A Study on Tripartite Partnership:
Benchmarking Study from an International Perspective

FINAL REPORT

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Objective of Study and Methodology

(1) Objective of the Study

(a) The study was commissioned by the Central Policy Unit (CPU) of the Government of the Hong Kong Special Administrative Region (Hong Kong SAR Government) in September 2004. The objective of the study is to advise CPU on policy recommendations to foster tripartite (i.e. government, business and Third Sector) efforts in Hong Kong in light of the research results on the following aspects:

(i) The general trend of the worldwide development of tripartite partnerships with some model cases.

(ii) Good government policy and practice in selected countries to foster tripartite partnerships.

(iii) Successful cases in selected countries by unveiling the attributes and elements of these cases and their impact in these countries.

(b) Under the guidance of the CPU’s steering panel for this study, five countries, namely, Denmark, the United Kingdom, Australia, Singapore and Japan, have been selected for benchmarking study.

(2) Methodology

(a) This study is conducted mainly through library and Internet research.

(b) Findings from library and Internet research are verified and enhanced by field study trips in London, Copenhagen and Singapore.

The following government departments/ agencies and institutions have been visited during the field study trips:

London:

- Department of Trade and Industry
- Neighbourhood Renewal Unit under the Deputy Prime Minister’s Office
- Business in the Community
- The Prince of Wales International Business Leaders Forum
- National Council of Voluntary Organizations (collection of materials only)
Copenhagen:

- The Copenhagen Centre
- The Ministry of Social Affairs

Singapore:

- Ministry of Community Development, Youth & Sports
- Ministry of Manpower
- National Council of Social Service
- National Trades Union Congress
- National Tripartite Initiative on CSR
- National Volunteer & Philanthropy Centre
Executive Summary

(1) Definition

(a) Social science has traditionally treated the three sectors of society, namely the state (government), the market (business) and the Third Sector (including nonprofit voluntary organizations or NPOs, voluntary welfare organizations or VWOs, and non-government organizations or NGOs; collectively referred to as Third Sector), as distinctly different social orders, each governed by its specific logic or rationale. The idea of tripartite partnership is to bring together people and organizations from different social orders in a common effort to solve specific problems.

(b) In a micro sense, tripartite partnership means a project, programme or task force organized with people, organizations, skills and financial resources from all the three social orders to address specific social issues.

(c) There is a broader definition of tripartite partnership. To borrow the Copenhagen Centre’s definition of new social partnership, tripartite partnership means: “People and organizations from some combination of public, business and civil constituencies who engage in voluntary, mutually beneficial, innovative relationships to address common societal aims through combining their resources and competencies.” (Nelson and Zadek 2003)

(2) Overview of International Trend

(a) Business Community Investment in North America: Business community investment has a long history in the United States of America.

- The USA is a country founded on individual self-reliance and local control since the days of the early settlers and so the government, particularly at national level, is generally not looked to for high levels of support for families and communities. American enterprises have often found themselves in the position of providing services and support to employees, families and communities, a position more appropriately reserved for government in other parts of the world. Enterprises have stepped up their services and support for employees and their families in what have been termed “welfare capitalism”. A whole range of services including childcare centers, assistance with ageing parents, and company-owned schools and stores, constituted a growing corporate response to the needs of the employees and their communities in the absence of any part of society filling that need.
• In Canada, since the past decade of “turmoil” with accumulated government deficit and public debts, the business sector has been driven to take a more significant role in support of community initiatives. One of the most striking results is the “Imagine” project founded by a group of prominent business leaders in 1988. It has appealed to member enterprises to commit to contributing up to 1% of their pre-tax profits to charity and encouraging employee giving and volunteering. It has mobilized hundreds of companies in its “Caring Companies” campaign, and worked on more than 1,000 community partner projects.

(b) Emergence of New Social Partnership in Europe in the 1990s: It is in Europe that governments have taken initiatives in recent years to foster the development of business community partnership. Since the 1990s, in the midst of widespread economic depression, there have been many attempts to reorganize the public social policies. Decentralization, privatization and separation of funding and service provision have been the main lines of the reforming actions. In March 2000, the European Council took a significant step in appealing on corporate social responsibility, i.e. encouraging enterprises to assume their role in combating social imbalance and investing in people. In October of the same year, the Ministries of Social Affairs (or Ministries of Health, Welfare and Sports) of four European countries - Denmark, Ireland, the United Kingdom and the Netherlands – issued a joint declaration under the title “Governments as Partners - Fostering Public-Private Partnerships for an Inclusive Europe”.

• Denmark is among the earliest European countries whose governments took initiatives to foster the development of tripartite or new social partnership. In Denmark, tripartite partnership has focused on prevention of social exclusion in the workplace and integration of the marginalized sectors of society to the labour market.

• In the United Kingdom, business community partnership has been started voluntarily by a group of prominent business leaders bottom up and has subsequently been encouraged by the Conservative government. It has received renewed attention under the current social democratic Labour government, which has deployed tripartite partnership approach to regenerate the most deprived areas of the country.

• In the Netherlands, the Directorate for Social Policy for the Ministry of Health, Welfare and Sport has since the 1990s supported a number of experiments that stimulate social entrepreneurship. This aims at improving the quality of operations in the social sector through the introduction of corporate management principles and cooperation with people from the business sector.
• In Ireland, partnerships have evolved as a response to the issues of unemployment, poverty and social exclusion, which have been high on the political agenda for many years. In 1992, the Irish government embarked on an experiment to mitigate the unemployment problem and encourage economy recovery. 38 Area-Based Partnerships in urban and rural communities have been established, aiming to improve the competitiveness of enterprises in combination with efforts to increase the employability of the resident in the local communities.

• In other parts of Europe, such as Austria, Belgium, Finland and Germany, new social partnerships between the government, for-profit private sector and nonprofit voluntary sector have also emerged. Most of the tripartite partnerships created have focused on such imminent social issues as creation of employment, social inclusion, integration of immigrants, community regeneration and economic development.

(c) Diffusion of the Practice of Tripartite Partnership to Asia-Pacific:

(i) In Australia, business community partnership was embarked by Prime Minister John Howard who convened the Corporate Philanthropy Roundtable in 1998, at which a group of leaders from the community, academic and corporate sectors explored ways to foster cross-sector collaboration. The Roundtable was later renamed the Prime Minister’s Community Business Partnership (PMCBP) in November 1999.

(ii) In Singapore, the social democratic government has taken a lot of initiatives in fostering business community partnerships. The Singapore government’s focuses have been on harmonious industrial relationship, social cohesion, and more recently on corporate competitiveness to meet challenges presented by economic globalization.

(iii) In Japan, business community partnership is a natural by-product of the practice of corporate social responsibility by the business sector. Corporate social responsibility has evolved in response to swelling anti-business sentiment and investor expectations in the international capital markets. Business community partnership has developed in Japan through self-regulation promoted by the business federation, with minimal government involvement.
(d) Promotional of Partnership by Supranational Organizations: Since the United Nations’ World Summit on Sustainable Development in 2002, various forms of multi-stakeholder and multi-sector partnerships have emerged for various issues related to sustainable development. Other supranational organizations, like the Organization for Economic Cooperation and Development and the European Union, are also promoting the concept and practice of multi-stakeholder and multi-sector partnerships for a wide spectrum of issues like economic globalization, labour market, social inclusion and environmental protection and conservation.

(e) Contribution of CSR to the Development of Tripartite Partnership:

(i) The development of corporate social responsibility (CSR) has contributed to the development of tripartite partnership. Since the turn of the century, there has been a whirlpool of global and regional actions undertaken by supranational organizations, such as the United Nations, European Commission, Organization for Economic Cooperation and Development, International Standardization Organization, appealing to the for-profit enterprises to make contribution to economic, social and environment progress in the communities in which they operate. This has helped to bring CSR to a regional and international perspective.

(ii) In practising CSR, many enterprises engage themselves in partnerships with the other social actors. On the other hand, enterprises practising CSR in accordance with the guidelines and standards set by the various supranational institutions can also do so in-house without engaging with the other social partners in partnerships. CSR without government strategy to advocate and facilitate business involvement in the community contributes only randomly and to a limited extent to the development of tripartite partnership.

(f) Role of the Civil Society and NPO Sector in the Development of Tripartite Partnership:

(i) Since the decentralization and privatization of public services in the 1990s, NPOs and other civil society organizations around the world have expanded significantly. The emergence of the different types of Third Sector organizations has provided the impetus for development of tripartite partnerships and/or business community partnerships.

(ii) On the other hand, increased government support for the Third Sector in the past decade has its negative aspect. NPOs that have become contractors of the state in public service delivery are losing their independence and capacity to innovate. There has recently been a lot of discussion on the challenges facing the NPOs in their new role as partner of the for-profit enterprises.
(g) **Country Studies:** For each of the five countries studied, this report attempts to analyze:

(i) How political, social and economic conditions have prompted the development of tripartite partnerships;

(ii) How the interaction between the strategy or lack of strategy of the government, the development or lack of development of CSR in the business sector, and the emergence of civil society and the NPO sector have contributed to the development of tripartite partnerships; and

(iii) Whether the various forms of tripartite partnership and/or business community partnership have created impact on the community.

(3) **Denmark**

(a) **Political and Social Background**

(i) **The Danish welfare state:** Denmark has long been renowned for high levels of social security and extensive welfare provision with good social and health services, a good education system, provided by a large public sector.

(ii) **Regulation of the Danish labour market:** Until the 1990s, through negotiations of collective agreements, the social partners (employers and employees) regulated the labour market without much government intervention while the government for its part ensured relatively generous social insurance in case of unemployment, sickness and old age etc.

