



Corporate Social Capital Implementation Guidance Document

A Guide to Optimising Your Sustainability Performance

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About this Guidance Document (GD)

With funding from the Community Investment and Inclusion Fund (CIIF), Hong Kong Quality Assurance Agency (HKQAA) launched a three-year project in 2017 titled “Bridging and Bonding - To Create Measurable Social Benefits”. The aim of the project was to promote the building of Social Capital (SC) in the business sector. HKQAA has therefore developed this Corporate Social Capital Implementation Guidance Document (GD) to provide a management tool companies can use to improve their Corporate Social Responsibility (CSR) performance through the development of Corporate Social Capital (CSC). The hope is that this will ultimately contribute to sustainable development.

The GD is based on international norms and standards. It is closely linked to the HKQAA Sustainability Rating and Research (HKQAA SRR) methodology, which is used for the HKQAA CSR Index Plus assessment and for compiling the Hang Seng Corporate Sustainability Index Series.

Highlights of the GD

- ☆ *Uses Social Capital, a key form of capital for business success and societal wellbeing, as the principle underlying approach to sustainability.*
- ☆ *Shows how Corporate Social Capital and Corporate Social Responsibility complement each other to maximise the value of a company and its contribution to sustainable development.*
- ☆ *Applies the Plan-Do-Check-Act model to achieve effective CSR performance and drive continuous improvement.*
- ☆ *Showcases real life examples of projects implemented by five Hong Kong companies.*

How Companies Benefit from the GD

Nowadays, every company is talking about fulfilling their social responsibilities and contributing to sustainable development. However, it seems that many consider CSR to be a form of philanthropy and equate sustainability with environmental protection. The first benefit is that GD corrects this misapprehension and provides companies with a clear framework for approaching CSR and sustainable development.

Secondly, by adopting the management model proposed in the GD, companies can move from conceptual ambiguity to operational clarity. With the help of case studies, companies can easily understand the basics of how to implement a SC project. In today’s business world, the concepts of Social Capital, CSR and sustainability are all fundamental to fostering long-lasting impact and creating benefits to both company and society.

Finally, the GD is a value-adding vehicle for recognising the sustainability achievements of a company. The GD employs an approach that is similar to the HKQAA SRR methodology. It enables a company to understand, measure and benchmark its CSR performance.

About the Organisations

Hong Kong Quality Assurance Agency

Hong Kong Quality Assurance Agency (HKQAA) is a non-profit organisation established by the Hong Kong Government in 1989. As one of the leading conformity organisations in the Asia Pacific region, HKQAA is committed to providing certification and assessment services. Through knowledge sharing and technology transfer, HKQAA helps enterprises enhance management performance and competitiveness. Apart from introducing world-class management systems to Hong Kong, HKQAA has also developed a wide range of innovative services to cope with increasingly diversified market demands and the growing need for sustainable development, bringing benefits to the community.

In 2014, HKQAA designed and developed its proprietary management and assessment methodology, the HKQAA Sustainability Rating and Research (HKQAA SRR) methodology. Companies can use this to manage their social risks and opportunities, and ultimately assess their social responsibility performance and contribution to sustainable development (HKQAA, 2016). Since then, this methodology has been used for the HKQAA Corporate Social Responsibility (CSR) Index Plus assessment and for supporting the compilation of the Hang Seng Corporate Sustainability Index Series (Index Series).

In 2017, HKQAA commenced a three-year project on “Bridging and Bonding – To Create Measurable Social Benefits,” funded by the Community Investment and Inclusion Fund. It aims to encourage the business sector to develop social capital. As part of the project, HKQAA has developed this Corporate Social Capital Implementation Guidance Document to provide a framework that encourages the business sector to build and utilise their Corporate Social Capital (CSC), and create value for companies and their stakeholders. The CSC enhancement will be linked to the HKQAA SRR Index Series (Annex A).

Community Investment and Inclusion Fund

Community Investment and Inclusion Fund (CIIF) was set up by the Government of the Hong Kong Special Administrative Region in 2002 to implement diversified social capital development projects in the community, promote reciprocity between the public and different sectors, and build together cross-sectoral collaborative platforms and social support networks. The Fund seeks to build social capital – to garner mutual trust, spirit of cooperation and social cohesion, and enhance mutual support among individuals, families and organisations so that our community can grow from strength to strength.

1. Introduction

1.1 Purpose

This Corporate Social Capital Implementation Guidance Document (GD) is intended to assist companies to develop their Corporate Social Capital (CSC) while implementing Corporate Social Responsibility (CSR). Incorporating the concept of CSC while developing CSR practices has the advantage of fostering long-lasting impact through self-sustaining activities in a relationship network bound by shared values. CSC and CSR complement each other to maximise the value of a company and its contribution to sustainable development. This GD provides guidance to companies, independent of their activity or size, on developing CSC while they carry out their social responsibilities. More specifically, companies will learn how to use the HKQAA Sustainability Rating and Research (HKQAA SRR) methodology and its elements as a management tool for performing CSR with CSC as the underlying principle.

1.2 What is Social Capital?

Social Capital is defined as “networks together with shared norms, values and understandings that facilitate cooperation within or among groups” (OECD, 2001). It is one of the resources for promoting future well-being and sustaining well-being over time (OECD, 2017). Other resources include Natural Capital, Human Capital and Economic Capital.

Various studies have shown that Social Capital is important for economic growth and development (Fukuyama, 1995; Knack & Keefer, 1997; Guiso, Sapienza, & Zingales, 2008). Social Capital is one of the nine ‘pillars’ of a society’s wealth and well-being according to the Legatum Prosperity Index™ (Legatum Institute Foundation, 2018). The Index report has shown that Social Capital is an essential and fundamental element in the development of prosperity. Social Capital is conducive to strengthening social cohesion and promoting social development, and leads to a more caring and harmonious society.

According to the World Bank, research findings and the experience of CIIF funded-projects, Social Capital refers to the institutions, relationships and norms that shape the quality and quantity of a society's social interactions. It includes social norms (personal attitudes and social values), networks and institutions. There are six core Social Capital dimensions, namely (1) *social networks*; (2) *trust and solidarity*; (3) *mutual help and reciprocity*; (4) *social cohesion and inclusion*; (5) *social participation*; and (6) *information and communication*.

There are three levels of analysis for Social Capital: micro, meso and macro (Halpern, 2005). At the micro-level, it consists of close ties to family and friends; the meso-level refers to communities and associational organisations; and the macro-level concerns state and national-level connections (Halpern, 2005). The concept of Corporate Social Capital (CSC) focuses on the meso-level of analysis.

1.3 Corporate Social Capital

According to Gabbay and Leenders (2001), Corporate Social Capital (CSC) refers to “the set of resources, tangible or virtual, that accrue to a corporate player through the player’s social relationships, facilitating the attainment of goals,” where corporate player refers to a company and its members.

To further elaborate CSC based on the six core dimensions of Social Capital mentioned earlier: (1) *social networks* refers to the total number and strength of networks that exist among the members within a company, and the quantity and quality of the relationships that a company and its executives and employees have built with other stakeholders; (2) *trust and solidarity* can include employee loyalty and solidarity, the brand trust of a company, and customer solidarity; (3) *mutual help and reciprocity* behaviours can be observed in the workplace and supply chain; (4) *social cohesion and inclusion* refers to the cohesive and inclusive culture fostered by a company, for example in the workplace; (5) *social participation* may include the community projects a company organises, or the volunteer services provided by its employees; and (6) *information and communication* refers to the information exchange and communication among the members of a company and their stakeholders.

Companies that invest in CSC gain the trust of their stakeholders, thereby enhancing cooperation and potentially leading to better economic outcomes for the firm. CSC can be particularly beneficial during times of crisis (Servaes and Tamayo, 2017). Corporate projects which benefit the community can increase the level of social participation and generate positive attitudes in the business; these activities can also contribute to economic prosperity and sustainable development (Saeed and Arshad, 2012). The development of CSC can build reputational capital,¹ which represents a company’s stock of perceptual and social assets. Thus, CSC is essential for building a positive corporate image.

Many companies have incorporated CSC development into their strategy for fulfilling CSR. This includes utilising corporate expertise to actively participate in social services, helping disadvantaged groups expand their social networks and increase opportunities to broaden their horizons, thereby bringing longer-term benefits to society and the company (see Figure 1) ([CIIF website](#)).



Figure 1. Examples of longer-term benefits to companies and society when companies fulfil CSR by leveraging a Corporate Social Capital development strategy. Adapted from the [CIIF website](#).

¹ Please refer to Fombrun, Gardberg, & Sever (2000) and Oswald (1996) for information about reputational capital.

2. Development of Social Responsibility Practices and Corporate Social Capital in Companies

Recognising the importance of social responsibility to their stakeholders, a vast majority of companies now focus on and practice corporate social responsibility (CSR). Companies employ different CSR-generated policies, practices, initiatives, programmes, and projects based on their business vision, mission and strategies. The development of CSR methods can be based on general social responsibility practices, international standards such as SA8000, ISO 50001, ISO 14001 and ISO 26000, and United Nations' Sustainable Development Goals (2015), among others.

Companies can select their CSR methods in accordance with their business strength, financial budget, internal and external resources, stakeholders' needs and expectations, respect for rule of law, service targets and social requirements. Incorporating the concept of Corporate Social Capital (CSC) while developing CSR practices has the advantage of fostering long-lasting impact through the self-sustaining activities of a relationship network bound by shared values.

Figure 2 illustrates the seven core subjects of CSR as defined in ISO26000 and Figure 3 lists their respective practices. The details are tabulated in Annex B. Of the seven subjects, Organisational Governance (OG) is the most important for integrating CSR and CSC throughout an organisation and its relationships since OG is the framework for decision making. Another key subject is Community Involvement and Development (CID) because it encompasses an organisation's support for and engagement with the community, which directly contribute to Social Capital development.

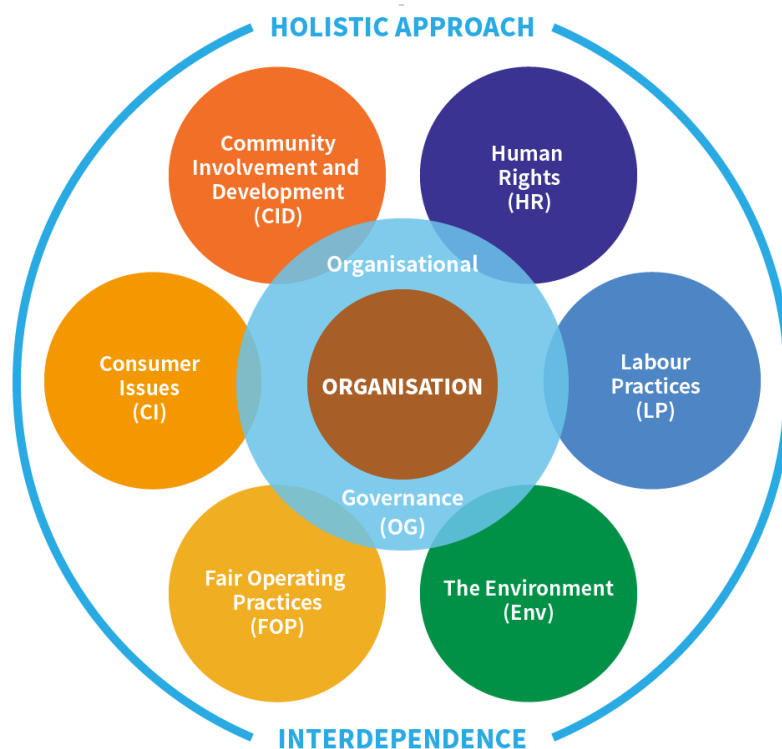


Figure 2. Social Responsibility: seven core subjects. Adapted from ISO 26000.

