district business associations. Excludes those organizations whose members are required by law to join in order to retain their professional status.
District- and community-based organizations	DC	<i>Kaifong</i> associations, mutual aid committees, residents' associations, rural organizations and clansmen's organizations.
Owners-incorporated self-help organizations (sub-group)	OI	Due to statistical survey concerns, a sub-group has been spun off from DC: it comprises organizations called Owners' Corporations, which are self-help management organizations of private multi-storey residential buildings very commonly found in Hong Kong. Due to the large number of OI's found in Hong Kong, the sampling fraction adopted for OI was smaller than that for DC.
Civic and advocacy	AV	Advocacy organizations, civil rights associations, ethnic associations, civic associations
Law and legal services	LL	Legal services, crime prevention and public safety, rehabilitation of offenders, victim support and consumer protection associations
Political	PL	Political parties and other political organizations that organize activities and provide services to support putting candidates into political office, e.g. Legislative Council and/or the National People's Congress. Excludes independent politicians and their offices because they are not an organized group.
Welfare	W	Child welfare service, family service, youth service, service for the elderly, community development service, including district women's associations, service for the disabled, disadvantaged groups, and support services including training and research
Health	H	Hospitals, mental health treatment, rehabilitation, in-patient nursing home services, crisis prevention, public health and wellness education, alternative medicine, auxiliary medical services.

Environmental	EN	International environmental non-governmental organization (NGO), local environmental NGO, business/professional industry environmental groups, academic/scientific environmental groups, animal welfare.
Sports	SP	Sports clubs including sports associations, recreation clubs (i.e. not sports-based), service clubs (e.g. Rotary Clubs, Lions Clubs, Zonta Clubs), alumni associations based in Hong Kong (includes alumni associations of overseas universities or colleges).
Arts and culture	AC	Media and communications, visual arts, architecture, ceramic arts, performing arts, historical, literary and humanitarian societies, museums, zoos and aquariums.
Religion	RG	Faith-based organizations in Catholicism, Protestantism, Buddhism, Taoism, Islam and Confucianism.
Philanthropic intermediaries	PH	Operating foundations (e.g. Community Chest) and private grant-making foundations. Excludes government welfare funds and private sector education (school) funds.
International and cross-boundary	IN	Development assistance organizations, disaster relief organizations, friendship/cultural exchange programmes, human rights and peace
Big Organizations (sub-group)	BO	A separate group of 14 organizations that provide a range of multiple-services the nature of which would not be accurately reflected if they are classified into any one single sub-sector. A list of all BO's is kept in CPU.

Methodology

- 5 For effective and efficient conduct of this study, members of the CPU Advisory Panel of this study nominated well-known scholars or policy researchers for the whole panel's approval to lead research in individual sub-sectors. A total of five Principal Investigators was selected, each leading individual teams of a total of 13 researchers, to identify, contact organizations and arrange for interviews and focus group discussions in order to understand in more depth the daily issues that organizations face and to add a qualitative aspect to this study. They provide the write-up to the chapters on individual sub-sectors in this report.
- 6 The researchers also provided a list of organizations for each respective sub-sector for preparation of a sampling frame, in the process of which having made reference to the List of Approved Charitable Institutions and Trusts of a Public Character, 2002, published in Special Supplement No. 4 to the Government of the Hong Kong Special Administrative Region Gazette No. 30 of July 26, 2002 and various original sources of information such as the Census and Statistics Department database of voluntary organizations and school list, the Lands

Registry database of Owners Incorporated organizations, Home Affairs Department database of district- and community-based organizations, Labour Department list of registered trade unions, Hong Kong Trade Development Council's Trade Directory, Hong Kong Tourism Board's publication Associations and Societies in Hong Kong (2001), Teachers' Centre list of educational organizations, and relevant literature review. A total of 16,662 organizations formed the population of this study, from which a sample of 2,876 organizations was drawn.

Table 1 Sampling fraction, sample size and return rate

Question: Is your organization non-profit making in purpose?

Sampling Fraction		Yes, valid (A)	Non-3 rd sector	Total (B)	Population size	Sample size (X)	Valid response rate (A/X)(%)	Total return rate (B/X)(%)
100%	AC	32	4	36	143	143		25.2
	AV	41	0	41	122	122		33.6
	ER	6	0	6	6	6		100.0
	H	5	0	5	5	5		100.0
	IN	39	4	43	151	151		28.5
	LL	11	0	11	49	49		22.4
	PL	5	0	5	11	11		45.5
	W	16	0	16	25	25		64.0
	EN	33	2	35	66	66		53.0
Sub-total (1)		188	10	198	578	578	32.5	34.3
20%	AC	72	7	79	1802	360		21.9
	DC	56	1	57	3344	669		8.5
	ER	57	10*	68	853	174		39.1
	H	31	0	31	115	34		91.2
	PB	104	0	104	1312	266		39.1
	PH	24	1	25	818	164		15.2
	RG	18	1	19	342	72		26.4
	SP	25	2	27	441	88		30.7
	W	28	0	28	231	46		60.9
Sub-total (2)		415	22	438*	9258	1873	22.2	23.4
Sub-total (1+2)		603	32	636	9836	2451	24.6	25.9
6%	OI	39	3	42	6810	409	9.5	10.3
Total		642	35	678	16646	2860	22.4	23.7
100%	BO	14	0	14	16	16	87.5	87.5

Note: * Did not include one response in ER which did not make an answer to the question. Please refer to previous table for abbreviations of sub-sectors.

- 7 We conducted a postal survey of samples selected randomly from the population of 16,646 organizations. For the selection of samples, we made a random sample of 20% for five sectors, viz. DC, PB, PH, RG and SP, and a full sample of 100% for another five sectors, viz. AV, IN, LL, PL and EN. For the remaining sectors of AC, ER, H and W, we did stratified sampling of 20% and 100% to ensure that sub-groups with certain defining characteristics are included in the sample.

- 8 A random sampling of 6% of Owners-incorporated organizations (OI) was made because their population size was 6,810, which made up 40% of the total population in terms of numbers, and its results would unfairly skew the responses as OI share but one group of the many features that characterizes the diversity of the Third Sector.
- 9 A special group of Big Organizations (BO)(14 in total) was excluded from the overall statistics as they provide multi-services which span some of the remaining sectors, and would muddle the picture or even cause double-counting if they were included. A special separate mention would be made of the BO in the latter part of this chapter.
- 10 Disregarding the Big Organizations, in total, we sent out 2,860 questionnaires by October 31, 2002. After non-responding organizations in the sample had been contacted three times by telephone for follow-up, the information-gathering part of the survey ended on January 20, 2003.
- 11 A total of 642 responses were received, representing an overall return rate of 23.7% and a valid response rate of 22.4%. Statistical analysis was made and presented on January 27, 2003. The statistical analysis included grossing up the responses received from the different sampling fractions for each individual sub-sector to arrive at one figure for the overall Third Sector. Please refer to Appendix B for details of the grossing up mechanism used in our statistical compilation.
- 12 Statistical findings of Owners' Incorporations were not included in the overall figure for two reasons. First, they share only one common characteristic but their large number would otherwise skew the overall responses and response rate, leading to inaccuracy in drawing up a profile of the overall Third Sector. Secondly, the rate of valid response was only 9.5%, which if grossed up on a sampling fraction of 6%, would result in unacceptable inaccuracy.
- 13 Lists of the organizations included in the sampling frame and details of all survey responses have been deposited with the CPU and not published in this report for privacy reasons.
- 14 In this survey we have encountered the following difficulties, among others:
 - (i) Difficulties in classification of organizations

As there is great diversity in the nature and the service provided by organizations in the Third Sector, there has been much discussion regarding classification of certain organizations. The first point concerns organizations specific to the Hong Kong social environment which might not have been anticipated in the JHU classification, such as educational foundations set up for tax rather than philanthropic purposes. The second point concerns organizations which have been classified differently than in the JHU definition, such as services for the disabled, which have always been classified and received funding as welfare, not advocacy, organizations in Hong Kong. The third point concerns organizations which provide multi-

services that span several categories in the JHU definition. These include religious organizations which provide education, medical and family services all under one umbrella. After considerable discussion, we separated Owners Incorporated organizations and Big Organizations and segmented different sub-sectors as seen in Table 1 above in order that a comparison can be made between apples and not between oranges and apples.

- (ii) Inadequate information on the Third Sector to construct a sampling frame
As there is no central database of organizations either in the overall Third Sector or in individual sub-sectors, much effort and time had to be spent to search the addresses and telephone numbers of organizations. Sometimes, even official organizations such as Mutual Aid Committees did not have up-to-date records. In addition, quite a number of organizations did not apply for tax-exemption status under the Inland Revenue Ordinance and are not on the List of Approved Charitable Institutions and Trusts of a Public Character. It was not possible for us to discover their profile and operations from this study. As a result, the picture we draw from our study does not include them. The population frame that was constructed represents only a best effort, non-exhaustive frame, and may not include all organizations that should have been included in the Third Sector under the JHU definition.
- (iii) Inadequate time to construct a sampling frame
The tight time table for the study meant that very little time was allowed for compiling or refining the sampling frame. During the process, duplications were found in the sampling frame, as different researchers have included the same organizations in their own sub-sectoral frames, and time and manpower had to be spent on eliminating the duplications. Also, time had to be allowed for deletion of those organizations which had responded that they were in fact profit-making. This contributed to further squeezing of the time available for ensuring that the sampling frame is foolproof.
- (iv) Lack of awareness about the Third Sector
Many organizations were not aware of the concept of “the Third Sector” and did not choose to respond to the survey. This could have contributed to a less than hoped for response rate.