(iii) **Welfare state under challenge:** In the 1980s and early 1990s, unemployment policies had been criticized: economically, the vast resources spent on passive benefits and allowances were said to strain the government budget; politically, they were blamed for turning recipients into passive clients of the system; and socially, they were not able to ensure social integration of people marginalized.

(iv) **Staggering unemployment:** When the unemployment rate reached a staggering rate of 12.1% in 1993, a major labour market reform was introduced in 1994, along with a series of fiscal incentives to boost the economy. The reform marked a shift towards active measures for reduction of unemployment and towards an integrated approach, and aimed at promoting the active role that the enterprises should play in creating social inclusion.
(b) **Tripartite Partnership for Social Inclusion**

(i) During the 1990s when economic recession led to high unemployment, there was serious political concern that the ceiling of taxation had been reached. According to one of the architects behind the “*Our Common Concerns*” launched in 1994, a point had reached where social policy could hardly be kept up without active participation from the enterprises. Since then, the Danish government has adopted a policy of soft intervention in the labour market by “encouraging” the private enterprises to practise CSR, which in the Danish context means to share the responsibility of reducing unemployment.

(ii) Private enterprises were encouraged by the Danish government (x) to participate more actively in retaining those employees who did not live up to the performance requirements 100% and were in danger of becoming marginalized; and (y) to participate in the integration of people who for one reason or another were outside the ordinary labour market.

(c) **Driving Force: The Danish Government**

(i) The Danish tripartite partnership for social inclusion was a top-down initiative driven by the Danish government, kicked off by a campaign launched by the Ministry of Social Affairs in 1994 – “*Our common concern – the social responsibility of companies*”.

(ii) The Danish government made use of several policy instruments to encourage voluntary participation by the enterprises:

- **Persuasion**: To change the attitude and behaviour of corporate managers through information campaigns and appeals to the moral consciousness of the business sector.

- **Economic motivation**: To provide economic incentives to participating enterprises by various wage subsidy schemes. For example, for employers employing people lacking experience or with reduced work ability or disability, the government would provide wage subsidy equivalent to 1/3, 1/2 or 2/3 of the salary normally paid for the position, depending on the degree of reduced work ability or disability of the relevant employee.

- **Resource support**: To establish and fund the Copenhagen Centre for evaluation, research and dissemination of good practices.

- **Recognition**: To sponsor the granting of the Danish Network of Business Leaders Awards annually.
• **Demonstrating the government as a practitioner:** To demonstrate the government as a practitioner, all public institutions are required to hire a certain proportion of employees on subsidized wage schemes.

(iii) To get the prominent business leaders on board, the government “persuaded” the few large Danish enterprises to set up in 1996 the National Network of Business Leaders, an advisory board for the Minister of Social Affairs (later for the Minister of Employment subsequent to government re-structuring) in matters related to CSR.

(d) **Impact of Campaign for Tripartite Partnership for Social Inclusion**

(i) Two surveys conducted by the Danish National Institute of Social Research in 1996 and 1998 shows that an attitudinal change has taken place. More than 70% of the respondents think that enterprises should take on responsibility in areas that were traditionally the responsibility of the welfare state (Holt 2000).

(ii) By 2000, unemployment rate in Denmark has fallen below 5%. It is difficult to quantify how much this has been a result of the government’s campaign for tripartite partnership for social inclusion and how much this has been achieved through economic recovery during the later part of the 1990s. It is perhaps the combined result of both, as commented by an officer of the Ministry of Social Affairs of the Danish government.

(iii) For Denmark’s private enterprises, voluntary participation in tripartite partnership for social inclusion has enabled them to retain their freedom of hiring and firing of employees, which is part and parcel of their freedom to operate.

(e) **Effectiveness of Government Strategy & Policy:**

(i) The Danish government has played the role of practitioner and facilitator in the tripartite partnership for social inclusion.

(ii) While the concept of voluntarism has been of primary importance in the Danish government campaign for social inclusion, there is always a subtle threat that unless enterprises change their behaviour, the government might resort to other means. Quotas have been mentioned as one possibility. Another thought vented is that private enterprises selling to the public sector would be subject to social requirements. This “soft intervention” approach has proven to be working in Denmark.
(iii) There is a major demerit in the Danish government top-down approach in its campaign for tripartite partnership social inclusion. The business sector has not contributed to innovative ways for developing the partnership. The National Network of Business Leaders has been established just to endorse government policies and measures. The trade unions have been involved principally in endorsing the Social Chapters to be included in the collective agreements.

(4) The United Kingdom

(a) Political, Social and Economic Background

(i) Economic recession in the 1980s: The United Kingdom’s welfare state system developed since the end of World War II was under serious challenge in the 1980s when the country encountered serious economic problems, which led to high level of unemployment. Unemployment rate skyrocketed to 13%.

(ii) Changing role of government: The Conservative government followed the supply side economic policies and implemented tax cut, deregulation and privatization to pull the country out of economic recession. This course has continued under the current social democratic Labour government. Some of these measures spilled over to the welfare sector. The tax cut did not help the people most in need of public assistance. Unemployment, inflation, poverty and cutback in welfare led to urban riots in the early part of the 1980s.

(iii) Development of CSR: In the 1980s, the concept of business community partnership was revived against a backdrop of high levels of unemployment and urban rioting. In 1982, a group of prominent business leaders set up “Business in the Community” (BiTC) with the objective to inspire, challenge, engage and support business in continually improving its positive impact on society.

(iv) Mature Third Sector: Since the “third way” policy framework of Thatcher and Major’s governments in the 1980s, NPOs have become the chief agent of the government for delivery of public services. The role of the Third Sector in the U.K. has been enhanced since the election of the Labour government in 1997. The current Labour government does not simply see the Third Sector as a contractor, but as a potential partner that can help it achieve its objectives of greater social cohesion and improve public services.
(b) *Tripartite Partnership for Neighbourhood Regeneration*

(i) The Labour government has since 1988 adopted a strategy to involve all relevant stakeholders in the communities for regenerating the most deprived districts of the country. The New Deal for Communities (NDC) was launched in 1998 with the aim to bridge the gap between the most deprived neighbourhoods and the rest of the country by providing additional resources and involving stakeholders in each of the neighbourhoods. In 1998 and 1999, a total of 39 NDC communities were announced.

(ii) The government strategy for neighbourhood renewal was enhanced by the launch of New Commitment to Neighbourhood Renewal in January 2001, aiming to reduce crime and unemployment, and improve the standards of health, education, housing and the environment in the 88 most deprived districts of the country. Local authorities are required to bring together all the key public agencies in the district, together with local communities and community stakeholders in the form of Local Strategic Partnerships (LSPs) for better coordination of the services.

(c) *Driving Force: The Government*

(i) The driving force for neighbourhood renewal is the government, which has implemented policies and measures on a variety of levels and allocated resources:

- **Creating legislative framework:** The Local Government Act of 2000 which requires all local authorities to prepare community planning strategies in consultation with and with the participation of all stakeholders in the local community to promote or improve local economic, social and environmental well-being.


- **Financial instruments:** The New Deal for Communities Fund and the Neighbourhood Renewal Fund for neighbourhood renewal partnerships, and the Community Empowerment Fund for capacity development of community agencies.

- **Capacity building for local community:** Neighbourhood Management pilot schemes to help residents to develop capacity.
• Creation of necessary structures within the national government: In order to deliver joint-up solutions, the Neighbourhood Renewal Unit was established in 2001 to oversee the implementation of the National Strategy Action Plan on Neighbourhood Renewal. It reports to the Minister for Local Government and the Regions and is accountable to a cross-departmental group of ministers and chaired by the Deputy Prime Minister.

• Facilitation of business community partnership by business brokers: The government funded Business Brokers, connected to the LSPs, serve as a link between the local community and the enterprises.

(ii) The national government has recognized the importance of appealing to the CSR spirit of the business sector in order to successfully engage the for-profit enterprises in partnerships for its neighbourhood renewal strategy. Government initiatives to further promote CSR include:

• Advocating: The Prince of Wales has participated by acting as sponsor of the BiTC.

• Providing recognition for best corporate practices: The Department of Trade and Industry has been sponsoring the BiTC’s annual granting of Awards for Excellence.

• Demonstrating the government as practitioner of CSR: In 2000, the U.K. government appointed the first CSR Minister. There is also a general understanding that government departments would incorporate socially responsible investment (SRI) requirements in the accreditation of suppliers of goods and services.

• Providing tax incentive: In addition to enhancing tax relief for various forms of charitable donations and gifts, the Community Investment Tax Relief (CITR) is made available to corporate loans in cash to, and securities or share capital in accredited Community Development Finance Institutions, which provide funding to social or community enterprises that are unable to access mainstream source of finance.

(iii) The national government has taken also initiatives to enable the NPOs to take up a greater role as social partner:

• Infrastructure building: The £125 million futurebuilders for investing in physical and intangible assets of the NPO sector.

• Capacity building: Additional £80 million for building capacity, meaning knowledge, skills and expertise of the NPO sector.
• Governance and accountability: The Charity Commission of the U.K. government providing help and support for the charity sector to address the issues of governance and accountability.

(d) Impact of the Neighbourhood Renewal Strategy:

(i) The neighbourhood renewal strategy is transforming many of the poorest neighbourhoods of the country. The 8 Core Cities in the most deprived districts, namely, Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield, have shown the following differences:

• New types of businesses and industries such as technology led, cultural and creative industries, have been driving economic growth.

• The number of working people in the Core Cities has increased 11% between 1995 and 2002.