CSC can improve the quality of CSR implementation. By performing CSR, companies can build and enhance CSC. For instance, companies implementing good organisational governance and labour practices (two of the CSR subjects) can facilitate stable employment relationships and encourage organisational reciprocity norms, which are indications of strong CSC. In companies strong in CSC, relationships between employer and employee and among employees are characterised by trust and mutual commitment that make collaborative and collective action (such as engagement in community involvement and development) more efficient (Leana & van Buren, 1999). Figure 4 illustrates the reciprocal relationship between CSR and CSC. Companies may employ different strategies to build and enhance their CSC. These CSC strategies include CSR policies formulation, stakeholder engagement, stakeholders' needs identification, regular contact with relevant value chains, cross-sectoral collaboration, development of collaborative relationships, shared value creation, two-way communication, provision of professional information, employee relationship management, development of cross-sectoral/cross-organisational networks, establishment of sustainable partnerships, participation in collective activities, exchange of resources, provision of caring messages, role transformation and long-term commitment.

10 Steps to Developing a Corporate Social Capital Initiative

- 1) Know what Corporate Social Capital is and understand why it is important to your business
- 2) Determine organisational context and identify stakeholders' needs and expectations
- 3) Formulate sustainability/CSR policy with Corporate Social Capital as an underlying concept
- 4) Establish Corporate Social Capital missions
- 5) Determine and provide the resources needed for implementing initiative
- 6) Adopt the Plan-Do-Check-Act model for the implementation of initiative
- 7) Design and plan initiative with measurable objectives
- 8) Implement the initiative and make progress
- 9) Monitor and measure initiative progress and outcomes
- 10) Review the development of Corporate Social Capital regularly

Core Subjects

Respective Practices

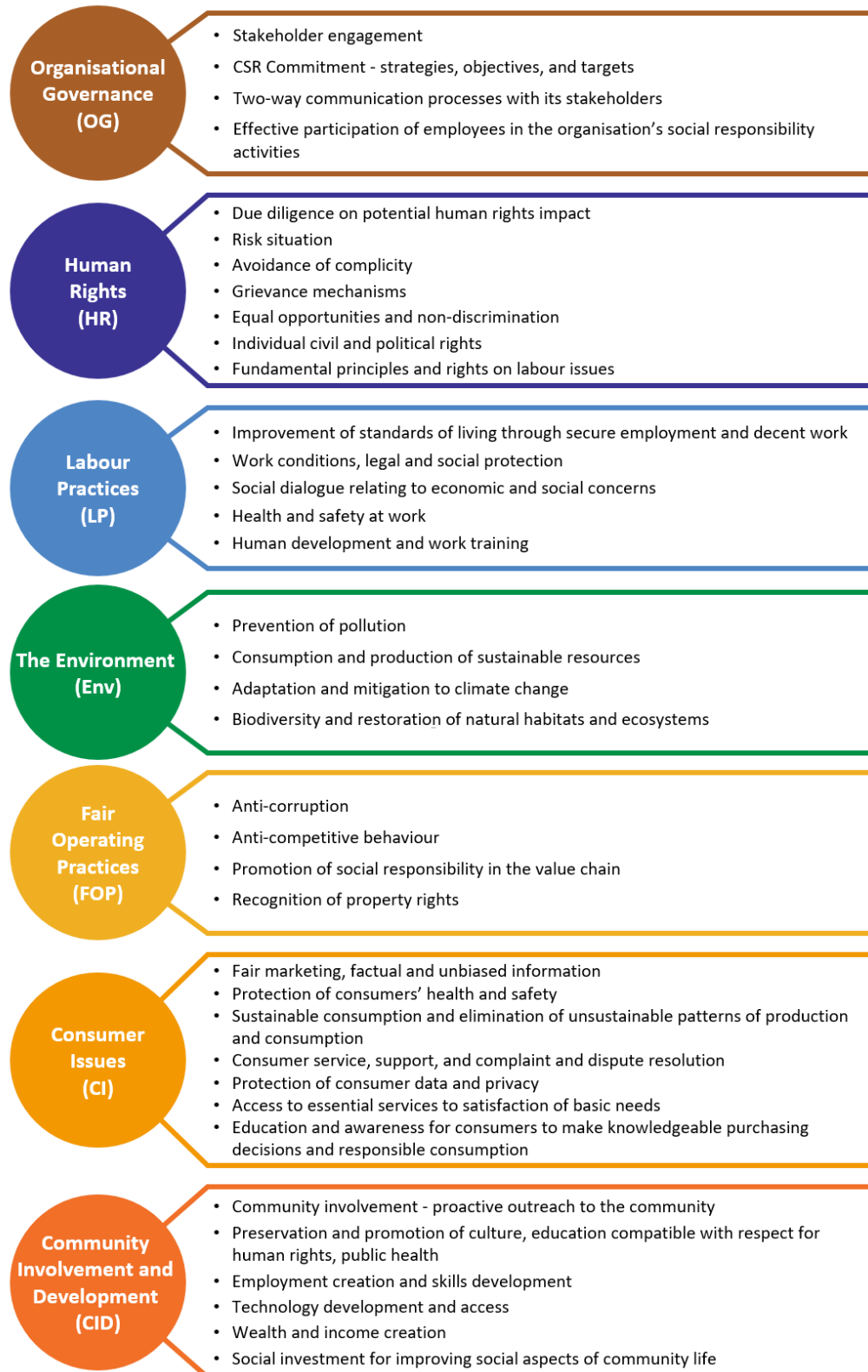


Figure 3. Seven Social Responsibility core subjects and their practices (please refer to Annex B for details) (HKQAA, 2019)

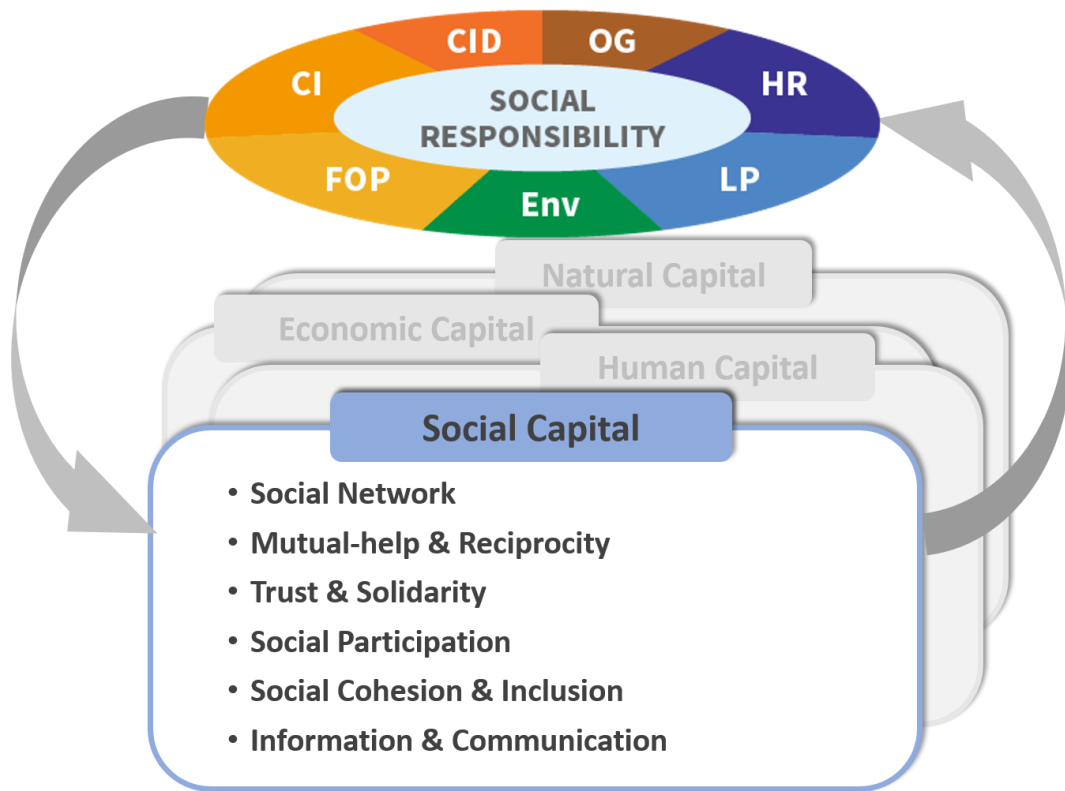


Figure 4. Relationship between Corporate Social Responsibility and Corporate Social Capital

3. Guiding Principles

When adopting the concept of Corporate Social Capital (CSC) in practising corporate social responsibility, the objective for a company is to maximise its contribution to sustainable development. This Guidance Document (GD) provides a management tool for approaching social responsibility with CSC as the underlying concept. The principles below are intended to guide users when applying the GD.

- ✦ **Sustainable development:** Application of the concept of Social Capital and CSC by companies should support sustainable development.
- ✦ **Social Capital is a multidimensional concept:** The six core dimensions are *social networks, mutual help and reciprocity, trust and solidarity, social participation, social cohesion and inclusion, and information and communication.*
- ✦ **Effective process performance and continuous improvement:** The Plan-Do-Check-Act (PDCA) cycle enables a company to achieve intended results and generates opportunities for continuous improvement, which is essential to sustainable development.
- ✦ **Leadership:** Leaders of a company should create and maintain a good company culture that values the importance and benefits of CSC.
- ✦ **Employee involvement:** Ensure that the employees are aware of the concept of CSC and its incorporation in practising CSR.

4. Management Approach to the Development of Corporate Social Capital while Performing Corporate Social Responsibility

The 4-stage management method of Plan-Do-Check-Act (PDCA) for the control and continual improvement of performance has been adopted (Moen & Norman, 2009). This method can be applied to both the company level and initiative/project level. Figure 5 demonstrates the overall flow of the four-stage PDCA management model. An implementation template for CSC projects is provided in Annex C.