15 Despite the above shortcomings, we achieved an overall return rate of 23.7%, which is relatively high by Hong Kong standards, where a return rate of 20% is commonly found for studies in the social sciences. The response rates of individual sub-sectors vary between 8.5% and 100%, as can be seen in Table 1. This makes projection of findings in individual sub-sectors a little dangerous while making a projection of findings of the overall sample to the overall population is likely to be more representative in a broad sense. As such this chapter will cover the overall population and overall characteristics of the Third Sector in Hong Kong, as projected from the statistical findings of this study.

III. Current picture from the study

- 16 The landscape of the overall Third Sector is covered in this chapter. Readers please note that the figures for the total in the tables in this chapter may not add up due to rounding up. Such slight rounding up inaccuracy is not critical to the understanding of the landscape of the overall Third Sector. Readers who are interested in survey results of individual sub-sectors please refer to Appendices C1 to C14 for details.

Description [catalogue] of the landscape of the subject area

Nature and background

- 17 Over 70% of organizations in the Third Sector are projected to be primarily member-serving while a little under 30% are projected to be primarily public-serving. The former comprises (in descending order of number) district and community-based organizations, arts and culture groups, industry and business associations, trade unions, sports organizations, and political organizations. The latter comprises philanthropic intermediaries, education and research organizations, religious organizations, welfare organizations, international organizations, health organizations, civic and advocacy organizations, environmental groups, and organizations that provide law and legal services.
- 18 In our survey, we asked responding organizations to indicate the type of services and activities which they carry out. Respondents are given a choice of up to three rankings. Projections based on the responses we received are then made.
- 19 Please see Table 2 below for the distribution of these organizations. One point to note is that since the target recipients of service are different for the two divisions, how wide and how deep one organization can reach into the community may not be apparent just from the measure of a number. The significance of Table 2 is to give an impressionistic view of what constitutes the landscape of the Third Sector in a snapshot.

Table 2 Member-serving and Public-serving organizations in the Third Sector

	%	<i>Est. no. of organizations</i>
The Third Sector (Sample)	100%	9361
<i>Primarily Member-Serving</i>	72.5	6785
District and community-based	35.1	3285
Arts and culture	18.9	1769
Industry and business assn, trade unions	14.0	1312
Sports	4.4	408
Politics	0.1	11
<i>Primarily Public-Serving</i>	27.5	2576
Philanthropic intermediaries	8.4	785
Education and research	7.7	721
Religion	3.5	324
Welfare	2.7	256

	%	Est. no. of organizations
International	1.5	137
Health	1.3	120
Civic and advocacy	1.3	122
Environment	0.7	62
Law and legal services	0.5	49
Total	100.0	9361

Note: The number of organizations estimated to have replied is 9363.

- 20 In order to find out the focus of services and activities carried out by the different Third Sector organizations, a summary of the 1st rankings in the survey responses received is given in Table 3 below. It can be seen that the general trend shown in Table 2 is supported. One important distinction is that the subject area of “philanthropic intermediaries” shows a more significant deviation, and the order of welfare organizations and religious organizations is reversed.

Table 3 What services and activities (rank 1st) does your organization carry out?

Sub-sector	% of total	Est. no. of org
<i>(Primarily member-serving)</i>	49.5	4641
District and community-related	20.4	1909
Arts and culture	15.4	1445
Industry and business assn, trade unions	9.9	930
Sports	3.7	346
Political	0.1	11
<i>(Primarily public-serving)</i>	32.6	3049
Education and research	13.0	1218
Welfare	7.2	670
Religion	3.4	321
Health	3.5	324
Civic and advocacy	2.6	242
Philanthropic intermediaries	1.7	164
International organizations	0.6	57
Environmental	0.4	40
Law and legal services	0.2	15
<i>Unspecified services</i>	17.9	1673
Total	100.0	9363

Note: Sub-totals may not add up due to rounding.

- 21 For Big Organizations (BO), five of 14 (36%) indicated that they are engaged in the sub-sector of education and research, three (21%) each in welfare and religion, and two (14%) in health.

History of establishment

- 22 A total of 86.5% of organizations in the Third Sector were formed after 1946, with a many of them having been formed in the 1986-97 period. Please see Table 4 for a more detailed breakdown.

Table 4 When was your organization first formed?

Period	%	Est. no. of org
1841-1911	3.0	281
1912-1945	2.9	276
1946-1975	21.4	2000
1976-1985	15.3	1435
1986-1997	33.3	3113
1998-2002	16.5	1544
Unspecified	7.6	713
Total*	100.0	9363

Note: *Data did not include 2 responses (0.3% of total 603 valid responses) which indicated they were formed before 1841. These 2 responses were not grossed up due to high margin of error in making such an estimation.

- 23 If we take a look at the year of establishment of organizations when over half of the organizations in each individual sub-sectors were formed, a more detailed breakdown looks like the following:
- (a) Before 1841, only 2 out of 603 (0.3%) responding Third Sector organizations were formed, with one being a religious organization and one being a welfare organization;
 - (b) In the period 1841-1911, the estimated number of Third Sector organizations grew to 255, signifying a growth of almost 10 times, with no increase in religious organizations, but a tremendous establishment of district- and community-based organizations (from 0 to 117), industry/business associations and trade unions (from 0 to 38), sports organizations (from 0 to 33), education and research organizations (from 0 to 14), health organizations (from 0 to 7), welfare organizations (from 8 to 25, representing an increase of 17 organizations, or over 200%), civic and advocacy organizations (from 0 to 3);
 - (c) In the period of 1912-1975, 50% of religious organizations now found in Hong Kong were formed;
 - (d) In the period 1946-1985, 50% of industry and business associations and trade unions, education organizations, welfare organizations, now found in Hong Kong were formed;
 - (e) In the period 1976-85, 40% of sports organizations now found in Hong Kong were established;
 - (f) In the period 1986-97, 62.5% of health organizations, almost 50% of environmental groups, international organizations, civic and advocacy groups and almost 63% of arts and culture organizations now found in Hong Kong were formed;
 - (g) In the period 1986-97, political organizations were born and 83% of political organizations now found in Hong Kong were formed in that period,
 - (h) In the period 1946-75, almost 20% of district- and community-based organizations now found in Hong Kong were formed; but then in the period 1976-85, the number of new establishments dropped to 10%, but after 1986, almost 50% of the district- and community-based organizations now found in Hong Kong were established; and

- (i) In the period 1998-2002, 50% of philanthropic intermediaries now found in Hong Kong were formed, and this sub-sector was born in Hong Kong in the period 1976-1985.
- 24 For Big Organizations, nine out of 14 (over 64%) were formed in the early colonial years of 1841-1911 while three (21%) of them were formed between 1912 and 1945. Only two out of 14 (14%) were formed in 1946-75.

Legal form

- 25 There is no legal form dedicated to the non-profit organizations in Hong Kong, as is the case for “*economie sociale*” in France. The Inland Revenue Department (IRD) of the Hong Kong Government grants tax exemption (under Section 88 of the Inland Revenue Ordinance) to charitable institutions and trusts of a public character.
- 26 The legal forms most commonly adopted by Third Sector organizations which are granted tax exemption by IRD are
- A trust
 - A society established under the Societies Ordinance (Cap. 151)
 - A company incorporated under the Companies Ordinance (Cap.32)
 - A statutory body established by the Hong Kong legislature.
- 27 The IRD does not grant “charity” status to all “voluntary” or “non-profit-making” organizations because the definition of “charity” by IRD is closely related to the purpose of the organization. They only apply to organizations with the following purposes: a relief of poverty, advancement of education, advancement of religion, and other purposes of a charitable nature beneficial to the Hong Kong community falling under these three heads. Please see Appendix D for details of the criteria that the IRD uses to assess whether or not an organization is qualified for tax exemption. As such, the list of institutions or trusts given tax-exempt status by the IRD is only a subset of the universe of organizations in the Third Sector of Hong Kong².
- 28 Our study has found that about half of the organizations in the Third Sector use “society” as a legal form, while 31% use some form under the Companies Ordinance, 5% are registered trade unions, 5% are statutory bodies, leaving a total of about 10% using other legal forms.

Table 5 What is the legal form of your organization?

Legal form*	Est. total no. of org		Org with “charity” status	
	%	Est. no.	% with charitable status	Est. no.
Society*	49.0	4590	37.2	1647
Company Limited*	21.5	2011	27.9	1235
Company Ltd. By Guarantee*	9.4	880	15.2	675
Trade union as defined by ordinance*	5.3	498	1.5	65
Private firm (e.g. partnership)	0.7	64	0.2	7

Incorporated by special ordinance	5.1	472	4.4	195
School/university	3.3	310	3.8	167
Charitable organization	0.7	70	1.6	70
Religious organization	0.7	70	1.3	57
Public organizations/corporation	0.7	68	1.3	59
Association	0.5	47	1.1	47
International govt organization	0.2	16	0	0
Museum	0.2	17	0	0
Trust	0.2	15	0.3	12
Council	0.1	8	0.2	8
Overseas company	0.1	12	0.3	12
Corporate body	0.1	13	0	0
Others but unspecified	0.1	13	0.3	13
Unspecified answer	2.0	190	3.6	159
Total	100.0	9363	100.0	4428

* Note: The first four categories of legal form were specified in our survey questionnaire, the remaining legal forms were specified by respondents. The first four categories total 7978, or, 85% of total legal forms.