• The outward flow of population from the Core Cities has been reversed.

• In Liverpool and Birmingham, the percentage of students gaining more than 5 GCSEs at grades A*-C increased by 15 % and 14.2 % respectively.

• From 1996 to 2000, the number of households in receipts of Income Support or Income Based Job Seekers Allowance fell by 18%.

• With the exception of Manchester, the Core Cities have experienced marked reduction in the incidence of reported crimes.

• The Core Cities have also succeeded in attracting prestigious global events: the Commonwealth Games in 2002, the EU Justice and Home Affairs Council meeting in 2005, and the European Capital of Culture in 2008.

(ii) The revival of the Core Cities has been, of course, helped by the macro-economic stability of the period. Yet, it cannot be denied that government strategy for neighbourhood renewal and the related policies and measures have been crucial to their success.
(iii) To the business sector, the LSPs have offered business opportunities in areas of investment, construction, finance and retailing as well as opportunities in new types of businesses and industries such as technology led, cultural and creative industries in the regenerated neighbourhoods.

(c) Effectiveness of Government Strategy for Neighbourhood Renewal:

(i) The national government of the U.K. has played the role of both practitioner and facilitator in the tripartite partnership for neighbourhood renewal.

(ii) Crucial to the success of the neighbourhood renewal strategy is the comprehensive approach in the implementation of the partnership strategy, which has been substantiated by appropriate legislation, policies, financial and other resources, and appropriate administrative structure within the national government.

(iii) While neighbourhood regeneration has offered business opportunities for the business sector, it is also important that the participating enterprises align business goals with those of the communities in order for the LSPs to effectively work. Hence, in tandem to implementing the neighbourhood renewal strategy, the U.K. government has advocated and further promoted CSR.

(iv) The LSPs would not have worked without the participation of the remaining social partner – NPOs and the various community groups. The U.K. has provided resources to the local communities and the NPO sector for infrastructure and capacity building.

(5) Australia

(a) Political, Social and Economic Background

(i) Budgetary challenges to the welfare state: When the Liberal Party of Australia returned to power in 1996, the welfare state of Australia was already under significant budgetary challenges. Direct welfare and social security expenditure had risen steadily from 6.9% of budgetary outlays in 1970-71 to 35% in the late 1990s. Understandably, the government was asking whether it should continue with the same public policy prescriptions, assuming traditional roles and boundaries, or whether new models should be developed.
(ii) **Diffusion of CSR to Australia:** The global trend of demanding business to take up more social responsibility has diffused into Australia through multinational enterprises operating in Australia and Australian companies operating abroad.

(iii) **Revival of the NPO sector:** Since the 1970s and 1980s, substantial increase in government funding has fermented the emergence of more localized social service organizations and revitalized the NPO sector.

(iv) **Emergence of the civil society:** The rapid flow of information has facilitated the people’s ability to voice their concerns, and the growing distrust in the Australian business built up by various business scandals locally and internationally has stimulated a growing strength of people’s “voice” in setting standards for business behaviour.

(b) **Government Campaign for Community Business Partnership**

(i) The Australia government embarked the campaign for cross-sectoral cooperation in 1998. In February, Prime Minister John Howard convened the Corporate Philanthropy Roundtable at which a group of leaders from the community, academic and corporate sectors explored ways to promote and develop a culture of corporate and individual social responsibility. The Roundtable was later renamed as the Prime Minister’s Community Business Partnership (PMCBP) in November 1999. The Prime Minister is the Chair of the PMCBP and the Minister for Family and Community Services is the Deputy Chair. The PMCBP is supported by a secretariat in the Department of Family and Community Services.

(ii) The goals of the PMCBP include “identifying and addressing incentives and impediments to philanthropy and the creation of community business partnerships, and supporting community and business organizations to develop partnerships.”

(c) **Driving Force: The Government**

(i) The driving force behind the PMCBP is of course the Australian government, impersonated by Prime Minister John Howard. In achieving the objective of the PMCBP, the following measures have been implemented:

- **Advocating:** Articulation and promulgation of the business case and the mutual benefits for community business partnership.
• **Facilitation:** Dissemination of information through publications, website and program of workshops, seminars and conferences, research reports, building alliances and networking with relevant Australian and international organizations; and creation of a National Community Business Partnership Brokerage Service.

• **Recognition:** Granting of the Prime Minister’s Awards for Excellence in Community Business Partnerships annually.

• **Tax measures:** Measures have been taken since 2002 to promote corporate philanthropy.

(ii) Other than isolated cases, the involvement of the Third Sector in the PMCBP is not visible.

(iii) The Australian Chamber of Commerce and Industry is a symbolic sponsor of the PMCBP and partner to the National Community Business Brokerage Service, but it does not have a unit or taskforce to provide leadership in the development of community business partnerships.

(d) **Impact of the PMCBP**

(i) Large Australian corporations are increasingly more aware of the strategic value of involvement in the community. A recent survey has identified that most large Australian corporations (w) have written statements on their corporate community involvement (CCI) policies; (x) have their CCI objectives integrated into their overall corporate business plan; (y) formally measure the effectiveness of their CCI activities; and (z) communicate their CCI policies to the general public.

(ii) The impact of the PMCBP, is however, limited to the increased recognition of the need for community business partnerships and in practice, CCI activities are still mostly in the forms of corporate philanthropy, employee volunteering and workplace giving.

(e) **Effectiveness of Government Strategy & Policies**

(i) The Australia government has played the role of facilitator only in its efforts to promote community business partnership. None of the social partners - the business sector, NPOs, community groups and the civil society at large - is sufficiently organized to provide leadership in the development of community business partnerships and so the impact is confined to increased awareness.
(ii) The goals of the PMCBP are too general. The Australian government has not set specific focuses under the general concept of community business partnership.

(iii) The messages of the PMCBP are sometimes confusing. It is not certain whether the Australian government is appealing for more corporate philanthropy or for more community business partnerships.

(iv) The PMCBP remains pretty much a campaign and is not substantiated with proper government structure and resources. The lack of focus, appropriate administrative structure and resources are the main reasons for the limited impact of the PMCBP on society.

(6) Singapore

(a) Political and Social Background

(i) Root of Tripartism in industrial relationship: The National Trades Union Congress (NTUC) of Singapore, set up in 1961, has always been supporting the government of the People’s Action Party (PAP) before and after the independence of the country. The NTUC, the employers’ federation and the government signed a Charter for Industrial Progress and a Productivity Code of Practice in 1965. Tripartism has since then been a fundamental principle in the Singapore labour market.

(ii) Emergence of civil society: In the mid-1980s, as a result of higher education and the maturing of society, a new breed of NPOs started to emerge. These were formed by people who wanted to be involved in policy formulation and issues that would affect their lives. Parallel to this, the government has also initiated the formation of community self-help groups along ethnic lines and professional associations.

(iii) Growth of voluntary welfare organizations: The government has also initiated the formation of voluntary welfare organizations (VWOs), which are contractors of the government for delivery of social services.

(b) Tripartite Partnership Initiatives for Social Cohesion: The Singapore government has taken a series of initiatives to foster community partnership beyond the area of industrial relationship since the late 1990s. The principal objective is to enhance social cohesion within local communities.
(i) **Community Development Councils (CDCs):** Set up in 1997, the CDCs aim at strengthening bonding and enhancing social cohesion within the local communities. Together with the for-profit enterprises, CDCs have helped to mobilize grassroots resources in providing social assistance to the local communities.

(ii) **CDC Corporate Partnership Programme (matching grant programme):** A NPO partnering with the local CDC and a corporate sponsor to organize an event can apply for CDC grant up to S$3 for every S$1 sponsored by the corporate partner.

(iii) **National Volunteer & Philanthropy Centre (NVPC):** Established to promote and encourage corporate philanthropy and employee volunteering.

(iv) **Social Enterprise Fund:** Set up to support the start-up or scale-up costs of social enterprises. (A social enterprise is a sustainable business with a social mission, combining the entrepreneurial and business skills typical of the business sector with the philanthropic or social mission characteristics of the Third Sector. The surplus of the business operations of a social enterprise is used to serve a social goal.) The applicant must have lined up a NPO and a corporate sponsor for provision of franchise, management skills, training and/or training.

(c) **Tripartite Partnership for Enhancing Corporate Competitiveness:** Since the late 1990s, Singapore has been undergoing rapid economic restructuring to better position itself to sustain its competitiveness going ahead. The government has taken initiatives in various areas to enhance the competitiveness of Singapore enterprises in the international market.

(i) **Wage restructuring:** In 2003, the Singapore government set up the Tripartite Task Force on Wage Restructuring to drive the wage restructuring process. The Taskforce, comprising key representatives from the Singapore National Employers Federation (SNEF), the National Trades Union Congress (NTUC), and the Singapore government, was entrusted to formulate appropriate measures to help enterprises put in place a flexible and competitive wage system.

(ii) **Good employment code of conduct:** The National Tripartite Advisory Panel (NTAP), with representatives from various government departments, employers’ federations and trade unions, and headed by the Permanent Secretary for the Ministry of Manpower, is a platform to facilitate development of good employment code of conduct in Singapore. In August 2004, the NTAP issued a set of Guidelines on Family Friendly Workplace Practices to promote responsible work
practices by both employers and employees in order to enhance business performance.

(iii) **CSR**: In response to the increasing integration of the world’s economy and the global trend of socially responsible investment, the Singapore National Tripartite Initiative on Corporate Social Responsibility was officially launched in May 2004 as a concerted effort among the three social partners to promote the importance of CSR in the local business community. Its steering committee, comprising representatives of the trade unions, employers’ federations, various government departments and NPOs, is co-chaired by Claire Chiang (Executive Director of Banyan Tree) and Thomas Thomas (General Secretary of Singapore Shell Employees’ Union).