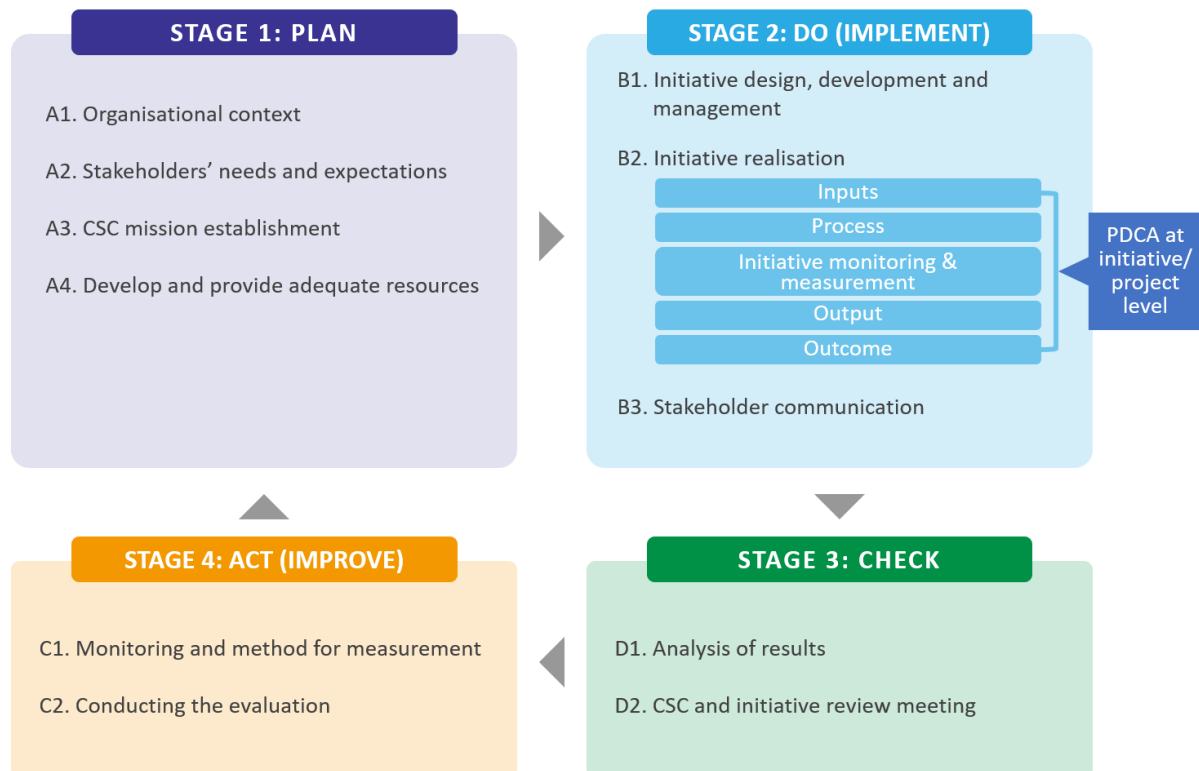


Figure 5. Flow of Plan-Do-Check-Act (PDCA) management model at company level and initiative/project level.

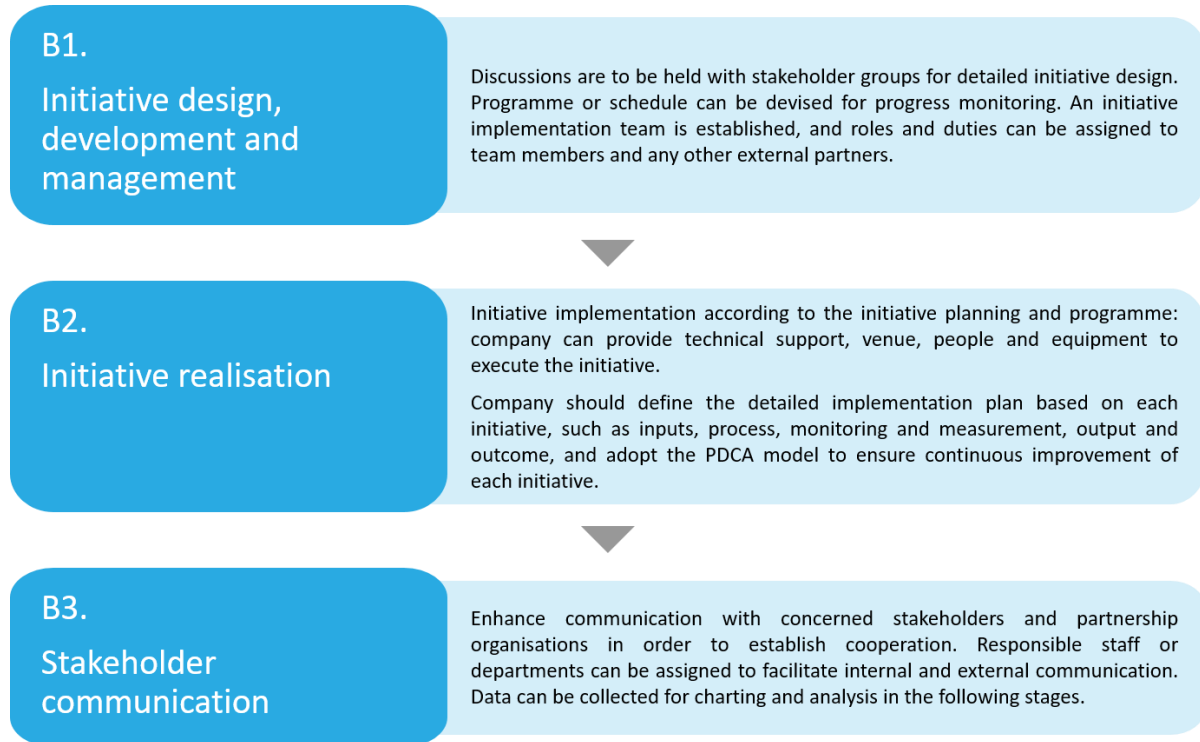
4.1 Stage 1: PLAN

Establish the objectives and programmes necessary to deliver results in accordance with the company's targets or goals.



4.2 Stage 2: DO (IMPLEMENT)

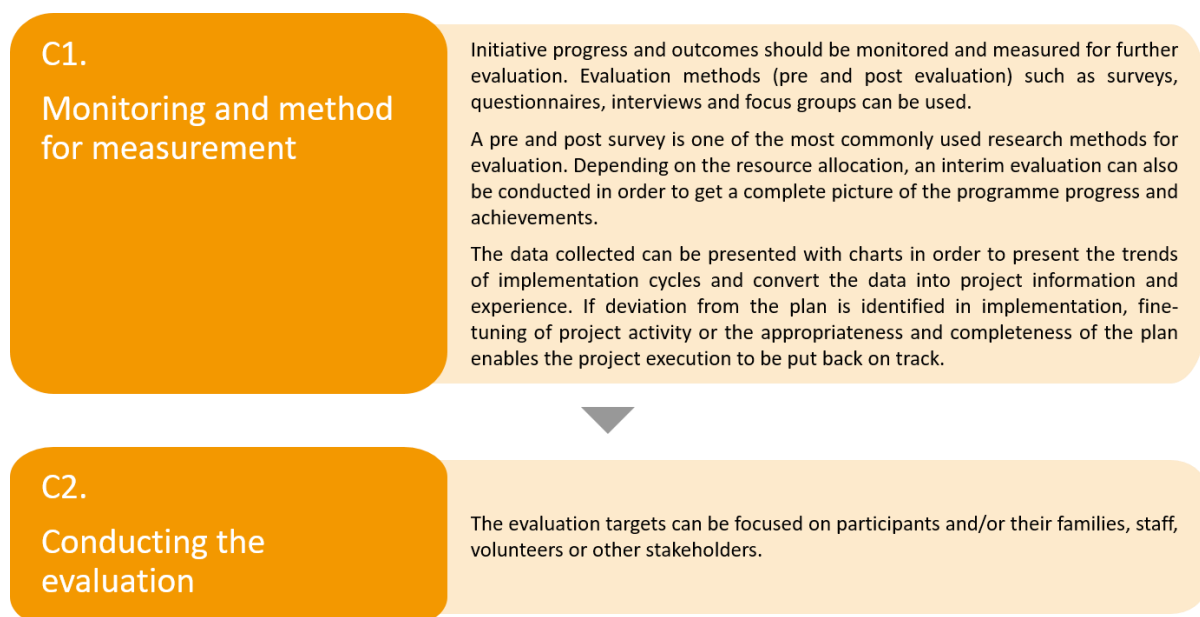
Implement the plan, execute the initiative and make progress.



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4.3 Stage 3: CHECK

Study the actual initiative results and compare against the expected results to ascertain any differences.



4.4 Stage 4: ACT (IMPROVE)

Improvements or adjustments can be proposed based on the initiative evaluation, in order to establish a new standard (baseline) for potential future enactment.

D1.

Analysis of results

Conclusions can be drawn from the analysis of collected data in order to compare with the company's measurable objectives and targets.



D2.

CSC and initiative review meeting

The development of company level CSC and project level CSC activities can be regularly reviewed in order to determine the effectiveness of CSC development. Meetings can be conducted with stakeholder groups, labour unions, suppliers, advocacy groups, service organisations, NGOs, service clients, social workers and other experts in order to evaluate:

- delivery of activities;
- responses and feedback from stakeholders and/or service clients;
- performance and effectiveness of the CSC initiatives/projects;
- performance of external providers (e.g. suppliers);
- need for immediate improvements to the project execution;
- routine communication channels.

Corrective actions can be executed for initiative implementation or potential future enactment.

5. Case Studies

Five companies were invited to adopt the framework of the GD in their projects. These five pilot collaborators are Alliance Construction Materials Ltd., HKBN Group, Hysan Development Co. Ltd., New World Development Co. Ltd. and Swire Properties Ltd. The following sections showcase these five projects.