- 29 Of the 9363 organizations that our study estimates, only 4428, or, 47.3% have “charity” status, while 48.4% do not have this status. Please refer to Table 6 below.

Table 6 Do you have “charity” status?

“Charity” status	%	Est. no. of org
Yes	47.3	4428
No	48.4	4528
Unspecified	4.3	407
Total	100.0	9363

- 30 One reason for the above phenomenon could be that our definition of the Third Sector is much wider than the IRD definition of “charity”, as the IRD definition only includes those organizations for poverty relief, education and religion. As a result, many other organizations in the Third Sector, such as those in arts and culture, health services, sports and district- and community-based organizations may not be qualified for IRD tax exemption. Whether the Government should consider granting a special legal form to Third Sector organizations for strengthening the development of the Third Sector may be an area for further study, if resources permit.
- 31 For Big Organizations, six out of 14 (43%) have a legal form of an “incorporated body”, four (29%) are statutory bodies, three (21%) are companies limited while one (7%) is an association. They all have charity status granted by IRD.

Geographical scope

- 32 Since Hong Kong is a financial, business and communication centre that serves not only Hong Kong but also a large part of the Asia-Pacific region that lies between Japan and Southeast Asia, we were interested to find out whether the

reach of the Third Sector that is based in Hong Kong extends to other areas in the region.

- 33 Our survey indicates that around 52% of Third Sector organizations serve neighbourhoods or districts within Hong Kong while about 44% of Third Sector organizations serve the whole territory of Hong Kong. Our survey also indicates that about 5.4% of Third Sector organizations serve a province or region within a province of mainland China, 2.6% serve two or more provinces of mainland China, and 8.2% serve the national area of China. Some 3.5% of Third Sector organizations serve the Asia-Pacific region and 8.3% of Third Sector organizations serve internationally.

Table 7 What geographical area(s) is/are served by your organization?

Geographical area(s)	% of org	Est. no. of org
Neighbourhood(s) or districts within HK	51.9	4860
Whole territory of HKSAR	44.3	4149
A province or region within a province of PRC	5.4	509
Two or more provinces of PRC	2.6	243
National area of PRC	8.2	767
Asia-Pacific region	3.5	325
International	8.3	780
Others	0.3	25
Unspecified	2.0	186
Total organizations	100.0	9363

**Note: Multiple responses are allowed in survey questionnaire. The total number of cases is 9363.*

- 34 For Big Organizations, 17 out of 21 responses (81%) indicated that they provide service within the territory of Hong Kong, while the remaining four indicated that they also provide services to provinces of mainland China or to the international, community.

Pattern of governance

- 35 There is no government restriction on governance for most of the Third Sector organizations, either on its size, or on the composition of its governing board. However, for certain organizations that receive substantial government subvention and for those bodies that are incorporated under statute, provision is made for appointment of certain government representatives to oversee the management, in particular the financial management, of the organizations.
- 36 The response of the 9363 organizations in our study shows that about 34% of organizations have a governing board with 9-20 members, and about 21% of organizations have a governing board with 21-50 members. Unfortunately in this study, almost 31% of responding organizations did not supply information to this question. This may merit further study in future where resources permit.

Table 8 Please quantify the size of your organization's governing board.

No. of board members	Percent	Est. no. of org
0	3.0	278
6-8	3.9	367
9-12	16.2	1516
13-17	11.0	1028
18-20	7.2	676
21-50	20.7	1938
Over 50	6.8	638
Unspecified	31.2	2922
Total	100.0	9363

- 37 For Big Organizations, 10 out of 14 (71%) had 21-50 board members while two (14%) had 13-17 members.

Gender representation

- 38 Gender representation on the governing board is a measure of whether there is discrimination against women's participation in senior management in the Third Sector. Our study found that about 19% of organizations have no women board members, while about 35% of organizations have 1-5 women board members, about 7% have 6-8 women board members, and about 4% have 9-12 women board members.

Table 9 Please quantify women board members.

No. of women board members	Percent	Est. no. of org
0	18.7	1750
1-5	34.6	3240
6-8	6.6	615
9-12	4.1	387
13-17	0.3	32
18-20	1.0	94
21-50	0.2	18
Over 50	0.6	59
Unspecified	33.9	3167
Total	100.0	9363

- 39 A further breakdown of the statistical findings shows that women participation in senior management of organizations is highest in the band of 1-5 membership, and the significant sub-sectors where women are represented in board membership are environment (78%), law and legal services (65%), education and research (61%), sports (60%), and welfare services (59%).
- 40 For Big Organizations, seven out of 14 (50%) had 1-5 women board members while an additional three out of 14 (21%) had 9-12 women board members.

Recruitment and selection of board members

- 41 The recruitment and selection of members of the governing board is one important indication of the degree of autonomy that a Third Sector organization has. Our survey results show that the 81% of responding organizations include 55% that select board members through voting by registered members, 16% have board members appointed by headquarters while only 1.4% of the responding organizations have board members appointed by the Government.

Table 10 Please describe the way board members are recruited or selected.

Method of recruitment or selection	% of cases*	Est. no. of org
Voted by registered members	54.7	5119
Appointed by Government	1.4	130
Appointed by headquarters	16.1	1511
Other means	14.0	1311
Unspecified	18.6	1745
Total cases	100.0	9363

**Note: Multiple responses are allowed in survey questionnaire. The total number of cases is 9363, which is the basis for computing the percentage figures.*

- 42 Of those organizations that select board members through voting by registered members, the highest autonomy is found in the following sub-sectors: politics-related organizations (82%), sports (80%), and welfare services (53%). Of those organizations that have board members appointed by the Government, the highest government representation is in the sub-sector of law and legal services (37%). Of those organizations which select board members through appointment by headquarters, the highest representation by headquarters is found in the sub-sector of education and research (70%).
- 43 For Big Organizations, 12 out of 14 (86%) had board membership determined through voting by registered members while the remaining two out of 14 (14%) had board members who were appointed by headquarters.

Role in economy

- 44 The Third Sector plays an important role in the provision of service not only in the traditional fields of poverty relief, religion or education, but also in the “newer” fields of environmental, district- and community-based and other activities. Because our definition of the Third Sector goes beyond the traditional definition of “voluntary” activities used by the Census and Statistics Department in its economic surveys, our study sheds additional light on the overall scale of economic activities in the Third Sector in Hong Kong as reflected in employment and expenditures, as well as their sources of revenue. The following tables show that the Third Sector turns out to be a significant economic force.

Employment

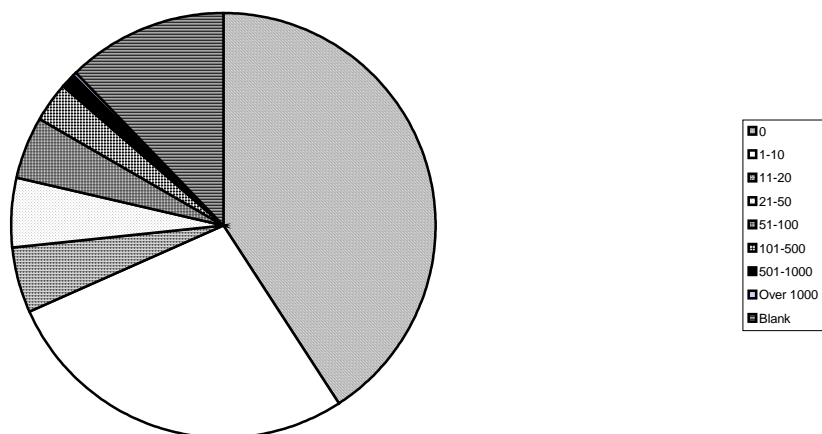
Full-time employment

- 45 A total of between 149,230 and 371,800 (a mean of approximately 258,300) people work full-time in organizations in the Third Sector, which is between 4.6% and 11.4% (a mean of approximately 7.9%) of the total employment population of 3,267,000 in Hong Kong³. This is of approximately the same scale as employment in the manufacturing sector or construction sector or transport, storage or communications sector in the Hong Kong economy, which comprised 6.1%, 9.0% and 11.1% respectively of total employment in 2002⁴. Put in another way, employment of the Third Sector ranges from a little under the size of the civil service in 2001-02 to almost twice of the latter⁵.
- 46 The distribution of different sizes of employment in the Third Sector organizations is detailed in Table 11 below:

Table 11 Number of full-time employees as of Oct. 1, 2002

No. of full-time employees	% of positive responses	% of total responses	Est. no. of org
0	n.a.	40.8	3822
1-10	58.9%	27.7	2589
11-20	10.4%	4.9	455
21-50	11.3%	5.3	497
51-100	10.2%	4.8	447
101-500	6.4%	3.0	283
501-1000	2.1%	1.0	91
Over 1000	0.9%	0.4	34
Unspecified	n.a.	12.2	1145
Total	100.0	100.0	9363

No. of responses



- 47 Apart from those Third Sector organizations that do not provide any full-time employment and those which did not respond to the question, it can be seen that the remaining 47% of Third Sector organizations provide full-time employment opportunities. Of those Third Sector organizations which employ full-time staff, about 59% of them employ 1-10 full-time staff, about 10% employ 11-20 full-time staff, about 11% employ 21-50 staff, about 10% employ 51-100 full-time staff, about 6% employ 101-500 staff, about 2% employ 501-1,000 full-time staff, and about 1% employ over 1,000 people. In short, Third Sector organizations are mostly small organizations in terms of full-time employment size.
- 48 Within the Third Sector, 74% of full-time employment opportunities are provided by organizations in education and research, arts and culture, welfare services, religious and district- and community-based activities respectively.