(d) **Driving Force: The Trade Union and the Government**

(i) Tripartite partnership in Singapore has been driven by the trade unions and the government. The NTUC has driven the various tripartite efforts, like wage re-structuring for business competitiveness, good employment code of conducts and promotion of CSR. The initiatives taken by the NTUC have of course been endorsed and facilitated by the Singapore government through the Ministry of Manpower, which has brought the employers’ federations and business leaders into the various tripartite partnerships.

(ii) In promoting social cohesion, the driving force is the government, through the Ministry of Community, Youth and Sports, which has brought together the resources and competencies of grassroots organizations, VWOs, NPOs and the business sector through the establishment of CDCs, CDC Corporate Partnership Programme and Social Enterprise Fund.

(iii) The Singapore government has also helped build the capacity of the VWOs and NPOs to enable them to play the role of social partner through the National Council of Social Service, the National Volunteer & Philanthropy Centre, the Ministry of Finance and the Council on Governance of Institutions of Public Characters.

(e) **Impact of Various Tripartite Efforts**

(i) Tripartite partnership approach in managing industrial relationship has brought about industrial harmony. The number of workers’ strikes had decreased from almost 300 in a year in the mid-1950s to less than 10 in the 1990s. The man-day lost due to strikes had decreased from over 900,000 a year in the mid-1950s to less than 10,000 in the 1990s. In
2003, only 0.05% of industrial disputes was settled through arbitration at the industrial arbitration courts. The rest was settled by negotiation.

(ii) The flexible wage model recommended by the Tripartite Task Force on Wage Restructuring enables enterprises to make quick adjustments to wage cost in adverse business climate, and gives employees better rewards in good times and enhances older workers’ cost-competitiveness and employability.

(iii) An island of majority ethnic Chinese and minority Malays and Indians, sandwiched between two Muslim countries - Malaysia & Indonesia, Singapore is always a little nervous of racial or religious conflicts raging in the region. In spite of the racial riots in the region in the late 1990s, racial conflicts have not flared up in Singapore. This is perhaps a result of the tripartite effort for social cohesion.

(iv) It is harder to assess whether the tripartite efforts in promoting the flexible wage model, good employment code of conducts and CSR have enhanced the competitiveness of Singapore enterprises in the international market. It is perhaps easier to look at these efforts from the perspective that they are something that must be done in order that Singapore enterprises would not be barred from international businesses because of not practising these.

(f) **Effectiveness of Government Policies & Measures**

(i) In the tripartite partnerships for harmonious industrial relationship and enhancing corporate competitiveness, the government has played the role of facilitator only. Industrial relationship, flexible wage model and CSR are matters of common concern of employees and employers and it is appropriate for the government just to develop a platform for consultation and cooperation between the trade unions and employers’ federations, both being well organized sectors, capable of providing leadership.

(ii) In the tripartite efforts for social cohesion, the government has again played the role of facilitator. In the absence of clear leadership in the private sector (for-profit and nonprofit) for social cohesion in the Singapore context, the Singapore government has to drive the issue with legislation (for establishment of CDCs), financial resources and setting up of umbrella and intermediary organizations.
(7) Japan

(a) Political, Social and Economic Background

(i) Changing role of government in service provision: The Japanese national government has been undergoing a changing role in provision of public services since the latter part of the 1980s. Again, decentralization and privatization have been the main lines of reform action. In 1986, responsibility for administration of welfare policy was transferred from the national government to local governments at prefecture and municipal levels. Privatization of welfare services to the private sector with an emphasis on self-help and market orientation began in the 1990s.

(ii) Disintegration of traditional communities: Meanwhile, migrations from the rural regions to the cities during the era of high economic growth has led to disintegration of traditional communities in the provinces based on family ties and cultural history. In tandem, the Japanese people’s strong sense of belonging to their workplace communities is also breaking down since the burst of the bubble economy in the 1990s and Japanese enterprises are questioning the system of life-long employment.

(iii) Issues arising from economic changes: Migrations from the rural regions to the cities during the era of high economic growth in the 1980s has led to decline of rural communities, now populated mainly by elderly residents. The prolonged economic downturn has led to unprecedented job insecurity and unemployment, which have in turn led to social problems like increased suicide, homelessness, crime, domestic violence and child abuse.

(iv) Emergence of the civil society: In 1995, at the time of the Hanshin earthquake, which devastated Osaka and Kobe, some 1.2 million volunteers converged the scene of disaster in the three weeks of rescue and relief efforts. Taking advantage of this “volunteer revolution”, people increasingly expressed their support for the continuous growth of non-profit civil organizations. After the introduction of the “Law to Promote Specified Non-Profit Activities “ (NPO Law) in March 1998, the number of incorporated specified NPOs is rapidly increasing.
(b) **CSR Contributing to Development of Business Community Partnership**

(i) CSR in Japan has developed in the business sector in response to swelling anti-business sentiment in society since the 1960s. At the turn of the century, CSR in Japan is practised in response to the expectation of the international investment community. Western research agencies started conducting socially responsible investment (SRI) surveys on Japanese companies and publishing SRI index. Since the surveys influenced corporate valuations in the international capital markets, Japanese companies grudgingly compiled.

(ii) Since the last decade, Japanese CSR has evolved from pure corporate philanthropy into the practice of business community partnership, which takes the forms of funding support to NPOs through corporate foundations or direct donations, giving in kinds (such as computer equipment and software), provision of know-how, skilled employees and training for NPOs, provision of venues for NPOs and volunteer activities, and encouraging employee volunteering.

(c) **Driving Force for Business Community Partnership – Business Federation**

(i) The principal driving force behind Japanese CSR and business community partnership is the business federation - Keidanren (Japanese Federation of Economic Organizations).

(ii) In response to growing public pressure on requiring government legislation to regulate CSR, Keidanren finally released an opinion paper in February 2004 clearly opposing standardization or legislation for CSR. It has instead proposed that: (x) Keidanren will actively engage in promoting CSR; (y) CSR should be promoted voluntarily by the private sector, and not by the government; and (z) CSR guidelines will be derived from the revision of Keidanren’s Charter for Good Corporate Behaviour and implementation manual. The business sector understands clearly that it has to self-regulate if it wants to ward off government legislation.

(d) **Role of the Japanese Government**

(i) The Japanese government has not even played the role of advocating, facilitating and providing recognition for CSR or business community partnership. Instead, the Japanese government has left the business sector to self-regulate through its business federation.
(ii) The role of Japanese government in fostering the development of business community partnership is more visible in its policies & measures to facilitate the growth of NPOs by the enactment of the NPO Law in 1998 and the Law Amending in Part the Special Tax Measures Law in 2001, which makes NPOs eligible for tax-deductible donations.

(iii) The delegation of approval authority for NPOs to prefecture governments under the NPO Law has also prompted prefecture governments to establish local NPO support centers to provide management skills, infrastructure and facilities to grassroots NPOs.

(e) Impact of Business Community Partnership

(i) In contrast to the conventional, unilateral philanthropic activities, the concept of business community partnership has developed innovative ways for enterprises to make contribution to the community with existing resources (expertise, skills and people).

(ii) It is hard to assess whether and how much business community partnerships have helped to calm down anti-business sentiment in society. We can only judge from the fact that large-scale urban riots or boycotts against the big corporations have not happened.

(iii) It is even harder to assess whether the practice of CSR has helped enhance the corporate valuations of big Japanese corporations in the international capital markets. Perhaps the big Japanese corporations may not be able to sustain their position in the international capital market if they don’t practise it.

(f) Effectiveness of Government Strategy

(i) Japanese CSR, which has contributed to the development of different forms of business community partnership in Japan, has developed through self-regulation promoted by business federations with minimal government intervention. This model of business community partnership is working in a unique political context and business environment in Japan. This government strategy has the merit of maintaining the operational and behavioural autonomy of enterprises, which is the foundation of the market economy.
(ii) However, despite the long history of CSR in Japan’s business sector, most of the practices of CSR, like establishment of corporate foundations for charitable and educational purposes, protection of consumer right and application of environmental friendly processes and materials in business operations, have not translated into business community partnerships. The Japanese model demonstrates that the practice of CSR by enterprises without government strategy to advocate and facilitate business involvement in the community has contributed only randomly and to a limited extent to the development of tripartite partnership.

(8) Conclusion

(a) Key Observations:

(i) Global trend: Since the 1990s, there is a general recognition globally that the three sectors of society, the government, business sector and Third Sector, should combine their resources and competences to be able to effectively respond to today’s socio-economic problems where traditional single sector approaches are proving inadequate.

(ii) Focus on the most imminent issues: While partnerships are being employed by supranational organizations for very broad agendas such as economic globalization, environmental protection and conservation, and sustainable development, governments would focus on the most imminent issues of society when deploying tripartite partnerships and/or business community partnerships. For examples: The Danish government has focused on social inclusion, the U.K. government has focused on regeneration of the deprived neighbourhoods, and the Singapore government has focused on harmonious industrial relationship, social cohesion and corporate competitiveness. The lack of focus on specific economic-socio issues in the Australian government’s campaign for PMCBP has created only limited impact on society.