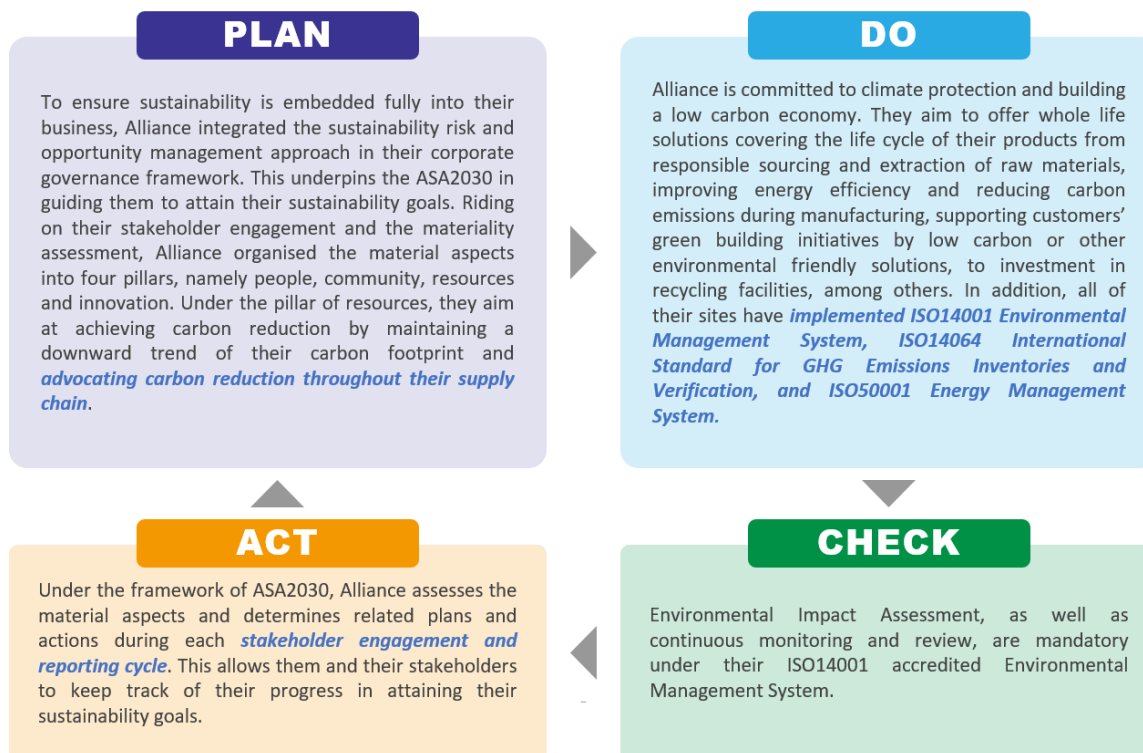
For each case study, we demonstrate how the company applies the PDCA management model at both the company level (i.e. the company's sustainability² strategy) and the initiative/project level (i.e. the pilot-run project nominated for adopting the GD). We then describe the CSC outcomes of each project. The key CSC strategies identified are in *blue italic text*. There are two diagrams in each case study. One shows the CSR core subjects addressed by the project and the other illustrates the strength of each of the six CSC dimensions as self-assessed by the pilot collaborator. The good practices of each project are listed at the end, along with an indication of areas in which there is room for improvement.

² Some companies may use different terms, such as sustainable development, corporate social responsibility, and corporate social investment.

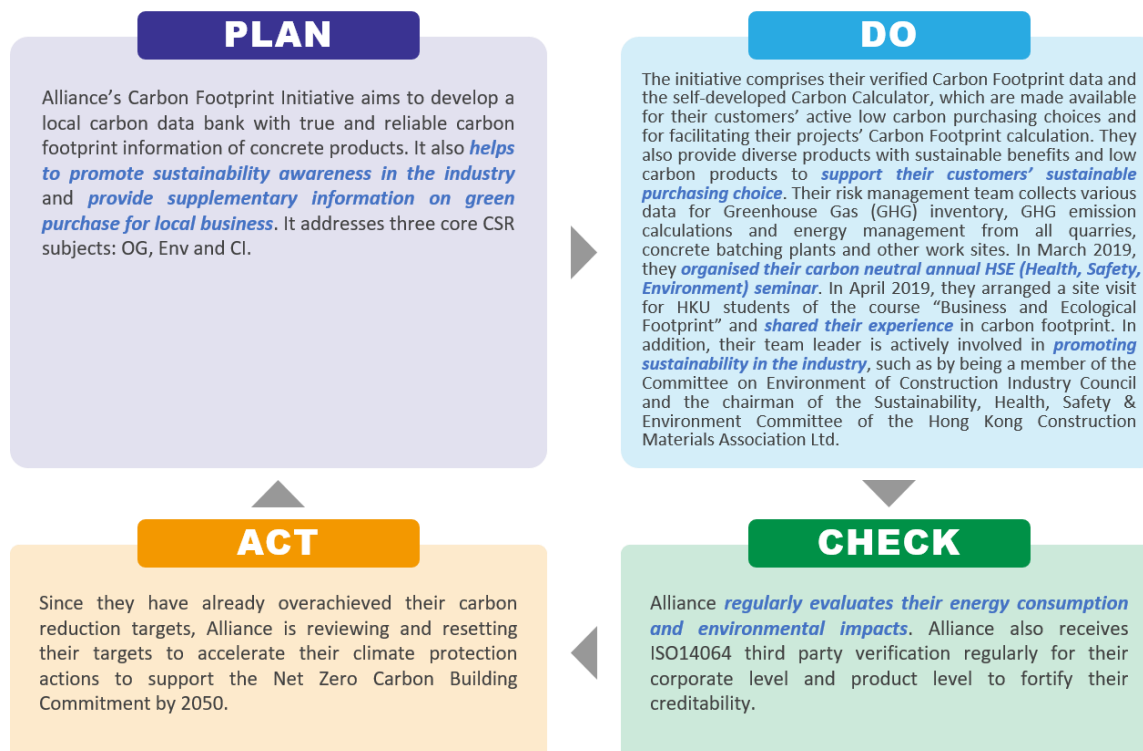
5.1 Alliance Construction Materials Ltd. (Alliance) – Carbon Footprint

ALLIANCE’S SUSTAINABILITY STRATEGY (Key *CSC strategies* identified)

The Alliance Sustainability Ambitions 2030 (ASA2030) is an agenda for action that enables Alliance to realise their purpose of building a great, liveable city through sustainable concrete and aggregates solutions.



CARBON FOOTPRINT INITIATIVE (Key *CSC strategies* identified)



CSC OUTCOMES (Key *CSC strategies* identified):

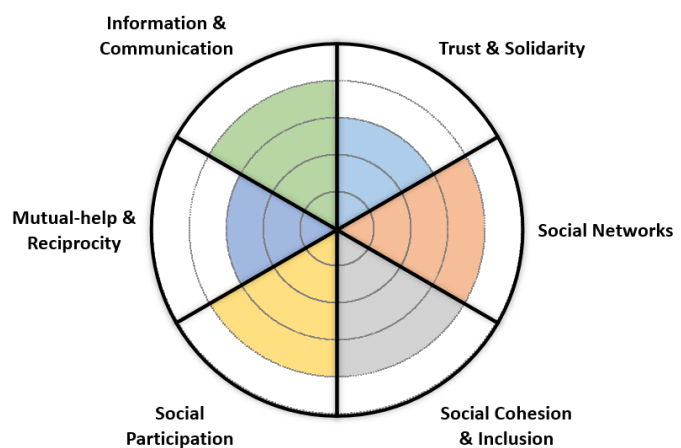
The initiative has successfully *promoted sustainability awareness in the industry*. Throughout the process of data collection, *large amount of information was involved and plenty of organisational communication flow* was generated. Being able to provide reliable carbon footprint information and the Carbon Calculator to their consumers and the industry, together with their environmental friendly products, Alliance has gained trust from the field and succeeded in building their brand. Their environmental policy and the useful carbon information are *disclosed to the public* to raise awareness on climate change.

Alliance has also *collaborated with different organisations*, such as the University of Hong Kong, to *share their experience* in carbon footprint. They have demonstrated high level of *social participation* by involving various organisations and *forming networks with people from different sectors of the construction industry to share their experience and knowledge*.

THREE CSR CORE SUBJECTS:



CSC DIMENSIONS:



GOOD PRACTICES:

- ✦ Clear Sustainability Policy and Environmental Policy
- ✦ Ongoing stakeholder engagement
- ✦ Promoting low carbon and sustainability awareness in the construction industry
- ✦ Providing information on carbon impact by using the self-developed carbon calculator

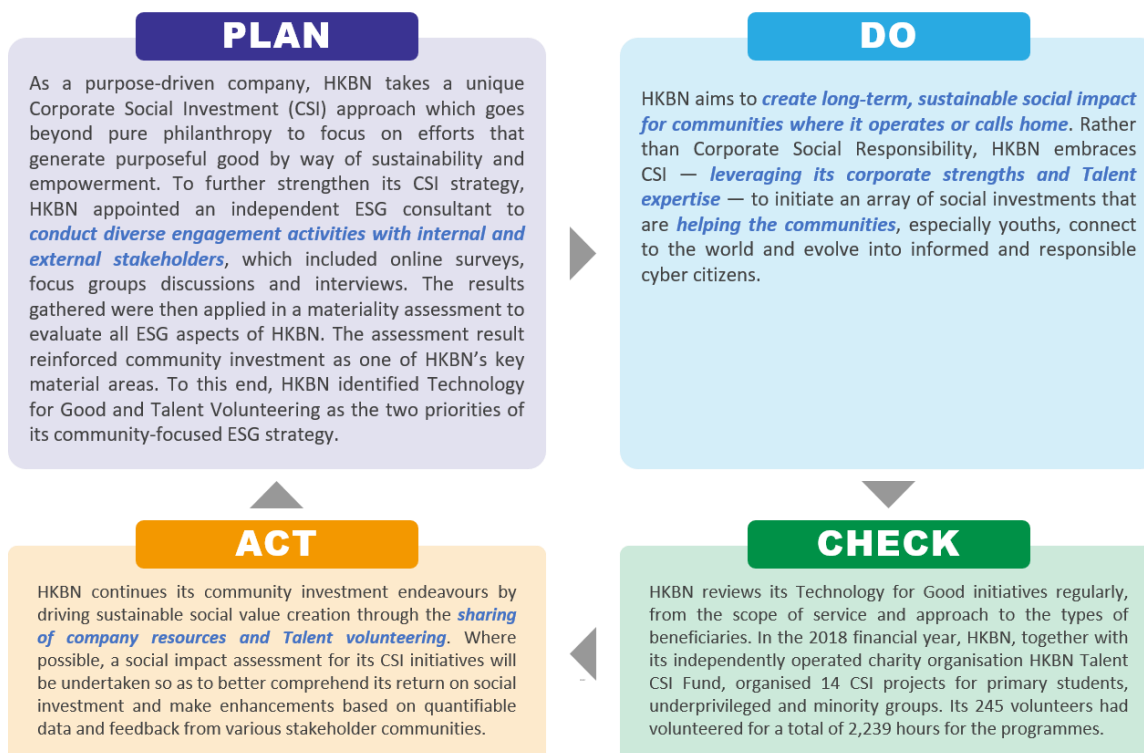
ROOM FOR IMPROVEMENT:

- ✦ Promoting more active employee participation

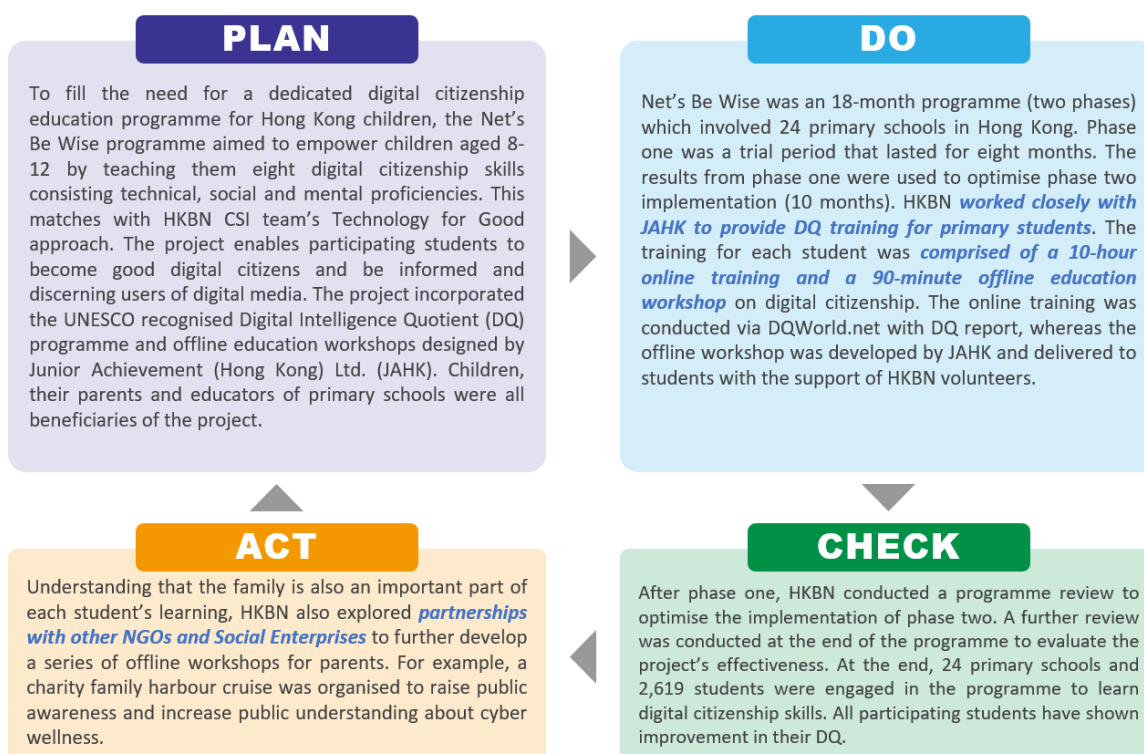
5.2 HKBN Group (HKBN) – Net’s Be Wise

HKBN’S CORPORATE SOCIAL INVESTMENT APPROACH (Key *CSC strategies* identified)

With an ultimate purpose and ambition to “Make our Home a Better Place to Live”, HKBN is built on making purposeful profits. They believe business is best served when the pursuit of profits harmonises with creating positive social impact.



NET’S BE WISE (Key *CSC strategies* identified)



CSC OUTCOMES (Key *CSC strategies* identified):

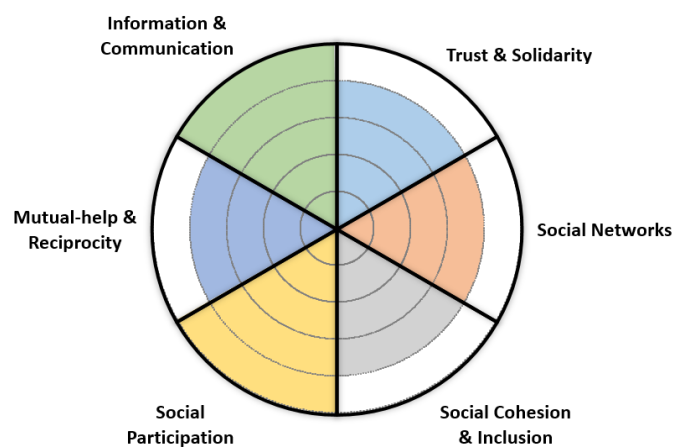
The programme successfully raised cyber wellness awareness and knowledge for many different stakeholders. School principals have noticed students becoming more enthusiastic about cyber wellness knowledge, whilst teachers have been able to better grasp how to teach technology-related topics. This indicates success in *knowledge transfer* to more stakeholders, which helps to generate even bigger social impact for the future. Serving as a brand-new platform for students to seek counselling from school teachers, the programme also *helped build better bonds, trust and cohesion between students and their school teachers* – which was lacking previously.

HKBN has also *built up a strong network with NGOs and social enterprises dedicated to promoting cyber wellness in Hong Kong*. The feedback gathered from beneficiaries help set a perfect foundation for HKBN to further explore ways *to engage and equip more public stakeholders in addressing their needs*. It also helped *build HKBN's CSI brand* as a key advocate in the importance of cyber wellness in Hong Kong.

THREE CSR CORE SUBJECTS:



CSC DIMENSIONS:



GOOD PRACTICES:

- ✦ Clear ESG policy
- ✦ Regular stakeholder engagement
- ✦ Cross-sectoral collaboration
- ✦ Leveraging corporate strengths and Talent expertise to provide professional information

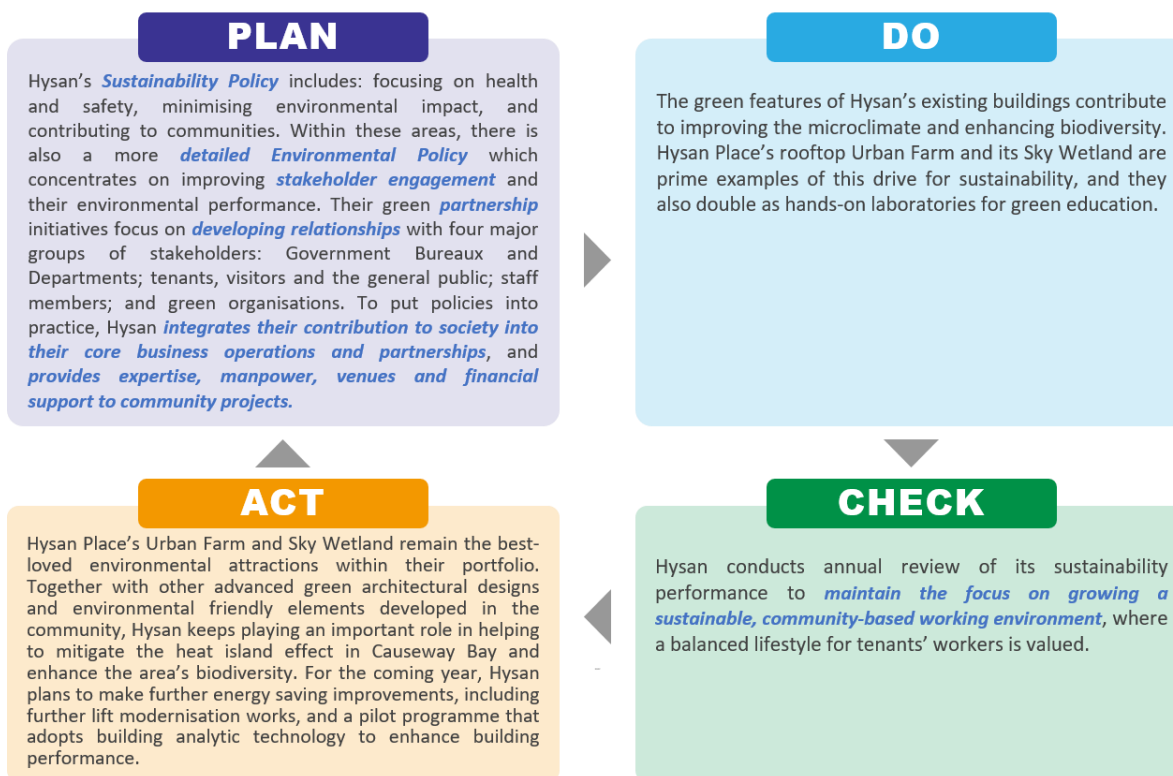
ROOM FOR IMPROVEMENT:

- ✦ Better approach on impact measurement
- ✦ Exploring the feasibility of conducting comprehensive cyber wellness research before programme kick-off

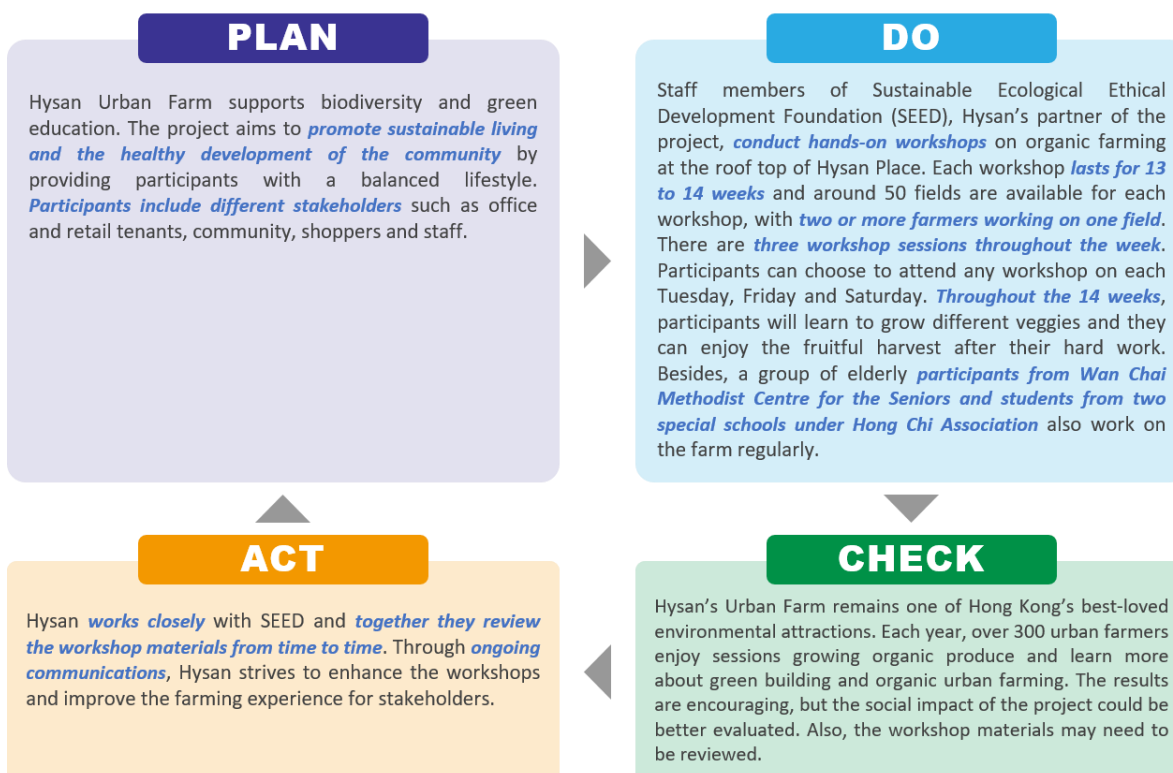
5.3 Hysan Development Co. Ltd. (Hysan) – Hysan Urban Farm

HYSAN’S SUSTAINABILITY STRATEGY (Key *CSC strategies* identified)

As a “Business of Life”, Hysan creates positive and visible changes for their stakeholders and the communities they serve. In harmony with much stronger emphasis on sustainability in recent years, they have decided to embed further sustainable development principles and practices into their operations and to establish a better structure within their corporate framework to strategise on sustainability issues.