Table 12 Full-time employment by sub-sectors as of Oct. 1, 2002

<i>Sub-sector</i>	<i>% of 3rd Sector</i>	<i>Est. full-time employment</i>	<i>Rank</i>
Education and research	17.6%	45,505	1
Arts and culture	16.2%	41,970	2
Welfare services	15.3%	39,615	3
Religion	12.7%	32,760	4
District- and community-based	12.3%	31,790	5
Industry and business assns, trade unions	7.9%	20,480	6
Sports	6.6%	16,955	7
Health services	5.4%	14,015	8
Law and legal services	1.9%	5,025	9
Civic and advocacy	1.4%	3,675	10
International and cross-border	0.9%	2,435	11
Philanthropic intermediaries	0.8%	2,135	12
Environmental	0.7%	1,730	13
Political	0.1%	190	14
<i>Total</i>	<i>100.0%</i>	<i>258,280</i>	

Note: re. calculation method for each sub-sector. We first tabulate the number of organizations against their response to the range of answers in the questionnaire regarding the no. of full-time employees, e.g. "1-10" employees. Then we take the mean of the range in the answer, e.g. 5 employees and multiply it by the no. of responding organizations. We repeat the calculation for the different ranges of 11-20 (mean of 15), 21-50 (mean of 35), 51-100 (mean of 75), 101-500 (mean of 300), 501-1000 (mean of 750), over 1000 (mean of 1000). Finally, we add up the number of employees in all ranges and arrive at the total number of full-time employees for that particular sub-sector.

- 49 For Big Organizations, seven out of 14 (50%) employed over 1,000 staff each as of October 1, 2002. An additional two out of 14 (21%) employed 51-100, 101-500, and 501-1000 employees respectively. The number of full-time employment opportunities provided by Big Organizations ranges from 8,300 to 10,400, with a mean value at 9,355. This is quite significant as Big Organizations as a whole provided twice as much employment as Law and Legal Services. More research might need to be done into Big Organizations in future, where resources permit, in order to gain a deeper understanding of their economics.

Part-time employment

- 50 Our study also shows that about 25% of organizations in the Third Sector employ part-time employees. Of those Third Sector organizations that provide part-time employment opportunities, about 74% of them employ 1-10 part-time staff, about 8% employ 11-20 part-time staff, and about 10% employ 21-50 part-time staff.

Table 13 Number of part-time employees as of Oct. 1, 2002

No. of part-time employees	% of positive responses	% of total responses	Est. no. of org
0	n.a.	46.0	4307
1-10	74.5	18.5	1728
11-20	7.8	1.9	180
21-50	9.6	2.4	221
51-100	2.4	0.6	55
101-500	2.6	0.6	60
501-1000	2.6	0.6	60
Over 1000	0.4	0.1	10
Unspecified	n.a.	29.3	2741
Total	100.0	100.0	9363

- 51 For Big Organizations, the distribution of responses was very even, with almost two organizations employing each category of number of part-time employees. In sum, the number of part-time employment opportunities provided by Big Organizations ranges from 1,350 to 3,610, with a mean value at 2,480.

Pattern of part-time employment

- 52 Our study also tried to discover the pattern of part-time employment. The exact response received is summarized in Tables 14, 15 and 16 below. It can be seen that the amount of positive information supplied is very low; hence, we do not feel confident to make projections based on the little information received. This might be an area which merits further study, where resources permit, in order to find out the contribution of part-time employment to the economy of the Third Sector.

Table 14 How much time an average part-time employee works during the year

No. of half-days per week	% of total	Est. no. of org
0	1.1	101
1-2 half-day/week	3.6	338
3-4 half-day/week	2.7	253
5-6 half-day/week	15.5	1455
7-8 half-day/week	0.8	70
9-10 half-day/week	0.5	48
11-12 half-day/week	0.1	12
Unspecified	75.7	7085
Total	100.0	9363

Table 15 How much time an average part-time employee works during the year

No. of days per year	% of total	Est. no. of org
0	1.1	101
1-10 day/year	0.7	66
11-30 day/year	1.2	115
31-50 day/year	0.8	79
51-150 day/year	0.1	12
Over 150 day/year	0.6	58
Unspecified	95.4	8932
Total	100.0	9363

Table 16 How much time an average part-time employee works during the year

No. of hours per year	% of total	Est. no. of org
0	1.1	101
1-30 hr/year	2.5	231
31-150 hr/year	1.1	102
151-350 hr/year	0.7	67
351-700 hr/year	0.7	65
Over 700 hr/year	0.6	52
Unspecified	93.4	8745
Total	100.0	9363

- 53 The response given by BO's to the questions in Tables 14, 15 and 16 were similar to those given above. Hence, the information was not meaningful for any projections to be made.

Expenditure

- 54 Organizations in the Third Sector generate a total annual expenditure of between \$18.59 billion and \$27.36 billion (with a mean at \$22.97 billion) as of Oct. 1, 2002. This represents between 1.5% and 2.2% (with a mean at 1.8%) of the GDP of Hong Kong in 2002⁶. It represented about half of the contribution of electricity, gas and water to GDP of Hong Kong in 2002⁷, or about 8.5% of the total government expenditure (total of \$269.4 billion) in 2001-02⁸, such as that spent on infrastructure (\$24.9 billion) in 2001-02⁹.

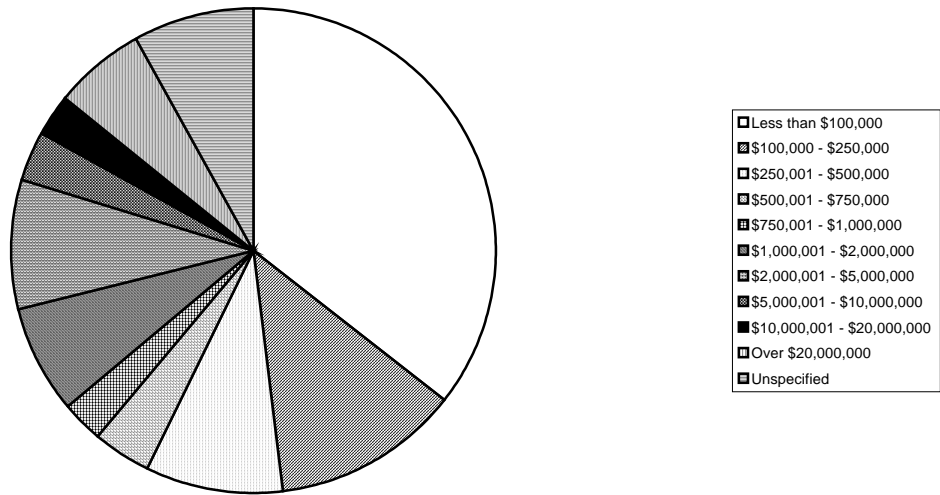
Table 17 Recurrent expenditure for organization in the past year (HK\$ per annum)

Recurrent expenditure (HK\$/year)	% of total	Est. no. of org
Less than \$100,000	35.4	3319
\$100,000 - \$250,000	12.7	1193
\$250,001 - \$500,000	9.1	855
\$500,001 - \$750,000	3.8	352
\$750,001 - \$1,000,000	2.7	251
\$1,000,001 - \$2,000,000	7.3	682

Survey

\$2,000,001 - \$5,000,000	8.5	800
\$5,000,001 - \$10,000,000	3.5	327
\$10,000,001 - \$20,000,000	2.8	258
Over \$20,000,000	6.1	568
Unspecified	8.1	758
Total	100.0	9363

Recurrent expenditure in the year prior to 1 Oct. 2002 (HK\$)



55 Within the Third Sector, on a sub-sectoral basis for estimating total recurrent expenditure, one finds that the top three sub-sectors in the year as of Oct. 1, 2002 were education and research, district and community-based, and arts and culture. The lowest three sub-sectors were politics-related (last), environmental and civic and advocacy. This estimate gives an indication of the economic contribution made by each sub-sector in terms of expenditure, also a probable indication of its extent of influence and its level of cost.