(iii) Strategy - government as practitioner and/or facilitator: The governments of the four countries studied have played the role of both practitioner and facilitator or the role of facilitator only, depending on the circumstances:

- For increased awareness of the concept of business community partnership in general, as in the case of the Australian PMCBP, the government has played the role of facilitator only.
• For issues that are of specific benefits or interest of the social partners, when one or more of the social partners are organized enough, government’s role as facilitator has worked out well. This can be exemplified in the Singapore government’s role in the tripartite partnership for harmonious industrial relationship and corporate competitiveness. Industrial relationship and corporate competitiveness are common concerns of the owners and employees of the enterprises and both are very organized sectors capable of providing leadership. So, the government has just developed platforms to facilitate the development of partnerships between the two social partners.

• When government targets at resolving specific economic-socio issues, it has to play the role of both practitioner and facilitator in order to create significant impact on society. This can be exemplified by the role of the Danish government in the new social partnership for social inclusion, that of the U.K. government in the tripartite partnership for neighbourhood regeneration, and that of the Singapore government in the tripartite partnership for social cohesion.

(iv) **Policy instruments for government as facilitator only:**

• Advocating: Launching information campaigns and appeals to the moral consciousness of the business sector. For examples: the “Our Common Concern” campaign of the Danish government, and the PMCBP campaign of the Australian government.

• Facilitating: Dissemination of information through publications, websites, conferences, seminars and workshops; and setting up of research institutes for promotion of good corporate practices, like the Copenhagen Centre in Denmark; setting up and funding of intermediary agencies to match partnerships, like the National Community Business Partnership Brokerage Service in Australia.

• Providing recognition for good corporate practices: Granting or sponsoring awards for good corporate practices, like the Danish government’s sponsoring of the granting of Danish Network of Business Leaders Awards, the U.K. Department of Trade and Industry’s sponsoring of the BiTC’s granting of Awards for Excellence, the Australian Prime Minister’s granting of the Awards for Excellence in Community Business Partnership.
• Resource support: Allocation of financial resources to fund promotion campaigns and research, like the Copenhagen Centre in Denmark.

• Demonstrating the government as a practitioner: In the U.K., the various government departments have incorporated socially responsible investment criteria in their accreditation of suppliers of goods and services; the Danish government has made it a policy for all public institutions to employ a certain percentage of their employees under the subsidized wage schemes.

• Enhancing tax relief for charitable donations and gifts: Business community partnership is over and above corporate philanthropy. However, business community partnerships very often involve enterprises providing financial resources. Of the five countries studied, the governments of four, namely the U.K., Australia, Singapore and Japan, have implemented tax measures to enhance the tax relief for charitable donations and gifts.

• Supporting infrastructure and capacity building of the Third Sector: In order to enable the NPOs and community groups to play their role as social partner, the governments of the U.K. and Singapore have taken initiatives and allocated financial resources to help build infrastructure and capacity of the NPOs and community groups, and to support their efforts to improve internal governance, management, and accountability.

(v) Additional policy instruments for government as practitioner and facilitator

• Appropriate structure within the government: For issues of a narrow scope, the relevant government department alone can drive the tripartite partnership. For examples: the Ministry of Social Affairs alone is capable of driving the new social partnership for social inclusion in Denmark; and the Ministry of Manpower alone is capable of driving tripartite partnership for harmonious industrial relationship. However, for issues of a broader scope that may involve the functions of different government departments, a special unit or agency is needed to deliver joint-up solutions. For example: neighbourhood regeneration in the U.K. involves various government functions such as social welfare, health, education, housing, labour, trade and industry, and security etc., and so a special unit, the Neighbourhood Renewal Unit, has been established within the national government in the U.K. to initiate and coordinate policies between departments.
• Economic motivation and/or financial instruments: Allocation of financial resources for special partnership programmes. For examples: the Danish government’s subsidized wage scheme; the U.K.’s New Deal for Communities Fund and Neighbourhood Renewal Fund; and the Singapore government’s CDC Corporate Partnership Matching Grant and Social Enterprise Fund.

(vi) **Relationship between CSR and business community partnership**: CSR and business community partnership are inseparable agendas. Tripartite partnership or business community partnership requires the participation of the business sector in social agendas that are previously perceived as the responsibility of the government. The governments of Denmark and the U.K. are promoting CSR in parallel to their efforts to promote and develop tripartite partnerships. In practising CSR, many enterprises engage themselves in partnership with the other social actors in order to make contribution to economic, social and environment progress in the community in which they operate. However, the practice of CSR by enterprises without government strategy to advocate and facilitate business involvement in the community has contributed only randomly and to a limited extent to the development of tripartite partnership. The obvious example is the development in Japan.

(b) **Considerations for Policy Recommendations**: In light of the above research results, we recommend that CPU take into considerations outlined below in its policy recommendations to the Hong Kong SAR Government:

(i) **What is the government’s goal to foster tripartite partnership?** Is the government aiming at just raising general awareness of the need for combining resources for common societal aims? Or is the government targeting at resolving specific socio-economic issues?

(ii) **Deciding on strategy – facilitator only or practitioner and facilitator?**

- If the goal is just to raise the general awareness of tripartite partnership, the government should play the role of facilitator only.

- If the goal is to resolve specific economic-socio issues and one or more of the relevant social partners are organized sectors capable of taking leadership in the contemplated partnerships, the government should also play the role of facilitator only.
• However, if the government targets to resolve specific economic-social issues that involve multi-stakeholders but none of them is organized enough to take leadership in the contemplated partnerships, the government should then consider taking up the role of both practitioner and facilitator.

(iii) Choosing appropriate policy instruments:

• If the government decides on the strategy of playing the role of facilitator only, policy instruments such as advocating, facilitating, providing recognition of good corporate practices, resource support, and demonstrating the government as a practitioner should be considered.

• If the government decides on the strategy of playing the role of both practitioner and facilitator, additional measures such as setting up of appropriate structure within the government and use of appropriate financial instruments should also be considered.

• If the contemplated partnerships involve participating enterprises to make contributions in cash or in kinds, measures to enhance tax relief for charitable donations and gifts should also be considered.

• The adequacy of the infrastructure, capacity, internal governance, management and accountability of the relevant Third Sector organizations should be taken into consideration and appropriate government support to these organizations should be considered.

(iv) Strategy to promote CSR: Tripartite or business community partnerships cannot be developed without the business sector’s awareness of its responsibility to the community. The government should develop a strategy to promote CSR and facilitate business involvement in the community.

- End of Executive Summary -
Chapter One: Definition and Overview of International Trend

(1) Definition

(a) Social science has traditionally treated the three sectors of society, namely the state (government), the market (business) and civil society (including nonprofit voluntary organizations or NPOs, voluntary welfare organizations or VWOs, and non-government organizations or NGOs; also referred to as Third Sector), as distinctly different social orders, each governed by its specific logic or rationale. Hence, the rationality of state actions is one of hierarchy and exercised through the medium of power and legality. The market actors are guided by preferences for profit maximization, freedom of choice and indifference to the other actors. Civil society actors are guided by passion and compassion. The idea of social partnership is to bring together people and organizations from different social orders in a common effort to solve specific problems.

(b) For most European countries, there is a long tradition of institutionalized formal consultation and negotiation-based relationship between the government and the two “social partners” – the representative bodies of the employers and those of the workers, i.e. business associations and trade unions. The traditional European tripartite partnership in managing labour market issues has since the early 1990s evolved into a framework with a much wider social scope. New social partnerships in most parts of Europe address a wide range of social issues, including social cohesion in general, job creation, unemployment, disability, ethnic diversity, education, health, community development and regeneration, environmental protection and sustainable development.

(c) In a micro sense, new social partnership or tripartite partnership means a project, programme or task force organized with people, organizations, skills and financial resources from all the three social orders to address specific social issues.

(d) There is a broader definition of new social partnership. The Copenhagen Centre of Denmark defines new social partnership as: “People and organizations from some combination of public, business and civil constituencies who engage in voluntary, mutually beneficial, innovative relationships to address common societal aims through combining their resources and competencies.” (Nelson and Zadek 2003)

(e) New social partnership or tripartite partnership under its broader definition does not necessarily involve all the three social orders in every specific project or programme. It implies a recognition that the three social orders
each seeing the needs and benefits to work with the other(s) in contributing to some common societal aims.

(2) Business Community Investment in North America

(a) Business community investment has a long history in the United States of America. The USA is a country founded on individual self-reliance and local control since the days of the early settlers and so the government, particularly at national level, is generally not looked to for high levels of support for families and communities. Since expectations for government involvement are low, American enterprises have often found themselves in the position of providing services and support to employees, families and communities, a position more appropriately reserved for government in other parts of the world. During the early stages of the Industrial Revolution at the end of the 19th century, and once again in the 1980s, enterprises stepped up their services and support for employees and their families in what have been termed “welfare capitalism”. A whole range of services including childcare centers, assistance with ageing parents, and company-owned schools and stores, constituted a growing corporate response to employee needs in the absence of any part of society filling that need.

The positive side of minimal government is that enterprises are assuming leadership in critical areas such as community development, education and childcare. This aspect of corporate citizenship engages American enterprises more closely with overall social goals and serves to tie enterprises and social goals within a partnership model. To cite several examples:

- There are several hundred thousand partnerships between enterprises and schools that range from an adopt-a-school programme, mentoring and tutoring, wiring schools for the digital age, to mathematics and science teacher enhancement programmes.

- American enterprises have also taken the lead in creating social and economic gains in the inner cities of the USA through community and economic development projects.