HYSAN URBAN FARM WORKSHOP (Key *CSC strategies* identified)



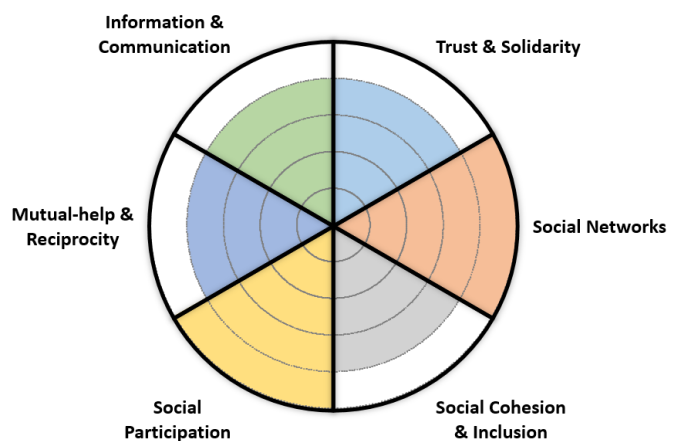
CSC OUTCOMES (Key *CSC strategies* identified):

The project has successfully promoted work life balance as a concept to the *participants, i.e. Hysan's stakeholders including its employees, shoppers, as well as office and retail tenants*. Hysan Place is one of the greenest buildings in Hong Kong, and by promoting organic urban farming and green concepts at Hysan's rooftop, it has made a positive impact on the urban environment. The workshop has also *provided an opportunity for people with diverse backgrounds to interact* and helped to promote social cohesion and inclusion. Communication and mutual help behaviours between different groups have been observed. The workshop has also *strengthened the bonds among participating groups*, including families, colleagues, elderlies and students with intellectual disabilities and *brought forth reciprocity among participating groups to forge a mutual help network* and build up social capital. Some participants have stayed in touch through different social media and some have become the volunteers of the urban farm.

On the other hand, a *sustainable partnership with collaborating NGOs has been established*. Hysan has also learnt to evaluate a long-term project from the perspective of social impact. It is for certain that the project has helped to promote their corporate image and build brand trust.

THREE CSR CORE SUBJECTS:

CSC DIMENSIONS:



GOOD PRACTICES:

- ✦ Clear Sustainability Policy and Environmental Policy
- ✦ Regular stakeholder engagement
- ✦ Promoting biodiversity in urban environment
- ✦ Engaging cross-sectoral parties
- ✦ Clear sustainability structure and process flow

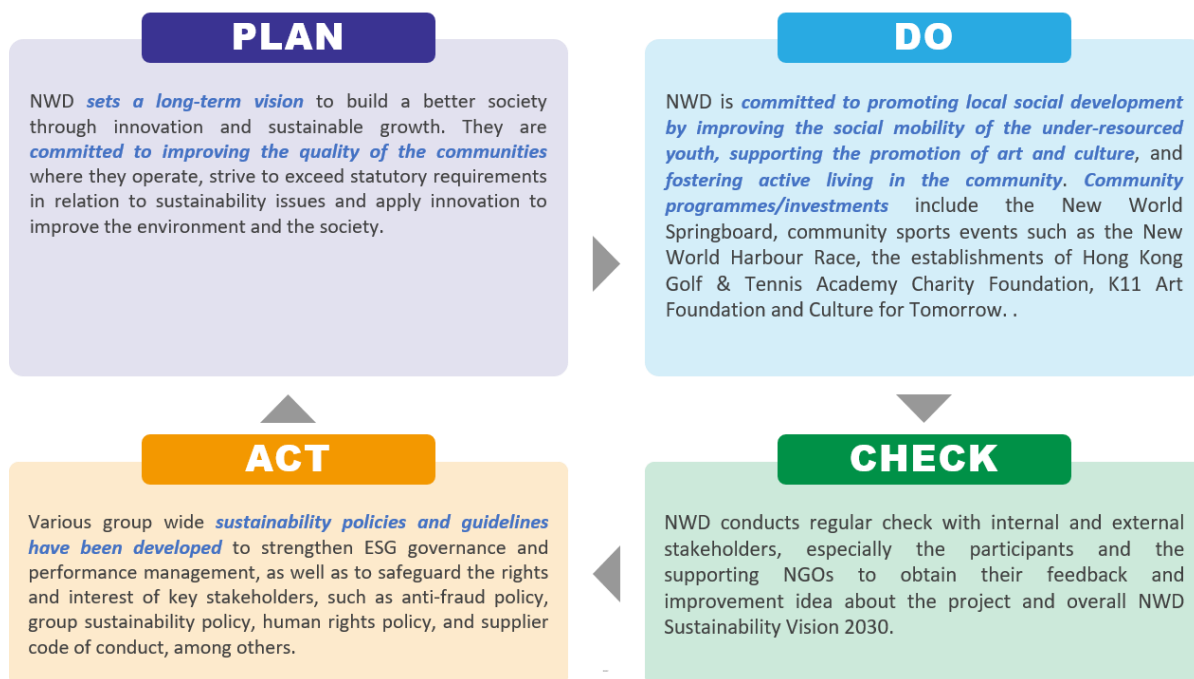
ROOM FOR IMPROVEMENT:

- ✦ Need to identify measurable objectives and targets
- ✦ Improving project evaluation

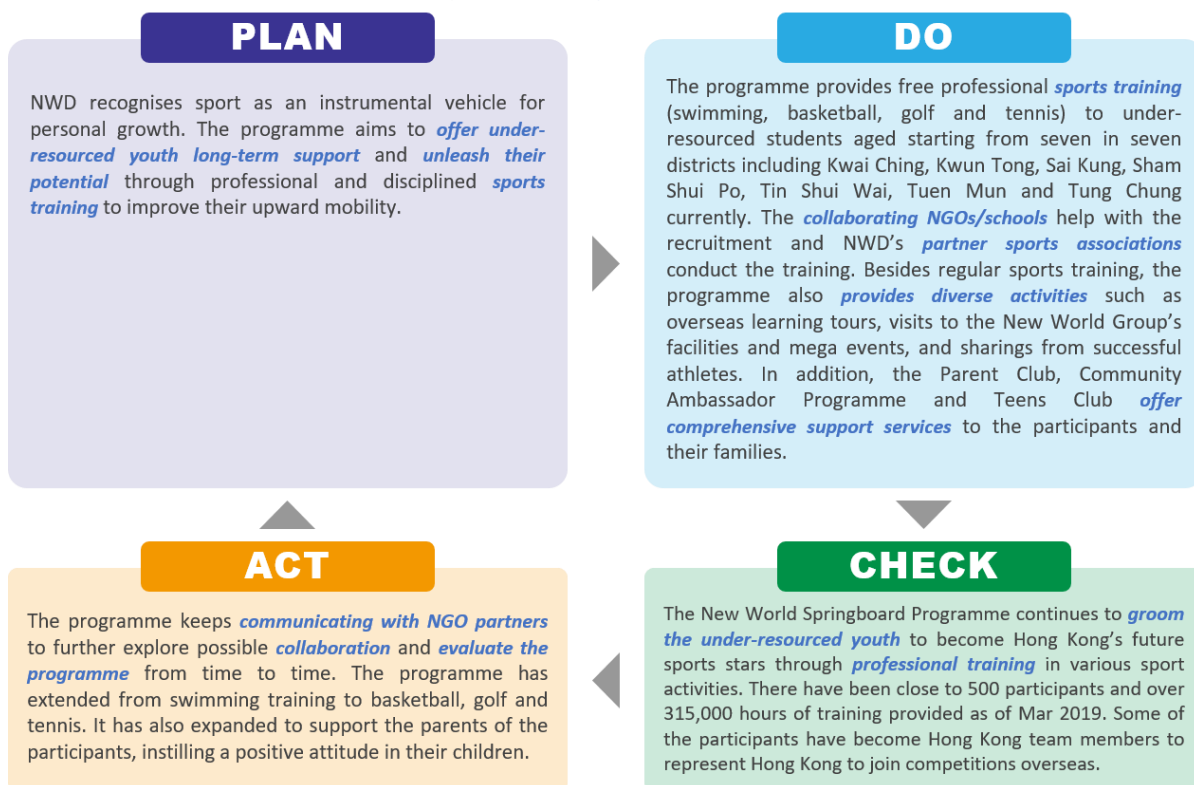
5.4 New World Development Co. Ltd. (NWD) – New World Springboard

NWD'S SUSTAINABILITY STRATEGY (Key *CSC strategies* identified)

New World Sustainability Vision 2030 steers NWD to curate products, services and cultural content revolving around Green, Wellness, Smart and Caring. Going forward, they will focus on these directions in their own initiatives and partnerships that support the community to adopt a more sustainable lifestyle.



NEW WORLD SPRINGBOARD (Key *CSC strategies* identified)



CSC OUTCOMES (Key *CSC strategies* identified):

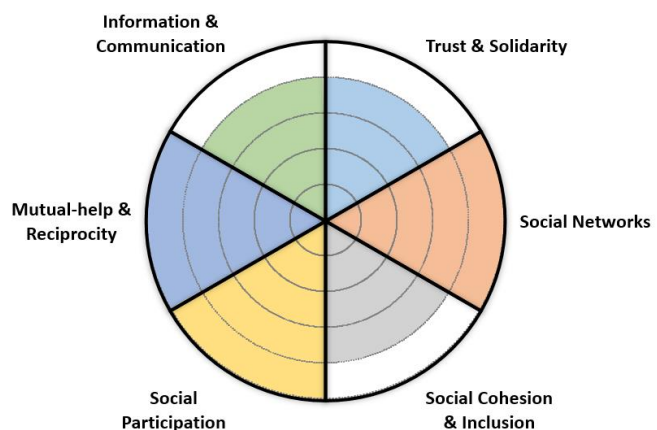
By *providing regular sports training* to under-resourced students in various districts, the project has helped to *forge relationships* among participants and their families to *build social and mutual help networks* in the community. The training and the diverse activities organised for the participants have *broadened their horizons* and *developed their potentials*. In particular, successful athletes have been invited to *share their experiences* with these potential athletes. These young talents would look up to the successful athletes as role models and be motivated to set their own goals. In addition, the Parent Club has not only *assisted the parents of the participants to instil a positive attitude* in their children and children's personal growth, but also *strengthened the bonds among the parents*. The Community Ambassador Programme has further *promoted community participation* to the participants by *encouraging them to volunteer their time to aid different underserved sectors of society*. This demonstrates a good example of *role transformation* and *nurtures a caring and responsible attitude* in the young generation.

Moreover, NWD has *collaborated with NGOs* of sports and social services and *established a sustainable partnership* with these NGOs. The bonds among their employees have strengthened through volunteering in various activities of the project. Certainly, the project has helped to promote their corporate image and build brand trust.