Table 18 Total recurrent expenditure by sub-sectors as of Oct. 1, 2002

Sub-sector	Min. total recurrent expenditure		Mean total recurrent expenditure		Max. total recurrent expenditure	
	(HK\$m)	(rank)	(HK\$m)	(rank)	(HK\$m)	(rank)
Education and research	4,182	1	5,455	1	6,728	1
Prof and business assns, trade unions	1,681	5	2,207	4	2,734	4
District- and community-based	3,683	2	4,498	2	5,313	2
Civic and advocacy	347	11	471	12	596	10
Law and legal services	463	10	490	11	517	12
Politics-related	45	14	49	14	53	14
Welfare services	1,753	4	1,995	5	2,238	5
Health services	500	8	537	9	573	11
Environmental	137	13	188	13	239	13
Sports	1,295	6	1,506	6	1,717	6

Arts and culture	2,905	3	3,353	3	3,802	3
Religion	794	7	1,070	7	1,346	7
Philanthropic intermediaries	323	12	529	10	734	9
International and cross-border	480	9	626	8	771	8
<i>Total</i>	<i>18,587</i>		<i>22,974</i>		<i>27,360</i>	

Notes: Re. Calculation method for each sub-sector. We first tabulate the no. of organizations against their response to the range of recurrent expenditure, e.g. "less than \$100,000". To calculate the minimum recurrent expenditure for this answer, we take the recurrent expenditure to be \$1 and multiply it by the no. of responding organizations. To calculate the mean, we take \$50,000 and multiply it by the no. of responding organizations. To calculate the maximum, we take \$99,999 and multiply it by the no. of responding organizations. We repeat the process for each range of answers, i.e. \$100,000 - \$250,000 (mean of \$175,000), \$250,001 - \$500,000 (mean of \$375,000.5), \$500,001 - \$750,000 (mean of \$625,000.5), \$750,001 - \$1,000,000 (mean of \$875,000.5), \$1,000,001 - \$2,000,000 (mean of \$1,500,000.5), \$2,000,001 - \$5,000,000 (mean of \$3,500,000.5), \$5,000,001 - \$10,000,000 (mean of \$7,500,000.5), \$10,000,001 - \$20,000,000 (mean of \$15,000,000.5), over \$20,000,000 (mean of \$20,500,000.5 and maximum of \$21,000,000). We add up the minimum recurrent expenditure amounts for each range to arrive at the overall minimum recurrent expenditure amount for the particular sub-sector. We repeat the process for the mean and the maximum recurrent expenditure amounts respectively to arrive at the respective figure for each sub-sector.

- 56 Interestingly, when one makes an analysis of the average recurrent expenditure amounts (total recurrent expenditure divided by the number of organizations in each individual sub-sector), a different picture emerges. As shown in Table 19, the three highest average recurrent expenditure per organization is for organizations in the sub-sectors of law and legal services, followed by education and research, and welfare services. The lowest three sub-sectors were philanthropic intermediaries (lowest), district-and community-based organizations, and professional and business associations and trade unions. This estimate gives an indication of those sub-sectors where there may be a large number of organizations (the sub-sectors of district and community-based organizations, arts and culture, professional and business associations and trade unions), or where organizational expenditures may be high due to a high cost of provision of service (such as law and legal services, education and research and welfare services).

Table 19 Average recurrent expenditure by sub-sectors as of October 1, 2002

<i>Sub-sector</i>	<i>Min. recurrent expenditure per organization</i>		<i>Mean recurrent expenditure per organization</i>		<i>Max. recurrent expenditure per organization</i>	
	(HK\$'000)	(rank)	(HK\$'000)	(rank)	(HK\$'000)	(rank)
Education and research	6,214	3	8,106	2	9,997	2
Prof and business assns, trade unions	1,387	12	1,821	12	2,255	12
District- and community-based	1,308	13	1,597	13	1,887	13
Civic and advocacy	2,965	8	4,028	7	5,091	6
Law and legal services	11,872	1	12,564	1	13,256	1
Politics-related	5,563	4	6,106	4	6,650	4
Welfare services	6,847	2	7,794	3	8,741	3
Health services	4,389	5	4,707	6	5,025	7
Environmental	2,277	10	3,131	10	3,986	10

Sports	3,182	7	3,700	8	4,218	8
Arts and culture	1,738	11	2,007	11	2,275	11
Religion	2,450	9	3,301	9	4,153	9
Philanthropic intermediaries	412	14	674	14	936	14
International and cross-border	3,754	6	4,890	5	6,026	5
<i>Average</i>	<i>2,159</i>		<i>2,668</i>		<i>3,178</i>	

Notes: Re. Calculation method for each sub-sector. For the minimum recurrent expenditure per organization, we divide the minimum recurrent expenditure amount arrived at in Table 18 by the no. of valid responses (i.e. total no. of responses minus blank responses). We repeat the same process for the mean and maximum recurrent expenditure per organization respectively.

- 57 For Big Organizations, 11 out of 14 indicated that their recurrent expenditure was over \$20 million per annum. This translates into an annual expenditure generated by 14 Big Organizations ranging from \$230.75 million to \$252 million, with a mean value at \$241.4 million, which is not insignificant. This may be one area for further study in future, where resources permit.

Overall economic scale

- 58 In summary, a total of between 150,000 and 372,000 (with a mean at 258,300) people work in Third Sector organizations in Hong Kong and these organizations generate expenditures of \$18,587 million and \$27,360 million (with a mean at \$22,974 million) as of Oct. 1, 2002. This translates into between 4.6% and 11.4% (with a mean at approximately 7.9%) of total employment in Hong Kong and between 1.5% and 2.2% (with a mean at 1.8%) of gross domestic product (GDP) in 2002. In terms of its size, the Third Sector in Hong Kong is thus comparable to that of the manufacturing sector, construction industry or transport, storage and communications sector in Hong Kong; its employment ranges from slightly under the establishment of the civil service to more than twice its size. The expenditure of the Third Sector represented about half of the contribution of electricity, gas and water to GDP of Hong Kong in 2002¹⁰, or about 8.5% of the total government expenditure (total of \$269.4 billion) in 2001-02¹¹, such as that spent on infrastructure (\$24.9 billion) in 2001-02¹². As a whole, the overall economic scale of the Third Sector in Hong Kong is quite significant in terms of employment as well as expenditures.

Source of income

- 59 In our study, responding organizations indicated that the largest source of operating income for Third Sector organizations in the past year was in the following order of ranking: direct government subvention or grant or reimbursement arrangement (28%), membership dues (18%) and private donation or sponsorship (15%).

Table 20 Ranking of largest source of operating income in the past year

Source	% of total	Est. no. of org	Rank
Direct govt subvention or grant or reimbursement arrangement	28.2	2642	1
Membership dues	17.9	1676	3
Private donation or sponsorship	15.4	1442	4
Other fees and charges	3.8	360	6
Sale of product or services	2.7	257	7
Funding from parent organization	2.1	195	8
Jockey Club	0.4	37	9
Community Chest	0.1	8	10
Investment and other income	0.1	6	11
Others	10.1	950	5
Unspecified	19.1	1788	2
Total	100.0	9363	

- 60 When asked to indicate the second largest source of operating income in the past year, Third Sector organizations gave the following information: unspecified (53%), private donation or sponsorship (12%), direct government subvention or grant or reimbursement arrangement (11%), and membership dues (8%).

Table 21 Ranking of “2nd largest” source of operating income in the past year

Source	% of total	Est. no. of org	Rank
Direct govt subvention or grant or reimbursement arrangement	11.3	1059	3
Membership dues	7.6	714	4
Private donation or sponsorship	12.2	1141	2
Other fees and charges	4.7	439	5
Sale of product or services	4.3	398	6
Funding from parent organization	2.1	198	8
Jockey Club	0.9	84	9
Community Chest	0.3	28	11
Investment and other income	0.6	53	10
Others	3.5	327	7
Unspecified	52.6	4923	1
Total	100.0	9363	

- 61 According to survey results, the third largest source of operating income in the past year for Third Sector organizations was: unspecified (66%), private donation or sponsorship (9%), other fees and charges (7%), and membership dues (5%).

Table 22 Ranking of “3rd largest” source of operating income in the past year

Source	% of total	Est. no. of org	Rank
Direct govt subvention or grant or reimbursement arrangement	2.2	208	7
Membership dues	5.3	492	4

Private donation or sponsorship	8.6	808	2
Other fees and charges	7.1	661	3
Sale of product or services	3.3	305	5
Funding from parent organization	2.3	219	6
Jockey Club	1.9	180	9
Community Chest	1.5	138	10
Investment and other income	0.2	18	11
Others	2.0	189	8
Unspecified	65.6	6143	1
Total	100.0	9363	

- 62 For Big Organizations, the largest source of operating income for 9 out of 14 (64%) was direct government subvention or grant; the second largest source of operating income for five out of 14 (36%) was sale of product or services; the third largest source of operating income for six out of 14 (43%) funding from parent organizations.
- 63 In summary, one can conclude the major sources of income for Third Sector organizations in Hong Kong are government subvention or grant or reimbursement arrangement, private donation or sponsorship, membership dues, and fees and charges. In times of economic recession, when the market slows down and government revenue is reduced, government subvention is likely to be decreased. Demand for private donation or membership dues is likely to increase. However, people tend to spend less during an economic recession, so Third Sector organizations may experience intense competition for funding from private sources, or they may need to improve their service so as to be able to charge higher “fees and charges”.