- American enterprises have also been involved in the area of childcare and dependant care, sometimes in a collective way. The American Business Collaborative for Quality Dependant Care created a fund of more than US$100 million to address the needs of a community infrastructure to tackle the dependant care issues across the country.
(b) In Canada, since the past decade of “turmoil” with accumulated government deficit and public debts, the business sector has been driven to take a more significant role in support of community initiatives. One of the most striking results is the “Imagine” project founded by a group of prominent business leaders in 1988. It has appealed to member enterprises to commit to contributing up to 1% of their pre-tax profits to charity and encouraging employee giving and volunteering. It has mobilized hundreds of companies in its “Caring Companies” campaign, and worked on more than 1,000 community partner projects.

Imagine has been re-positioned in September 2004 to strengthen commitment to the environment and the community. In addition to the old commitments, the Imagine Corporate Citizenship Commitment requires member enterprises to:

- Follow ethical and environmentally responsible business practices; and
- Maintain at least one community investment project and leverage a range of skills such as employee volunteers to make a difference in the community.

(3) Emergence of New Social Partnership in Europe in the 1990s

(a) It is in Europe, most countries of which have a welfare state history in particular, that governments have taken initiatives in recent years to foster the development of business community partnership. In welfare states, it is illegitimate for the governments to call for the social partners’ participation in social welfare provision because it is seen as the sole responsibility of the state. Since the past decade, the trend has been reversed. Since the 1990s, there have been many attempts to reorganize the public social policies. Decentralization, privatization and separation of funding and service provision have been the main lines of the reforming actions. Governments are now encouraging NPOs and other civil society organizations to participate in solving social problems, based on the assumption that civil society actors possess knowledge and experience closer to the community, and therefore in some instances are in better position to provide direct social assistance. (Kjaer 2003)
(b) Decentralization and privatization were implemented in the midst of widespread economic recession in Europe. Economic recession, high unemployment rate and aging population presented budgetary challenges to the welfare state in the 1980s and 1990s. European governments have recognized the need to appeal to the business sector to take up more social responsibility. In March 2000, the European Council took a significant step. It made a special appeal on corporate social responsibility, encouraging enterprises to assume their role in combating social imbalance, investing in people, and sharing practices that would make Europe work. In October of the same year, the Ministries of Social Affairs (or Ministries of Health, Welfare and Sports) of four European countries - Denmark, Ireland, the United Kingdom and the Netherlands – issued a joint declaration under the title “Governments as Partners - Fostering Public-Private Partnerships for an Inclusive Europe”. As cited by Munz, Stadler-Vida & Strumpel and Kinds (2001), these four European governments speak of “recognizing the need for European governments to develop enabling framework for effective public-private partnerships to emerge, develop and grow.” This is translated into the policy and practice of “soft government intervention” to foster public-private partnership and business community partnership.

(c) Denmark is among the earliest European countries whose governments took initiatives to foster the development of tripartite or new social partnership. In Denmark, tripartite partnership has focused on prevention of social exclusion in the workplace and integration of the marginalized sectors of society to the labour market. It was kicked off by a campaign launched by the Ministry of Social Affairs in 1994 – “Our common concern – the social responsibility of companies”, targeted at making the business sector realize that social responsibility was a common concern among all relevant stakeholders.

(d) In the United Kingdom, business community partnership has been started voluntarily by a group of prominent business leaders bottom up and has subsequently been encouraged by the Conservative government. It has received renewed attention under the current social democratic Labour government, which has deployed tripartite partnership approach to regenerate the most deprived areas of the country. The National Strategy Action Plan with New Commitment to Neighbourhood Renewal of 2001 sets out clear targets for improvement in housing, crime, health, employment, education and environment in the designated most deprived areas of the country. Local governments are required to set up Local Strategic Partnerships (LSPs) for better coordination of services related to neighbourhood regeneration.
(e) In the Netherlands, the government has since the 1990s taken a strong interest in the development of partnerships in social policy area. The initiator of this development is the Directorate for Social Policy for the Ministry of Health, Welfare and Sport, which has since the 1990s supported a number of experiments that stimulate social entrepreneurship. This concept describes the improvement of quality of operations in the social sector through the introduction of corporate management principles and cooperation with people from the business sector. Since then, the for-profit and nonprofit sectors have set up intermediary organizations for the support of new partnerships.

(f) In Ireland, partnerships have evolved as a response to the issues of unemployment, poverty and social exclusion, which have been high on the political agenda for many years. In 1992, the Irish government embarked on an experiment to mitigate the unemployment problem and encourage economic recovery. 38 Area-Based Partnerships in urban and rural communities have been established by the Irish government with the support of the European Structural Fund. The Area-Based Partnerships have helped to improve the competitiveness of enterprises in combination with efforts to increase the employability of the resident in the local communities. More forms of partnerships have emerged since the turn of the century, such as the Country Development Boards formed in 2000 to develop economic, social and cultural strategies for the next decade through partnerships between local governments, state agencies, the NPO sector, community groups, trade unions and for-profit enterprises. Through partnerships, the business sector participates in the community activities and the development of infrastructure at the local level. One of the major organizations stimulating these activities is the Foundation for Investing in Communities (FIC), set up in 1998 on the initiative of the government and employers’ organizations with the objective to provide support to deprived communities.

(g) In other parts of Europe, such as Austria, Belgium, Finland and Germany, new social partnerships between the government, for-profit private sector and nonprofit voluntary sector have also emerged. Most of the tripartite partnerships created have focused on such imminent social issues as creation of employment, social inclusion, integration of immigrants, community regeneration and economic development.

(4) Diffusion of the Practice of Tripartite Partnership to Asia-Pacific

(a) In Australia, business community partnership has developed following the diffusion of the concept of corporate social responsibility through multinational enterprises operating in Australia and Australian enterprises operating internationally. Australian government initiative was kicked off by Prime Minister John Howard who convened the Corporate Philanthropy
Roundtable in 1998, at which a group of leaders from the community, academic and corporate sectors explored ways to foster cross-sector collaboration. The Roundtable was later renamed the Prime Minister’s Community Business Partnership (PMCBP) in November 1999. The goals of the PMCBP include: identifying and addressing incentives and impediments to philanthropy and the creation of community business partnerships, and supporting community and business organizations to develop partnerships.

(b) In Singapore, the social democratic government has taken a lot of initiatives in fostering business community partnership. The Singapore government’s focus has been on harmonious industrial relationship, social cohesion, and more recently on corporate competitiveness to meet challenges presented by economic globalization.

(c) In Japan, business community partnership is a natural by-product of the practice of corporate social responsibility by the business sector. Corporate social responsibility has evolved in response to swelling anti-business sentiment and investor expectations in the international capital markets. Unlike the experience in most European countries, Australia and Singapore, business community partnership has developed in Japan through self-regulation promoted by the business federation, with minimal government involvement.

(5) Promotion of Partnership by Supranational Organizations

(a) Since the United Nations’ World Summit on Sustainable Development in 2002, various forms of multi-stakeholder and multi-sector partnerships have emerged for various issues related to sustainable development, such as environment protection, energy preservation and conservation.

(b) Other supranational organizations, like the Organization for Economic Cooperation and Development and the European Union, are also promoting the concept and practice of multi-stakeholder and multi-sector partnerships for a wide spectrum of issues like economic globalization, labour market, social inclusion and environmental protection and conservation.

(6) Contribution of CSR to the Development of Tripartite Partnership

(a) Profit maximization has always been the primary goal of enterprises. Why would enterprises voluntarily take on a social responsibility that is generally perceived as the responsibility of the government? Why would they engage in partnerships with the government and the Third Sector? The development of corporate social responsibility (CSR) has contributed to the development of tripartite partnership.
(b) The promotion and commitment by supranational organizations have driven CSR beyond the narrow focus of individual enterprises and is now framed within the wider collective context of economic, social and sustainable development in Europe and beyond.

(c) A significant step was made by the United Nations Secretary-General Kofi Annan, who proposed the Global Compact in an address to The World Economic Forum on 31 January 1999. The Global Compact’s operational phase was launched in July 2000, and it aims to bring the for-profit enterprises together with UN agencies, labour and civil society to support ten principles in the areas of human rights, labour and the environment, and aspires to manage global growth in a responsible manner that takes into consideration the interests and concerns of a broad spectrum of stakeholders including employees, investors, customers, advocacy groups, business partners, and communities.

(d) Other supranational institutions have also made efforts to bring CSR to a regional and international perspective. These efforts include the adoption in July 2003 of the European Commission’s Communication on “Corporate Social Responsibility: a business contribution to sustainable development”; the establishment of the European Multi-stakeholder Forum, aiming to maintain and expand the crucial dialogue between all involved social actors; the International Standardization Organization (ISO) organizing a number of task forces to work out CSR standards for different industries; and the Organization for Economic Cooperation and Development (OECD) issuing Guidelines for Multinational Enterprises:

“The integration of national economies into one global economy is accelerating and intensifying, driven by new technologies and new opportunities. These new opportunities are not only to reap profit, but also stimulate development and improved social conditions around the world” (OECD 2000, Foreword by Donald J. Johnston, Secretary-General of the OECD)

“Enterprises should take fully into account established policies in the countries they operate, and consider the views of other stakeholders. In this regard, enterprises should: 1. Contribute to economic, social and environmental progress with a view to achieving sustainable development....” (OECD 2000, Part 1, Chapter II, General Policies)

(e) This whirlpool of global and regional actions has transformed conventional CSR that has taken the form of corporate donations to educational institutions, libraries, churches and charitable organizations, either directly or through charitable foundations. CSR has now evolved into corporate practices of integrating business strategy with economic, social and environment performance of the community.
(f) In practising CSR, many enterprises engage themselves in partnership with the other social actors – the government, NPOs, cultural and educational institutions, and/or civil society groups in order to make contribution to economic, social and environment progress in the community in which they operate. Business community partnership is a natural by-product of the practice of CSR.