TWO CSR CORE SUBJECTS:



CSC DIMENSIONS:



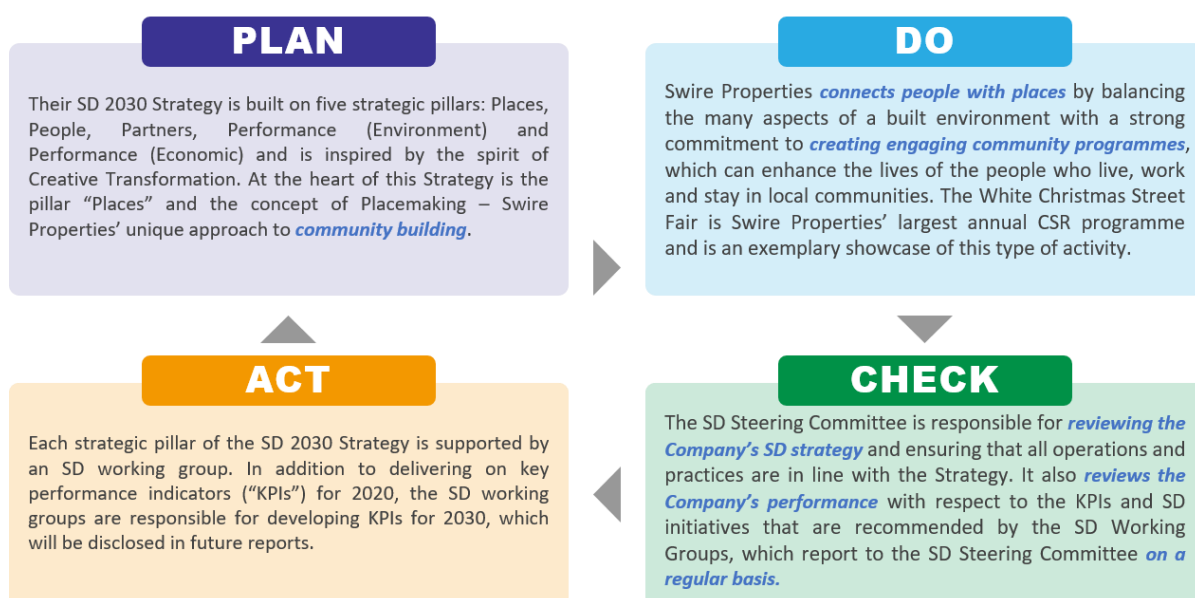
GOOD PRACTICES:

- ✱ Clear sustainability policies
- ✱ Regular stakeholder engagement
- ✱ Cross-sectoral collaboration
- ✱ Long-term engagement
- ✱ Encouraging role transformation

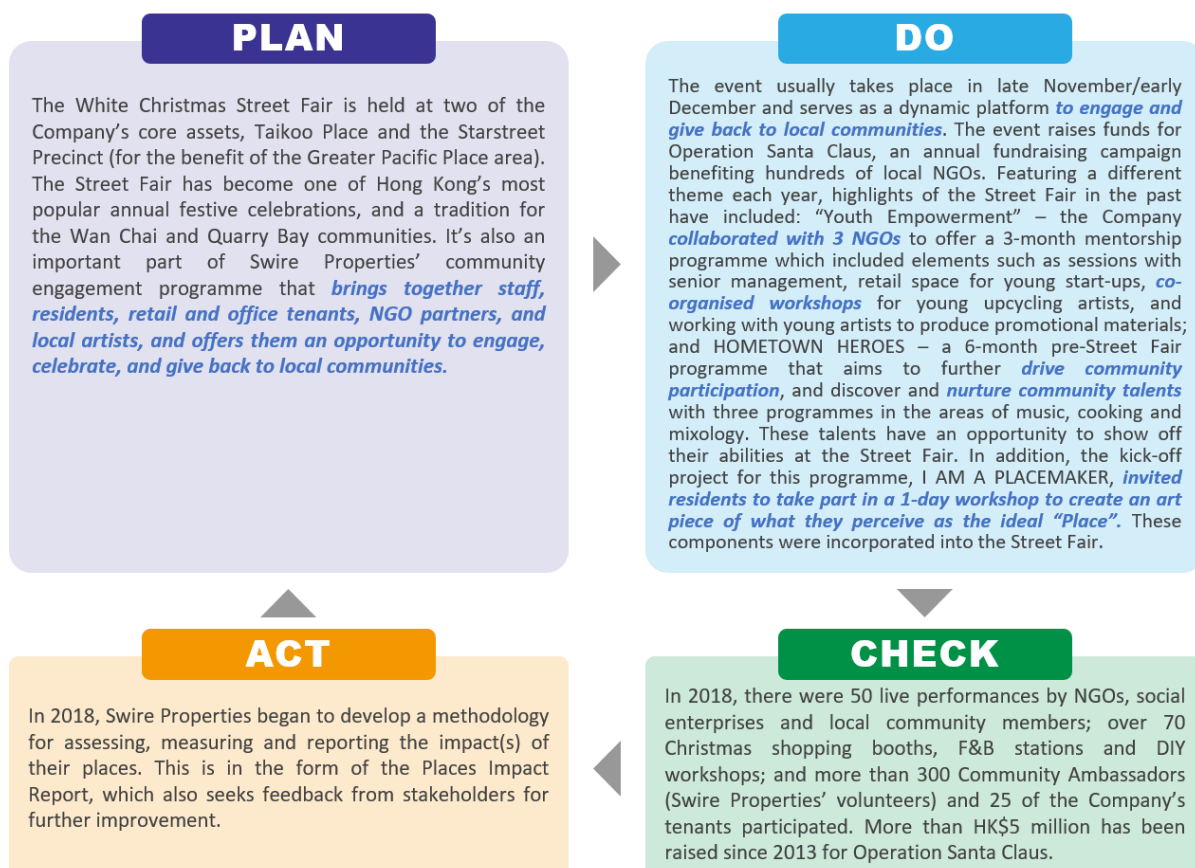
5.5 Swire Properties Ltd. (Swire Properties) – White Christmas Street Fair 2018

SWIRE PROPERTIES' SUSTAINABLE DEVELOPMENT STRATEGY (Key *CSC strategies* identified)

Sustainable development (SD) is central to Swire Properties' business and inspires every aspect of its operation. As such, the Company's SD vision is to be the leading sustainable development performer in its industry globally by 2030; and they are guided by their comprehensive SD 2030 Strategy, which is governed by the SD Steering Committee – headed by Swire Properties' Chief Executive.



WHITE CHRISTMAS STREET FAIR 2018 (Key *CSC strategies* identified)



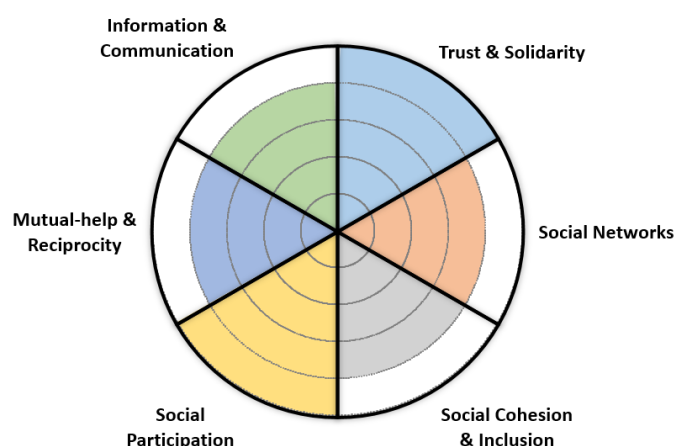
CSC OUTCOMES (Key *CSC strategies* identified):

The Street Fair has *created multiple platforms to engage staff, tenants, local businesses and young entrepreneurs*, and in turn *established various social networks* for a common good. For the Youth Empowerment programme, Swire Properties has *formed strong partnerships* with the collaborating NGOs, and members of the senior management team have also *established direct relationships* with these youth. This 6-month pre-programme successfully discovered and *nurtured a group of community talents*; and provided them opportunities to show off their abilities, *encouraged social participation*, and *helped to promote mutual-help and reciprocity*. These pre-programmes *gathered residents from diverse backgrounds* and *helped to reinforce their sense of belonging*.

Communication plays a huge part in *ensuring mutual understanding and consensus* when it comes to such a large-scale event. The organising team at Swire Properties acts as a key facilitator to ensure that shared values and objectives are well understood by all parties, and that a *constant and accurate flow of information is delivered* to ensure mutual understanding among different parties. Overall, the event has *helped reinforce a sense of community* by *encouraging the people who live, work and stay in the community to take part and give back to the community*. The Street Fair has undoubtedly helped promote Swire Properties' corporate image and build brand trust.

TWO CSR CORE SUBJECTS:

CSC DIMENSIONS:



GOOD PRACTICES:

- ✳ Clear Sustainable Development Policy
- ✳ Stakeholder participation and co-creation
- ✳ Engagement programmes covering various stakeholders from different sectors
- ✳ Creating a community tradition

ROOM FOR IMPROVEMENT:

- ✳ Create a quantitative way to measure social impact
- ✳ More sustaining engagement programmes to reinforce social impact

6. Conclusion

Corporate Social Capital (CSC) is characterised by trust, networks and relationships. Corporate Social Responsibility (CSR) is a business imperative that indicates a company's commitment to manage the social, environmental and economic effects of its corporate behaviour and meet the expectations of its stakeholders. We believe that CSC and CSR can complement each other to maximise the value of a company and its contribution to sustainable development. This GD offers a framework for assisting companies to develop their CSC while performing their CSR, and showcases five projects implemented by local companies that have adopted the framework. The framework employs the Plan-Do-Check-Act (PDCA) management approach, which aligns with the assessment model used in the HKQAA Sustainability Rating and Research (HKQAA SRR) methodology for the Hang Seng Corporate Sustainability Index Series. By adopting the framework, companies can better understand their sustainability performance and increase their sustainability rating.

CSC is important to doing business nowadays and many companies are exploring ways of designing their CSR approach. We hope this GD will provide insights and guidance for companies on how to integrate the concepts of CSC and CSR, and thus optimise their sustainability performance.

Linking Corporate Social Capital to HKQAA Sustainability Rating and Research (SRR) for Hang Seng Corporate Sustainability Index Series (Index Series)

1.0 Introduction

ISO 26000 is an international standard which defines what social responsibility means for organisations. Companies should consider social needs and expectations while doing business. It divides social responsibility into seven core subjects. According to the GD's framework design, these seven core subjects of social responsibility are the starting point for the company to build up their own CSC.

Since 2014, HKQAA has undertaken scoring and rating services on selected Hong Kong and mainland Chinese listed companies on behalf of Hang Seng Index Co. Ltd. Every year more than 600 listed companies are assessed using the HKQAA SRR assessment model, which is based on ISO 26000, thus providing a seamless interface between the CSC management approach and HKQAA SRR.