Role in society

- 64 The Third Sector is a major social institution through which people can come together to discuss and further collective values. These values may be dedicating time and energy or money to charitable and benevolent causes, whether or not based on religious beliefs, or on newer ideas of secular progress, seeking to help the poor, finding solutions to urban problems and challenging elites to consider issues of civic and humanitarian importance.
- 65 The Third Sector is organized through membership and members deliver service. Sometimes, volunteers are used, sometimes not. Our study aims to draw a profile of the Third Sector in Hong Kong and its role in society.

Membership and service

- 66 Over half of the organizations responding to our survey indicated that they have membership registered in some form. This is in line with the number of organizations we classified in Table 2 according to internationally adopted criteria to divide Third Sectors into two broad categories of member-serving (72.5%) and public-serving (27.5%) in nature.

Table 23 Does your organization have membership registered in some form as of Oct. 1, 2002?

Registered members	%	Est. no. of org
Yes	53.2	4981
No	27.9	2611
No answer given	18.9	1771
Total	100.0	9363

- 67 The size of membership in Third Sector organizations varies between 1-50 members to 1,001-5,000.

Table 24 How many members are there in your organization?

No. of members	% of responses	% of total	Est. no. of org
1 – 50	25.6	18.5	1728
51 – 100	8.5	6.2	577
101 – 500	16.4	11.8	1106
501 – 1000	9.9	7.2	670
1001- 5000	9.5	6.8	639
5001 – 10000	1.4	1.0	94
10001 – 20000	1.0	0.7	69
Over 20000	1.1	0.8	71
Unspecified	26.7	19.2	1800
Sub-total	100.0	72.1	6752
Not applicable (table 23 above)		27.9	2611
Total		100.0	9363

- 68 Using different assumptions, we calculate the membership of Third Sector organizations to be the following:
- using a conservative assumption, i.e. taking 1 for the range of 1-50, 101 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a minimum membership of Third Sector organizations of 3.7 million;
 - using a mean value assumption, i.e. taking 25 for the range of 1-50, 250 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a mean value membership of Third Sector organizations of 5.6 million;
 - using a maximum value assumption, i.e. taking 50 for the range of 1-50, 500 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a maximum membership of Third Sector organizations of 8.3 million.
- 69 Since a person can be a member of different organizations, total membership of Third Sector organizations may be larger than the whole population of Hong Kong. Without further studies, it is not possible for us to know how many people are and how many are not exclusive members of Third Sector organizations in Hong Kong. Nonetheless, we can project that total membership

in Third Sector organizations in Hong Kong ranges from 3.7 million to 8.3 million, with a mean at 5.6 million.

- 70 A more detailed breakdown of membership in Third Sector organizations shows the following:
- (a) In the sub-sector of health services, a total of 49% of organizations have membership of 101-500;
 - (b) In the sub-sector of welfare services, a total of 39% of organizations have membership of 1-50 while an additional 21% have membership of 101-500;
 - (c) In the sub-sector of education and research, a total of 22% of organizations have membership of 501-1,000 while an additional 17% of organizations have membership of 1-50 and another 17% of organizations have membership of 101-500;
 - (d) In the sub-sector of religion, a total of 42% have membership of 1-50 while an additional 33% of organizations have membership of 101-500;
 - (e) In the sub-sector of environmental activities, a total of 29% of organizations have membership of 1-50 while 25% of organizations have membership of 101-500 and an additional 15% have membership of 51-100;
 - (f) In the sub-sector of industry and business associations and trade unions, a total of 34% of organizations have membership of 101-500;
 - (g) In the sub-sector of international and cross-border activities, a total of 58% of organizations have membership of 1-50;
 - (h) In the sub-sector of civic and advocacy activities, a total of 24% of organizations have membership of 1-50, while 21% of organizations have membership of 101-500 and 14% have membership of 501-1,000 and 1,001-5,000 respectively;
 - (i) In the sub-sector of law and legal services, membership is evenly divided, with 33% in each category of 1-50, 51-100, and 101-500 respectively;
 - (j) In the sub-sector of political organizations, a total of 40% of organizations have membership of 1-50, while 20% of organizations have membership of 51-100 and 20% of organizations have membership of 101-500 respectively;
 - (k) In the sub-sector of district- and community-based activities, a total of 17% of organizations have membership of 1-50, while 14% have membership of 501-1,000 and 10% have membership of 1,001-5,000 respectively;
 - (l) In the sub-sector of sports, a total of 24% of organizations have membership of 51-100, while another 24% have membership of 1,001-5,000; an additional 20% have membership of 1-50 and 101-500 respectively;

- (m) In the sub-sector of arts and culture, a total of 38% of organizations have membership of 1-50, 17% of organizations have membership of 101-500 and 10% of organizations have membership of 51-100;
- (n) In the sub-sector of philanthropic intermediaries, 69% of organizations have membership of 1-50 while 15% have membership of 51-100.
- 71 For Big Organizations, ten out of 14 (71%) had members registered in some form, against four out of 14 (29%) which had none. For the ten that indicated they had registered membership, four out of the ten had 101-500 members each, while three out of ten had over 20,000 members. In sum, total membership of 14 Big Organizations ranges from 75,400 to 92,100, with a mean value at 83,700.

Target recipient of service

- 72 In our survey, of all Third Sector organizations in Hong Kong, 29.3% indicated that the target recipient of their service is primarily the public at large in Hong Kong, 31.3% indicated that the target recipient of their service is primarily their own members and some members of the public in Hong Kong, and 18.4% indicated that only their members receive their service. Interestingly, a total of almost 4% indicated that they serve primarily the public outside of Hong Kong while 6% indicated that they serve only the public in Hong Kong. In short, this indicates that over 85% of Third Sector organizations in Hong Kong provide service to either their own members or the public at large in Hong Kong, while only 4% serve the public outside of Hong Kong. As such, one can see that the Third Sector of Hong Kong is strongly linked to the community of Hong Kong.

Table 25 Who receive the service provided by your organization?

Recipients	% of total	Est no. of org
Members only	18.4	1720
Nobody: we do not provide service	4.1	389
Primarily members and some members of the public in Hong Kong	31.3	2931
Primarily public at large in Hong Kong	29.3	2739
Only the public at large in Hong Kong	6.2	577
Primarily the public outside Hong Kong	3.9	369
Unspecified	6.8	638
Total	100.0	9363

Table 26 How many public users does your organization serve in a year?

No. of public users	% of responses	% of total	Est. no. of org
1 – 50	9.5	7.4	689
51 – 100	5.4	4.2	394
101 – 500	16.0	12.4	1162
501 – 1,000	14.5	11.2	1052
1,001 – 5,000	18.7	14.5	1358
5,001 – 10,000	12.8	9.9	928

10,001 – 20,000	5.5	4.2	397
Over 20,000	7.8	6.0	565
Unspecified	9.8	7.6	707
Sub-total	100.0	77.5	7254
Not applicable (table 25 above)		22.5	2109
Total		100.0	9363

- 73 Using different assumptions, we calculate the number of public users served by Third Sector organizations in Hong Kong in a year to be the following:
- using a conservative assumption, i.e. taking 1 for the range of 1-50, 101 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a minimum total number of public users to be 21,960,000 (or, 3.3 times the Hong Kong population¹³) and the average minimum number of public users served per organization to be 3,027;
 - using a mean value assumption, i.e. taking 25 for the range of 1-50, 250 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a mean value total number of public users to be 28,770,000 (or 4.3 times the Hong Kong population¹⁴), and the average mean value number of public users served per organization to be 4,000;
 - using a maximum value assumption, i.e. taking 50 for the range of 1-50, 500 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a maximum total number of public users to be 37,062,000 (or 5.5 times the Hong Kong population¹⁵) and the average maximum number of public users served per organization to be 5,100.
- 74 For Big Organizations, 13 out of 14 provide service to members and the public at large in Hong Kong, with 10 out of 13 indicating that they served over 20,000 users a year.
- 75 In other words, a range of 3.3 times to 5.5 times the local population receive service provided by Third Sector organizations. Alternatively, it can be said that each person living in Hong Kong receives an average of 4.3 times a year some service from Third Sector organization in areas which the market and the Government has not been able to provide. This is an important measure of the contribution of the Third Sector to the community life of Hong Kong.

Volunteerism

- 76 Volunteerism is a key element in the Third Sector. In the West, many theories have pointed to the important contribution made by voluntary associations to democracy and a pluralistic society¹⁶. Voluntary participation in the Third Sector allows people to develop and further their collective values, apart from their own individual values. Such participation is crucial for development of leadership and for establishment of different social networks which can give individuals invaluable cushion in times of setback. Moreover, volunteer labour is a very significant productive force and generates expenditure.

- 77 Our study shows that a total 57% of Third Sector organizations in Hong Kong use volunteers while 30% do not. The rest did not indicate in their responses whether they use volunteers.

Table 27 Does your organization use volunteers?

Use volunteers	Percent	Est. no. of org
No	30.1	2821
Yes	57.0	5339
Unspecified	12.8	1202
Total	100.0	9363

- 78 Of those organizations that used volunteers, 32% used 1-10 volunteers, 20% used 11-30 volunteers, and 15% used 31-100 volunteers.

Table 28 How many volunteers did your organization use during the past year?