(g) On the other hand, CSR does not “automatically” translate into business community partnership. Enterprises practising CSR in accordance with the guidelines and standards set by the various supranational institutions, such as application of environmental friendly processes and materials, taking precaution against corruption, and protection of the rights of consumers, labour and human beings at large, can do so in-house without engaging with the other social partners in partnerships.

(h) CSR without government strategy to advocate and facilitate business involvement in the community contributes only randomly and to a limited extent to the development of tripartite partnership, like the development in Japan.

(7) Role of the Government in Fostering Business Community Partnership

(a) In countries where CSR has developed through the initiatives of the business leaders bottom-up, like the U.K., and Australia, the government has played the role of facilitator only when promoting the concept and practice of business community partnership in general.

(b) It is interesting to note that even in the U.K. where CSR has already taken root, the government, when targeting to achieve a certain economic-socio goal – regeneration of the deprived neighbourhoods, needs to play the role of both practitioner and facilitator in fostering tripartite partnership for this specific goal.

(c) In countries where CSR has not taken root, like Denmark in the 1990s, the government has to adopt a top-down strategy to promote CSR in order to engage private enterprises into partnership with the community. For example, in promoting new social partnership for social inclusion in 1994, the Danish Ministry of Social Affairs has played the role of both practitioner and facilitator.
(8) Role of the Third Sector in the Development of Tripartite Partnership

(a) The stage of development of the NPO sector, art, cultural and educational institutions and civil society groups (collectively the Third Sector) has a bearing on the development of tripartite partnership in the country.

(b) Historically, initiatives to improve living conditions had come from the civil society. But with the emergence of the welfare state in many parts of the world, such initiatives were taken over by the government, albeit to different degrees and ways within various models. Since the past decade, the trend has been reversed. Since the 1990s, decentralization, privatization and separation of funding and service provision have been the main lines of the reforming actions (OECD 2003). Since then, NPOs and other civil society organizations around the world have expanded significantly (Anheier 2000). Governments are now encouraging NPOs and other civil society organizations to participate in solving different issues in the community. The emergence of the different types of Third Sector organizations has provided the impetus for development of tripartite partnerships and/or business community partnerships.

(c) On the other hand, increased government support for the Third Sector in the past decade has its negative aspect. In many countries, NPOs have become the arm of the government in delivery of public services. As noted by OECD (2003), NPOs that have become contractors of the state in public service delivery are losing their independence and capacity to innovate. There has recently been a lot of discussion and research on the challenges facing the NPOs in their new role as partner of the for-profit enterprises.

(9) Country Studies

For each of the five countries studied, this report attempts to analyze:

(a) How political, social and economic conditions have prompted the development of tripartite partnerships and/or business community partnerships;

(b) How the interaction between the strategy or lack of strategy of the government, the development or lack of development of CSR in the business sector and the emergence of civil society and the NPO sector have contributed to the development of tripartite partnerships and/or business community partnerships; and

(c) Whether the various forms of tripartite partnership and/or business community partnership have created impact on the community.
Chapter Two: Denmark

(1) Political and Social Background

(a) The Danish welfare state: Denmark has long been renowned for high levels of social security and extensive welfare provision with good social and health services, a good education system, provided by a large public sector. The fundamental principle is universalism, which means that all citizens in need are entitled to receiving benefits and services, and it is the responsibility of the public sector to satisfy such civil rights. (Danish Ministry of Social Affairs, 2001) Welfare state arrangements are financed out of general taxation rather than from contributions from the employers and employees. Benefits and services related to unemployment are organized in two different systems, depending on the affiliation to the labour market. Unemployed people with a previous affiliation are entitled to unemployment benefits and services from an insurance scheme under the Ministry of Labour (having been reorganized into Ministry of Employment). People with no or little previous affiliation are entitled to cash benefits and services from the local municipal governments that administer social policies of the Ministry of Social Affairs at municipal level.

(b) Regulation of the Danish labour market: Until the 1990s, through negotiations and encompassing collective agreements, the social partners (employers and employees) regulated the labour market without much government intervention while the government for its part ensured relatively generous social insurance in case of unemployment, sickness and old age etc. Private enterprises were expected to pay corporate taxes and abide to legislations on environmental protection, health and safety, corporate disclosures etc. Otherwise, hiring and firing regulations had been lax; corporate managers had to a large extent been free to decide on the use of labour and had only contributed minimally to unemployment and sickness benefit schemes. It was thus “legitimate” for the social partners to get their hands off social policy.

(c) Welfare state under challenge: In the 1980s and early 1990s, unemployment policies had been criticized: economically, the vast resources spent on passive benefits and allowances were said to strain the government budget; politically, they were blamed for turning recipients into passive clients of the system; and socially, they were not able to ensure social integration of people marginalized from the labour market. And political worries were mounting that the employment crisis would result in a “two-third” society, meaning one third of the population were permanently excluded from employment and the labour market, which
would possibly lead to a breakdown of solidarity between the hard-working middle-classes and the unemployed (the former blaming the latter) and thus would further compound the financial problem of the welfare state.

(d) **Staggering unemployment**: When the unemployment rate reached a staggering rate of 12.1% in 1993, a major labour market reform was introduced in 1994, along with a series of fiscal incentives to boost the economy. The reform marked a shift towards active measures for reduction of unemployment and towards an integrated approach, and aimed at promoting the active role that the enterprises should play in creating social inclusion. Denmark has experienced a paradigm shift in social policy thinking. (Vestergaard 2001)

(2) **Tripartite Efforts in Social Inclusion**

(a) The Danish tripartite partnership has narrowly focused on social inclusion, meaning prevention of workplace exclusion, job retention and integration or re-integration of the unemployed to the labour market.

(b) During the 1990s when economic recession led to high unemployment, there was serious political concern that the ceiling of taxation had been reached. This had led to discussions on whether part of the jobs of the welfare state could be taken over by other actors than the public sector. According to one of the architects behind the “Our Common Concerns” launched in 1994, a point had reached where social policy could hardly be kept up without active participation of the enterprises. He further pointed out that it was about the prevention of a polarization of the population into those who were employed and those who were not, which would result in social poverty and unrest. Since then, the Danish government has adopted a policy of soft intervention in the labour market by “encouraging” the private enterprises to practise CSR, which in the Danish context means to share the responsibility of reducing unemployment.

(c) Private enterprises were encouraged by the Danish government (i) to participate more actively in retaining those employees who did not live up to the performance requirements 100% and were in danger of becoming marginalized; and (ii) to participate in the integration of people who for one reason or another were outside the ordinary labour market.
(d) The trade unions were involved in the social inclusion campaign. The Danish labour market was, and is still, regulated by collective agreements. For employees who did not live up to the performance requirements had to be retained on special terms of the collective agreements. The Social Chapters were included in the collective agreements and they allowed the possibility of employing persons on terms that differed from the ordinary terms regarding wages, salaries and working hours.

(3) **Driving Force: The Danish Government**

(a) The Danish tripartite partnership for social inclusion was a top-down initiative driven by the Danish government.

(b) The Danish government’s top-down approach in appealing to the business sector’s participation was kicked off by a campaign launched by the Ministry of Social Affairs in 1994 – “Our common concern – the social responsibility of companies”. The objective was to encourage the private enterprises to take up more social responsibility which would take two forms: (a) internal social responsibility: preventing workplace exclusion e.g. health and safety procedures, and different types of personnel policies to actively retain persons in risk of exclusion, e.g. by reducing long-term sick leave and establishing informal jobs for employees with reduced work ability; (b) external social responsibility: integrating the long-term unemployed and the inactive and persons with permanently reduced work ability.

(c) The Danish government abandoned from the outset the coercive approach (i.e. legislation). Instead, it stressed voluntary participation of the business section. The campaigns were targeted at making the business sector realize that social responsibility was a common concern among all relevant stakeholders (the government, business sector, local communities, worker unions etc.) As cited by Thomas Bredgaard (2003), the main messages of the campaigns were illustrated in a statement made by a former officer of the Ministry of Social Affairs:

“The public sector will have the final responsibility; participation must be voluntary; a close cooperation among partners must be established; everyone must gain; the public authorities must be able to service the enterprises”.

(d) The Danish government made use of several policy instruments to encourage voluntary participation by the enterprises:

(i) **Persuasion**: CSR was initially launched as a persuasion programme. Through information campaigns, appeals to the moral consciousness of
the business sector, the Danish government attempted to change the attitude and behaviour of corporate managers, whose primary objective has always been profit maximization. The flagship in the Danish government’s attempt to change the attitude of corporate managers was the campaign “Partnership for Social Cohesion” introduced by the Ministry of Social Affairs in 1997 (Ministry of Social Affairs, 1997). Enterprises were told that they were obliged to meet demands and expectations of other stakeholders than their shareholders – employees, suppliers, customers, the local community and society at large – in order to create profit in the long run.

(ii) Economic motivation: Persuasion has been supplemented by motivation programme that aims at the economic interest of the participating enterprises. Wage subsidy schemes have been established to provide economic incentives to the participating enterprises and to lower the perceived gap between the wage and productivity of persons lack of experience or with reduced work ability or disability. For example, the Flexjob allows the employment of disabled people on a permanent basis in an ordinary job with less working hours, or with reduced work tasks. The employer pays part of the salary and the government pays the rest. Government wage subsidy is equivalent to 1/3, 1/2 or 2/3 of the salary normally paid for the position, depending on the degree of reduced work ability or disability of the relevant employee.

(iii) Resource support: For evaluation, research and dissemination of good practices, the Danish government has established and funded the Copenhagen Centre.