2.0 HKQAA SRR Scoring for the Index Series

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HKQAA sustainability rating and research (HKQAA SRR) is designed to rate a company's system maturity and risks with regard to sustainability performance. A fact-based scoring approach is applied to rating the company's ability to manage its sustainability performance and risk. In order for the scoring to be done in an objective manner, an assessor should use the available implementation evidence to determine the system's management maturity and relevant risk level. The following sections are extracts from the HKQAA-HSIL Sustainability Rating and Research Scoring Handbook (SRR Handbook) and give an overview of the methodology. For the full methodology, please refer to the SRR Handbook.

HKQAA SRR Assessment Model contains several elements. The sustainability performance of each eligible company will be measured against seven core subjects.

Element 1. Seven Core Subjects

Forty recommended practices are consolidated under seven core subjects:



Element 2. Practice Types

Mandatory practices are those that all the participants shall implement.

Desired practices are the mandatory practices assigned to designated industries that have a higher potential impact on these particular issues.

Voluntary practices are advanced practices that a company is encouraged to implement. Scores gained for these practices will be considered if they can help improve the subject scores.

Element 3. Plan-Do-Check-Act Scoring Approach

Information about a company's performance in managing the practices is collected using a questionnaire.

Performance is rated using a five-point scoring approach.

Points	Stage	Description
1 point	Starting Phase	No action taken.
2 points	Forming Phase (Plan)	Actions are under development/established without full implementation/implemented on an ad-hoc basis.
3 points	Implementing Phase (Do)	Actions have been fully implemented with advanced planning intended to realise the recommended practice.
4 points	Confirming Phase (Check)	Data collection and analysis on the actions have been conducted so as to gather relevant information to evaluate the effectiveness of the implemented practice.
5 points	Improving Phase (Act)	There is a review of the implemented actions to identify improvement areas.

3.0 CSC Management Approach and HKQAA SRR Assessment Model

Both the CSC management approach proposed in the GD and HKQAA SRR assessment model concentrate on the seven core subjects identified in ISO 26000 and use the PDCA approach. The CSC management approach guides companies to establish their CSC mission, develop effective CSC strategies and integrate CSC into their sustainability performance, while at the same time managing the respective practices under the seven subjects to be measured by the HKQAA SRR assessment model.

Accountability is one of the major scoring principles in HKQAA SRR. The accountability ratings defined in HKQAA SRR reflect a company's accountability, inclusivity, materiality and responsiveness in achieving sustainability. Being accountable is an essential quality of a successful company, along with trust, reliability and responsibility. The CSC management approach will certainly help companies to raise their accountability rating.

HKQAA SRR Seven Core Subjects and Subsequent Practices

Core Subject 1: Organisational Governance (OG)

<i>OG1</i>	Organisation should set its direction by making sustainability/social responsibility an integral part of its policies, strategies and operations.
<i>OG2</i>	Organisation should establish programme or mechanism for raising awareness and building competency for sustainability/social responsibility in the company (e.g., new staff training, on-going training, seminars, etc.).
<i>OG3</i>	Organisation should be aware of applicable social responsibility laws and regulations, inform those within the company responsible for observing these laws and regulations and see that they are observed (e.g., initial and regular review, applicability evaluation, control and monitoring mechanism, internal and/or external compliance audit, report verification, etc.).
<i>OG4</i>	Organisation should disclose how the highest governance body is established and structured in support of the organisation's purpose, and how this purpose related to economic, environmental and social aspects are evaluated and managed.
<i>OG5</i>	Organisation should establish sustainability risk and crisis management mechanism or means.
<i>OG6</i>	Organisation should establish a two-way communication process between the organisation and its stakeholders so as to identify areas of agreement and disagreement and resolve possible conflicts.

Core Subject 2: Human Rights (HR)

<i>HR1</i>	Organisation should establish a programme or means to resolve grievances.
<i>HR2</i>	Organisation should ensure that it does not discriminate against employees, partners, customers, stakeholders, members and anyone else with whom the organisation has any contact or on whom it can have any impact.
<i>HR3</i>	Organisation should ensure the fundamental principles and rights at work.
<i>HR4</i>	Organisation should ensure every person, as a member of society, has economic, social and cultural rights necessary for his or her dignity and personal development.
<i>HR5</i>	Organisation should establish a programme or means to face challenges and dilemmas relating to human rights and in which the risk of human rights abuse may be exacerbated.
<i>HR6</i>	Organisation should respect all individual civil and political rights.
<i>HR7</i>	Organisation should respect human rights and have a responsibility to exercise due diligence to identify, prevent and address actual or potential human rights impacts resulting from their activities or the activities of those with which they have relationships.
<i>HR8</i>	Organisation should ensure avoidance of complicity.

Core Subject 3: Labour Practices (LP)

<i>LP1</i>	Organisation should encourage lawful and proper employment that signifies human development and contribute to the improvement of standards of living through full and secure employment and decent work.
<i>LP2</i>	Organisation should ensure decent conditions of work and provide social protection.
<i>LP3</i>	Organisation should ensure health and safety at work.
<i>LP4</i>	Organisation should encourage human development and training in the workplace.
<i>LP5</i>	Organisation should encourage social dialogue.

Core Subject 4: The Environment (Env)

<i>Env1</i>	Organisation should implement measures or means to prevent pollution and minimize waste.
<i>Env2</i>	Organisation should promote the sustainable use of resources.
<i>Env3</i>	Organisation should implement measures to adapt to climate change and mitigate its impacts.
<i>Env4</i>	Organisation should be socially responsible by acting to protect the environment and restore natural habitats and the various functions and services that ecosystems provide.

Core Subject 5: Fair Operating Practices (FOP)

<i>FOP1</i>	Organisation should develop and implement mechanisms or means to prevent corruption.
<i>FOP2</i>	Organisation should promote social responsibility in the value chain.
<i>FOP3</i>	Organisation should develop and implement programmes or means to protect property rights.
<i>FOP4</i>	Organisation should prevent engaging in anti-competitive behaviour.

Core Subject 6: Consumer Issues (CI)

<i>CI1</i>	Organisation should ensure that no unfair marketing or misleading information about products and services is delivered to consumers.
<i>CI2</i>	Organisation should reduce and eliminate unsustainable patterns of production and consumption. Organisation's role in sustainable consumption arises from the products and services it offers, their life cycles and value chains, and the nature of the information it provides to consumers.
<i>CI3</i>	Organisation should develop and implement systems on delivery of consumer service and support, complaints handling, and dispute resolution.
<i>CI4</i>	Organisation should implement measures to protect consumer data and privacy.
<i>CI5</i>	Organisation should educate consumers to make knowledgeable purchasing decisions and consume responsibly. Skills should be developed for consumers to assess products and services and for making comparisons.
<i>CI6</i>	Organisation should ensure that its products and services will not be inherently harmful to consumers' health and safety.
<i>CI7</i>	Organisation should contribute to the right of the community to satisfy basic needs.

Core Subject 7: Community Involvement and Development (CID)

<i>CID1</i>	Organisation should proactively outreach the community. It is aimed at preventing and solving problems, fostering partnerships with local organisations and stakeholders and aspiring to be a good organisational citizen of the community.
<i>CID2</i>	Organisation should preserve and promote the culture and promote the education compatible with respect for human rights.
<i>CID3</i>	Organisation should create employment in the community, and develop their skills for employment promotion and securing decent and productive jobs.
<i>CID4</i>	Organisation should create wealth and income, and promote a balanced distribution of the economic benefits among community members. It should invest their resources in initiatives and programmes aimed at improving social aspects of community life.
<i>CID5</i>	Organisation should contribute to the promotion of public health, prevention of health threats and diseases, and mitigation of any damage to the community.
<i>CID6</i>	Organisation should promote technology development and access.

Implementation Template for CSC Projects

CSC Project Record Form

Part I. CSC Project Overview

Project Name	
Project Period	
Project Objective	
CSC Dimensions	<i>Please circle the appropriate number according to the expected outcome</i>
<input type="checkbox"/> Trust & Solidarity	LESS ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- MORE
<input type="checkbox"/> Social Networks	LESS ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- MORE
<input type="checkbox"/> Social Participation	LESS ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- MORE
<input type="checkbox"/> Social Cohesion & Inclusion	LESS ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- MORE
<input type="checkbox"/> Mutual-help & Reciprocity	LESS ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- MORE
<input type="checkbox"/> Information & Communication	LESS ----- 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- MORE
Project Brief CSR Core Subjects:	
<input type="checkbox"/> Organisational Governance (OG)	
<input type="checkbox"/> Human Rights (HR)	
<input type="checkbox"/> Labour Practices (LP)	
<input type="checkbox"/> The Environment (Env)	
<input type="checkbox"/> Fair Operating Practices (FOP)	
<input type="checkbox"/> Consumer Issues (CI)	
<input type="checkbox"/> Community Involvement and Development (CID)	
Target Group(s)	<i>For example: suppliers, employees, customers, children, elderly, etc.</i>
Project Activities	
Expected Project Outcomes	

Part II. CSC Project Management Checklist

Stage 1: PLAN	Description
<input type="checkbox"/> Stakeholders' needs and expectations identified	
<input type="checkbox"/> Stakeholder group(s) involved in project planning and design	
<input type="checkbox"/> Project implementation team established	
<input type="checkbox"/> Detailed implementation plan defined, including inputs, process, monitoring and measurement, output and outcome	
Stage 2: DO (IMPLEMENT)	Description
<input type="checkbox"/> Ongoing communication with collaborator(s) and concerned stakeholders	
Stage 3: CHECK	Description
<input type="checkbox"/> CSC research methods adopted to collect data for evaluation and analysis	<input type="checkbox"/> Qualitative, pls specify: <input type="checkbox"/> Quantitative, pls specify: <input type="checkbox"/> Others, pls specify:
<input type="checkbox"/> CSC evaluation conducted	
Stage 4: ACT (IMPROVE)	Description
<input type="checkbox"/> Conclusions drawn from the evaluation	
<input type="checkbox"/> Future adjustment/ improvement plan	

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Acknowledgements

HKQAA would like to extend its sincere thanks to the following Stakeholder Group members and participating companies who contributed their insights, experience and expertise to the development of this Guidance Document:

Stakeholder Group Members:

- ☆ Ms Dorothy Chan
- ☆ Ms Yan Chan
- ☆ Ms Maria Cheung
- ☆ Dr Kee Chi-hing, JP
- ☆ Mrs May Lam-Kobayashi
- ☆ Ms Lilian Law, JP
- ☆ Prof Joe Leung, BBS, MH, JP
- ☆ Mr Daniel Wong
- ☆ Ms Mimi Yeung

Pilot Project Collaborators (Participating companies):

- ☆ Alliance Construction Materials Ltd.
- ☆ HKBN Group
- ☆ Hysan Development Co. Ltd.
- ☆ New World Development Co. Ltd.
- ☆ Swire Properties Ltd.

We would also like to warmly acknowledge the support of the CIIF Secretariat in the development of this document.

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