No. of volunteers	% of responses	% of total	Est. no. of org
1 – 10	32.0	22.3	2092
11-30	19.6	13.7	1281
31 – 100	15.1	10.6	988
101 –250	4.2	3.0	277
251 – 500	3.6	2.5	234
501 - 1000	3.0	2.1	197
Over 1000	2.6	1.8	169
Unspecified	19.9	13.9	1303
Subtotal	100.0	69.9	6541
Not applicable (table 27 above)		30.1	2821
Total		100.0	9363

- 79 Using different assumptions, we calculate the number of volunteers Third Sector organizations in Hong Kong used in the past year to be the following:

- (a) using a conservative assumption, i.e. taking 1 for the range of 1-50, 101 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a minimum total number of volunteers to be 401,388 (or 6.0% of the Hong Kong population¹⁷, or 11.4% of the total workforce¹⁸) and the average minimum number of volunteers per organization to be 77;
- (b) using a mean value assumption, i.e. taking 25 for the range of 1-50, 250 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a mean value total number of volunteers to be 553,890 (or 8.2% of the Hong Kong population¹⁹, or 15.7% of the total workforce²⁰), and the average mean value number of volunteers per organization to be 106;

- (c) using a maximum value assumption, i.e. taking 50 for the range of 1-50, 500 for the range of 101-500, etc., multiplied by the number of responding organizations, we arrive at a maximum total number of volunteers to be 710,907 (or 10.6% of the Hong Kong population²¹, or 20.2% of the total workforce²²) and the average maximum number of volunteers per organization to be 136.
- 80 The Social Welfare Department has made a statistical finding that in the year 2001, volunteers served the community for 8.66 million hours.
- 81 For Big Organizations, nine out of 14 indicated that they used volunteers, with a majority of them using over 1,000 volunteers in the past year. The overlap of volunteers and membership was evenly distributed in each quartile (i.e. 0, 1-25%, 26-50%, etc.). A total of three out of 14 organizations indicated that the amount of time an average volunteer worked during the past year was mostly one or two half-days a week.
- 82 In summary, our study shows that a Third Sector organization in Hong Kong uses an average number of volunteers ranging from 77 to 136, with a mean number at 106. Put in another way, volunteers working for Third Sector organizations make up from 6.0% to 10.6% of the whole population of Hong Kong, with a mean at 8.2%. Compared to the labour force of 3,519,000 in 2002, volunteers represented approximately 11.4% to 20.2% of the total, with a mean at 15.7%. This is significant as it means that an extra 11.4% up to 20.2% of services in Hong Kong is produced at no labour cost.
- 83 The Social Welfare Department has spearheaded a territory-wide "Volunteer Movement" since 1998 to encourage more people from all sectors to take part in volunteering. A Steering Committee on Promotion of Volunteer Service was formed to give direction and formulate overall strategies on the promotion of volunteering. Under the steering committee, four sub-committees each with focus on student and youth, corporations, community organizations and promotion and publicity have been formed to devise action plans. Within the department, a Central Office for Volunteer Service was set up to serve as the executive arm of the steering committee and its sub-committees in promoting volunteerism. Almost 350,000 volunteers from over 870 organizations had joined the movement as of November 2002. In 2001, more than 8.66 million hours of volunteer service were delivered to those in need.²³
- 84 In response to our survey, over one-third of Third Sector organizations reported that 76% to 100% of volunteers are their members, which shows that these organizations (one-third of the whole Third Sector) are very active in promoting volunteerism. An additional 19% reported that 1% to 25% of volunteers are their members, which shows that almost 20% of the Third Sector are somewhat promoting volunteerism.
- 85 About 11% of Third Sector organizations reported that none of the volunteers are their members, which could mean that they do not do volunteer work, or that all their volunteers are non-members. Twenty-two percent did not respond to the question. Since the latter 11% and 22% are crucial to understanding the overlap

between volunteerism and Third Sector membership, this might be an area for further study in future, where resources permit.

Table 29 Of your volunteers, how many are your members?

Overlap of volunteers and members	% of responses	% of total	Est. no. of org
0%	11.2	7.8	732
1 – 25%	18.8	13.2	1233
26 – 50%	5.3	3.7	348
51 – 75%	7.0	4.9	456
76 – 100%	35.5	24.8	2323
Unspecified	22.1	15.5	1448
Sub-total	100.0	69.9	6541
Not applicable (table 27 above)		30.1	2821
Total		100.0	9363

- 86 In our survey, we asked Third Sector organizations to indicate the amount of time an average volunteer contributed during the past year. The purpose of the question is to gather data so as to calculate the imputed value of volunteer contribution in terms of time contributed. A total of 35.7% of the organizations responded. The results are summarized in Tables 30 to 32 below.

Table 30 How much time did an average volunteer work during the past year, measured in half-day/year*?

Time an average volunteer worked	% of responses	% of total	Est. no. of org
1 – 2 half-day/week	19.2	13.4	1259
3 – 4 half-day/week	1.9	1.3	125
5 – 6 half-day/week	4.1	2.9	270
7 – 8 half-day/week	1.3	0.9	84
9 – 10 half-days/week	1.4	1.0	92
11 – 12 half-days/week	0.4	0.3	25
Unspecified	71.6	50.0	4686
Sub-total	100.0	69.9	6541
Not applicable (table 27 above)		30.1	2821
Total		100.0	9363

* Note: The measure of half-day is commonly used in many Third Sector organizations such as welfare group organizations; usually a half-day may be a morning or an afternoon. Two half-days will make one day in terms of labour input.

Table 31 How much time did an average volunteer work during the past year, measured in day/year?

Time an average volunteer worked	% of responses	% of total	Est. no. of org
1 - 10 day/year	11.9	8.3	778
11 – 30 day/year	4.1	2.8	267
31 – 50 day/year	0.7	0.5	45
51 – 150 day/year	0.4	0.3	29
Over 150 days/year	0.5	0.3	30
Unspecified	82.4	57.6	5392
Sub-total	100.0	69.9	6541
Not applicable (table 27 above)		30.1	2821
Total		100.0	9363

Table 32 How much time did an average volunteer work during the past year, measured in hour(s)/year*?

Time an average volunteer worked	% of responses	% of total	Est. no. of org
1 - 30 hr/year	20.1	14.0	1314
31 – 150 hr/year	9.0	6.3	590
151 – 350 hr/year	0.6	0.4	42
351 – 700 hr/year	0.2	0.1	12
Over 700 hr/year	0.2	0.2	16
Unspecified	69.8	48.8	4567
Sub-total	100.0	69.9	6541
Not applicable (table 27 above)		30.1	2821
Total		100.0	9363

**Note: It is common for some Third Sector organizations to keep a log of hours contributed by volunteers because the work involved is easily divided and many volunteers can be involved for a short period of time. For computation, we use the measure of 4 hours as a half-day, or 8 hours as a whole day.*

- 87 Using an assumption of median income as \$10,000 per month, and using different assumptions of the minimum, mean value and maximum amount of time contributed by volunteers, we calculate the value of volunteer labour contributed to Third Sector organizations in Hong Kong in the past year to be the following:
- using a conservative assumption, i.e. taking 1 for the range of 1-30, 31 for the range of 31-150, etc., multiplied by the number of responding organizations, we arrive at a minimum amount of time contributed to be 1,089,149 hours and generating a labour cost worth \$52,944,736;
 - using a mean value assumption, i.e. taking 15 for the range of 1-30, 90 for the range of 31-150, etc., multiplied by the number of responding organizations, we arrive at a mean value amount of time contributed to be 1,401,752 hours and generating a labour cost worth \$68,140,729;
 - using a maximum value assumption, i.e. taking 30 for the range of 1-30, 150 for the range of 31-150, etc., multiplied by the number of responding organizations, we arrive at a maximum amount of time contributed to be 1,714,355 hours and generating a labour cost worth \$83,336,722.
- 88 In summary, our study shows that contribution made by volunteer labour in Third Sector organizations in Hong Kong in the past year can be expressed as an annual labour cost ranging from \$52.9 million to \$83.3 million, with a mean value at \$68.1 million.
- 89 Adding the contribution of volunteer labour to the expenditure generated by Third Sector organizations in Hong Kong per year, we can arrive at the total contribution of the Third Sector to the Hong Kong economy as the following:

Table 33 Total contribution of Third Sector to Hong Kong economy in a year as of Oct. 1, 2002

	<i>Expenditure by Third Sector organizations</i>		
	Minimum expenditure (HK\$million)	Mean value expenditure (HK\$million)	Maximum expenditure (HK\$million)
	\$18,587	\$22,974	\$27,360
<i>Imputed volunteer labour cost</i>			
Minimum volunteer labour	\$53		
Mean value volunteer labour		\$68	
Maximum volunteer labour			\$83
Total contribution	\$18,640	\$23,042	\$27,443

- 90 When volunteer labour is added to the range of annual expenditure of \$18.50 billion and \$27.36 billion (mean value at \$22.97 billion), it can be seen that the **total contribution** of Third Sector organizations to the Hong Kong economy lies in the **range of \$18.64 billion and \$27.44 billion (with a mean value at \$23.04 billion)**. This is equivalent to roughly 1.8% (a range of 1.5% and 2.2%) of the GDP of Hong Kong.

IV. Major issues facing the sector

Funding difficulties

- 91 Although the traditional perception of the source of financing of the Third Sector is private donations, in reality, our study has found that the major sources of income for the Third Sector has been government subventions and fees and charges, rather than private donations. As a result of a heavy reliance on government subvention and on market response to service provision, most Third Sector organizations have experienced the unpleasant effect of tight budgeting and competitive bidding and a contracting economic environment as Hong Kong suffered from recession since 1997.

Table 34 Please rank the “most dominant” issue facing your organization at present

Issue	% of total	Est. no. of org
Funding	42.0	3931
Staffing or management	13.5	1263
Public awareness	6.0	566
Govt policies	3.0	279
Staff development and training	2.6	247
Public attitude and expectations	2.4	227
Competition from other org or business	1.9	178
Access to information	0.8	79
Other issues	5.1	469
Unspecified	22.7	2124
Total	100.0	9363

Table 35 Please rank the “2nd most dominant” issue facing your organization at present

Issue	% of total	Est. no. of org
Staffing or management	14.3	1343
Funding	10.9	1023
Recruitment & mgmt of volunteers	9.2	865
Govt policies	7.3	685
Public awareness	5.4	503
Public attitude and expectations	4.5	420
Others	8.6	795
Unspecified	39.8	3729
Total	100.0	9363

Table 36 Please rank the “3rd most dominant” issue facing your organization at present

Issue	% of total	Est. no. of org
Public attitude and expectations	6.6	620
Public awareness of organization	6.6	619
Staffing or management	5.4	509
Competition from other orgs or business	5.1	476
Others	18.3	1711
Unspecified	58.0	5428
Total	100.0	9363

Cost structure

- 92 The cost structure of Third Sector organizations is a piece of very relevant information to help understand how they would fare in a deflating economy. However, this topic was not discussed in great detail in our interviews or focus group discussion. Information gathered from our survey indicated that the ratio of paid staff to volunteers was about 1:1. This projection would indicate that the Third Sector in Hong Kong has been able to provide manpower for service based on only having to pay half the staff cost. Whether or not this is sustainable or whether this is in line with international standards would require further study, where resources permit.

V. Summary of findings

- 93 From this study of 9363 organizations, we have made a snapshot of the landscape of the Third Sector in Hong Kong as follows (percentages do not always add up to 100 because some organizations did not answer all the questions):
- 72.5% of Third Sector organizations are primarily member-serving while 27.5% are primarily public-serving;

- A total of 86.5% of organizations in the Third Sector were formed after 1946, with a majority of them being formed in the period 1986-97
- About half of the organizations in the Third Sector use “society” as a legal form, while 31% use some form under the Companies Ordinance, 5% are registered trade unions and 5% are statutory bodies, leaving a total of about 10% using other legal forms
- About 47.3% have “charity” status, while 48.4% do not have this status.
- Around 70% of organizations in the Third Sector serve neighbourhoods or the whole territory of Hong Kong, while 12% serve provinces or regions in mainland China, leaving about 8% serving the rest of the region or other parts of the world
- About 34% of organizations have a governing board with 9-20 members, and about 21% of organizations have a governing board with 21-50 members
- About 19% of organizations have no women board members, while about 35% of organizations have 1-5 women board members, about 7% have 6-8 women board members, and about 4% have 9-12 women board members
- Women participation in senior management of organizations is highest in the band of 1-5 membership, and the significant sub-sectors where women are represented in board membership are environment (78%), law and legal services (65%), education and research (61%), sports (60%), and welfare services (59%)
- Of the 54% of organizations which responded to this question, 55% of them select board members through voting by registered members, while 16% of them have board members appointed by headquarters. Only 1.4% of the responding organizations have board members appointed by the Government
- Of those organizations which select board members through voting by registered members, the highest autonomy is found in the following sub-sectors: politics-related organizations (82%), sports (80%), and welfare services (53%). Of those organizations with board members appointed by the Government, the highest government representation is in the sub-sector of law and legal services (37%). Of those organizations with board members appointed by their headquarters, the highest representation by headquarters is found in the sub-sector of education and research (70%)
- A total of between 149,230 and 371,800 (a mean of approximately 258,300) people work full-time in organizations in the Third Sector, which is between 4.6% and 11.4% (a mean of approximately 7.9%) of the total employment population of 3,267,000 in Hong Kong
- About 25% of organizations in the Third Sector employ part-time employees.
- Of those Third Sector organizations that provide part-time employment opportunities, about 74% of them employ 1-10 part-time staff, about 8% employ 11-20 part-time staff, and about 10% employ 21-50 part-time staff
- Organizations in the Third Sector generate a total annual expenditure of between \$18.59 billion and \$27.36 billion (with a mean at \$22.97 billion) as of Oct. 1, 2002. This represents between 1.5% and 2.1% (with a mean at 1.8%) of the GDP of Hong Kong in 2002

- The largest source of operating income for Third Sector organizations in the past year is in the following order of ranking: direct government subvention or grant or reimbursement arrangement (28%), membership dues (18%) and private donation or sponsorship (15%)
- Total membership in Third Sector organizations in Hong Kong ranges from 3.7 million to 8.3 million, with a mean at 5.6 million
- Over 66% of Third Sector organizations in Hong Kong provide service to either their own members or the public at large in Hong Kong, while only 4% serve the public outside of Hong Kong
- Each person living in Hong Kong receives an average of 4.3 times a year some service from Third Sector organization in areas which the market and the Government has not been able to provide
- 57% of Third Sector organizations in Hong Kong use volunteers while 30% do not
- The mean value of the total number of volunteers is estimated to be 553,890 (or 8.2% of the Hong Kong population, or 15.7% of the total workforce), and the average mean value number of volunteers per organization is estimated at 106
- The contribution made by volunteer labour in Third Sector organizations in Hong Kong in the past year can be expressed as a labour cost ranging from \$53 million to \$83 million, with a mean value at \$68 million.
- **The total contribution** of Third Sector organizations to the Hong Kong economy lies in the **range of \$18.64 billion and \$27.44 billion (with a mean value at \$23.04 billion)**. This is equivalent to roughly 1.8% (a range of 1.5% and 2.2%) of the GDP of Hong Kong.

¹ It has become increasingly common for NGOs to be categorized as part of a discrete organizational sector with a distinctive identity and characteristic features, namely the voluntary or Third Sector, alongside the government and commercial sectors. In conceptual terms, Brown and Korten (1991) distinguish between the three sectors on the basis of the options available to organizations to mobilize resources. The commercial sector depends on negotiated exchange through market transactions, the government sector rests on coercion and legitimate authority exercised through hierarchical systems, and the voluntary sector derives its impetus from shared values in consensus-based systems. In this typology, voluntary organizations are principally driven by shared values rather than by the quest for economic or political power, and their constituency is the poor and disenfranchised, rather than citizens or consumers. As value-driven organizations, voluntary organizations operate in a variety of ways, providing services, catalysing development initiatives, and providing support services.

² It must be noted that the IRD is not a regulator of charities regarding their daily activities. The IRD has only authority to call for accounts, annual or other documents to review its tax exemption status from time to time. It has no authority over other aspects of regulating other activities or over organizations which do not apply for “charity” status.

³ Source of statistics: Census and Statistics Department, Statistics on Labour Force, Unemployment and Underemployment, Oct-Dec. 2002 figures. See http://www.info.gov.hk/censtatd/eng/hkstat/fas/labour/ghs/labour1_index.html. (March 29, 2003)

⁴ Ibid.

⁵ The number of civil servants in 2002 was 170,500. See http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/labour/labor6_index.html (March 29, 2003).

⁶ According to Census and Statistics Department, GDP of Hong Kong in 2002 was \$1,271,100 million. See http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/nat_account/gdp1_index.html (March 29, 2003)

⁷ See http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/nat_account/gdp4_index.html (March 29,

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- 2003).
- 8 See http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/pub_account/fin1_index.html (March 29, 2003).
- 9 See http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/pub_account/fin2_index.html (March 29, 2003).
- 10 See http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/nat_account/gdp4_index.html (March 29, 2003).
- 11 See http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/pub_account/fin1_index.html (March 29, 2003).
- 12 See http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/pub_account/fin2_index.html (March 29, 2003).
- 13 Assuming population of Hong Kong to be approximately 6,724,900 in mid-2002. Source of information: Census and Statistics Department, "Hong Kong Population Projections 2002-2031: Announcement of Results", May 7, 2002.
- 14 Ibid.
- 15 Ibid.
- 16 Robert Wuthnow (ed.), "Between States and Markets: The Voluntary Sector in Comparative Perspective", Princeton University Press, 1991.
- 17 Assuming population of Hong Kong to be approximately 6,787,000 in 2002. Source of information: http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/population/pop1_index.html, (March 29, 2003).
- 18 Assuming Hong Kong labour force to be approximately 3,519,000 in 2002. Source of information: http://www.info.gov.hk/censtatd/eng/hkstat/hkinf/labour/labor1_index.html (March 29, 2003).
- 19 Ibid.
- 20 Ibid.
- 21 Ibid.
- 22 Ibid.
- 23 See http://www.info.gov.hk/swd/html_eng/pre_rel/2002_12_28.html, (March 29, 2003).