(iv) Recognition: For recognition of good practices, the Danish government has also sponsored the granting of the Danish Network of Business Leaders Awards annually.

(v) Demonstrating the government as a practitioner: The government has demonstrated itself as a practitioner of CSR. All public institutions are required to hire a certain proportion of employees on subsidized employment schemes.

(e) The Danish government understood at the outset that it had to get the prominent business leaders on board. Through government “persuasion”, the few large Danish enterprises set up in 1996 the National Network of Business Leaders, an advisory board for the Minister of Social Affairs (later for the Minister of Employment subsequent to government restructuring) in matters related to CSR. The National Network of Business Leaders is funded by the government. At local level, five regional networks
of local business leaders, comprising of over 250 companies, have been formed to advise local municipal governments on CRS related matters.

(4) Impact of Campaign for Tripartite Partnership for Social Inclusion

(a) Two surveys conducted by the Danish National Institute of Social Research in 1996 and 1998 shows that enterprises make greater efforts in retaining their employees than integrating people with reduced capacity (Holt, H. 2000). The surveys also show that an attitudinal change has taken place. More than 70% of the respondents think that enterprises should take on responsibility in areas that were traditionally the responsibility of the welfare state (Holt 2000).

(b) In 2000, unemployment rate in Denmark has fallen below 5%. It is difficult to quantify how much this has been a result of the government’s campaign for tripartite partnership for social inclusion and how much this has been achieved through economic recovery during the later part of the 1990s. It is perhaps the combined result of both, as commented by an officer of the Ministry of Social Affairs of the Danish government.

(c) As observed in various research reports of the Copenhagen Centre, for Denmark’s private enterprises, voluntary participation in tripartite partnership for social inclusion has enabled them to retain their freedom of hiring and firing of employees, which is part and parcel of their freedom to operate.

(5) Effectiveness of Government Strategy & Policy

(a) The Danish government has played the role of practitioner and facilitator in the tripartite partnership for social inclusion.

(b) The Danish government has adopted a “soft intervention” approach in its campaign for social inclusion. While the concept of voluntarism has been of primary importance in the government campaign for social inclusion, there is always a subtle threat that unless enterprises change their behaviour, the government might resort to other means. Quotas, among other things, have been mentioned as one possibility. Another thought vented is that private enterprises selling to the public sector would be subject to social requirements and this has been implemented by some municipal governments. This means that in order to hope to win a government contract for goods or services, an enterprise must be socially responsible. However, the Ministry of Social Affairs decided to adopt a softer approach by launching the Social Index in 2000. The index is a self-evaluation tool that uses a number of social parameters to measure an enterprise’s social responsibility performance, for examples, in areas such as family and sickness policy and willingness to create opportunities for people outside
the labour market. This “soft intervention” approach has proven to be working in Denmark.
(c) On the other hand, there is a major demerit in the Danish government top-down approach in its campaign for social inclusion. The business sector has not contributed to innovative ways for developing the partnership. The National Network of Business Leaders has been established through government “persuasion” and funded by the government. It has been said that their establishment is just to endorse government policies and measures. Likewise, the relevant Third Sector organizations (the trade unions in the Danish context) have been relatively passive. They have been involved principally in endorsing the Social Chapters to be included in the collective agreements.
Chapter Three: The United Kingdom

(1) Political, Social and Economic Background

(a) Economic recession in the 1980s: The United Kingdom’s welfare state system developed since the end of World War II was under serious challenge in the 1980s when the country encountered serious economic problems leading to high level of unemployment. Unemployment rate skyrocketed to 13%.

(b) Changing role of government: The Conservative government followed the supply side economic policies and implemented tax cut, deregulation and privatization to pull the country out of economic recession. The successive Conservative governments during the 1980s and most part of the 1990s imprinted in the country the idea of relying on the market and self-responsibility as well as a less expensive social security system. This course has continued under the current social democratic Labour government. Some of these measures spilled over to the welfare sector. The tax cut did not help the people most in need of public assistance. Unemployment, inflation, poverty and cutback in welfare led to urban riots in the early part of 1980s.

(c) Development of CSR: Business community partnership has a long history in the U.K. dating back to the 19th century when industrial philanthropists set up educational institutions, hospitals and libraries. However, with the development of the welfare state in the post-war period, corporate philanthropy became limited to donations to charities until the recent two decades. In the 1980s, the concept of business community partnership was revived against a backdrop of high levels of unemployment and urban rioting. In 1982, a group of prominent business leaders set up “Business in the Community” (BiTC) with the objective to inspire, challenge, engage and support business in continually improving its positive impact on society. After more 20-year development, BiTC is now the largest organization of its kind with 700 member companies, which employ over one fifth of the U.K.’s workforce. There are further 1,600 companies participating in its business community partnership programmes and campaigns, ranging from co-financing of community needs, encouraging employee volunteering, and secondment of experts to NPOs (Kinds, Munz & Stadler-Vida 2001) and in areas of poverty alleviation, health and care, education, minority and human rights, environmental protection and sustainable development.
(d) **Mature Third Sector**: The NPO sector in the UK has a very long history, dating back to the Elizabethan Statute of Charitable Use in the 17th century and the emergence of social welfare agencies in the 18th and 19th centuries (Anheier & Salamon 1996, p.95). Since the “third way” (or new public management) policy framework of Thatcher and Major’s governments in the 1980s, NPOs have become the chief agent of the government for delivery of public services. Today, the Third Sector in the U.K. includes not only NPOs and social welfare agencies, but is engaging in a vast variety of other activities, such as arts, culture, education, sports, environmental protection and sustainable development etc. The role of the Third Sector in the U.K. has been enhanced since the election of the Labour government in 1997. The U.K. government has since then placed more emphasis on the value on working with the Third Sector. The U.K. government has argued for its the signing of the Compact with the Third Sector in November 1998, which spells out the basis for an effective working relationship between the government and the Third Sector, that it does not simply see the Third Sector as a potential contractor, but as a potential partner that can help it achieve its objectives of greater social cohesion and improve public services by helping to identify problems, devise solutions and implement those solutions.

(2) **Tripartite Partnership for Neighbourhood Renewal**

(a) Against the background described above, the Labour government has adopted a strategy to involve all relevant stakeholders in the communities for regenerating the most deprived districts of the country.

(b) The government strategy for neighbourhood renewal started in 1988 with the launch of the New Deal for Communities (NDC) in 1998 with the aim to bridge the gap between the most deprived neighbourhoods and the rest of the country by providing additional resources and involving stakeholders in each of the neighbourhoods. In 1988 and 1999, a total of 39 NDC communities were announced and approx. £2 billion has been committed for partnerships built between the local authorities, service providers and other agencies and stakeholders in the communities. The problems of each NDC communities are unique, but all the NDC partnerships are tackling five key themes of: poor job prospects, high levels of crime, educational under-achievement, poor health, and problems with housing and the physical environment.
(c) The government strategy for neighbourhood renewal was enhanced by the launch of New Commitment to Neighbourhood Renewal in January 2001, aiming to reduce crime and unemployment, and improve the standards of health, education, housing and the environment in the 88 most deprived districts of the country. Local authorities are required to bring together all the key public agencies in the district, together with local communities and community stakeholders in the form of Local Strategic Partnerships (LSPs) for better coordination of the services. A partnership of the national government, local authorities and European funding has also been built to bring in investment and public-private finance for community renewal projects. New regeneration and economic investment bodies such as Urban Regeneration Companies and the Regional Development Agencies have been established for participation in the neighbourhood renewal projects.

(3) Driving Force: The Government

(a) The driving force for neighbourhood renewal is the government at both national and local levels. The government has implemented policies and measures on a variety of levels and allocated resources for the neighbourhood renewal strategy. It has also implemented policies and allocated resources for further promotion of CSR and building infrastructure and capacity of the NPOs and community groups so that these social partners would step up to engage themselves in the neighbourhood renewal partnerships in the local communities.

(b) The national government’s policies and measures to implement its neighbourhood renewal strategy include:

(i) Creating legislative framework: The Local Government Act of 2000 which requires all local authorities to prepare community planning strategies in consultation with and with the participation of all stakeholders in the local community to promote or improve local economic and environmental well-being.


(iii) Financial instruments: The New Deal for Communities Fund and the Neighbourhood Renewal Fund for neighbourhood renewal partnerships, and the Community Empowerment Fund for capacity development of community agencies.

(iv) Capacity building for local community: Neighbourhood Management pilot schemes to help residents to develop capacity.
(v) Creation of necessary structures within the national government: The labour government considers it essential for different government departments to cooperate in order to deliver joint-up solutions and has therefore, established new units that work across sectors to initiate and coordinate policies between relevant government departments. The first of these is the Social Exclusion Unit established in 1997. This unit reports to the Prime Minister and has a number of ministers on its board. Another is the Active Community Unit, which serves to coordinate policies on the NPO sector and volunteering between various government departments and consult the NPO sector on government initiatives. The most recent one is the Neighbourhood Renewal Unit established in 2001, which oversees the implementation of the National Strategy Action Plan on Neighbourhood Renewal. It reports to the Minister for Local Government and the Regions and is accountable to a cross-departmental group of ministers, chaired by the Deputy Prime Minister.

(vi) Facilitation of business community partnership by business brokers: Recognizing the importance of the involvement of the business sector in neighbourhood regeneration and the reluctance of business leaders to attend long meetings, in 2001, the Office of the Deputy Prime Minister, Home Office and Department of Trade and Industry agreed to part-fund a three-year pilot programme of 10 Business Brokers connected to the LSPs. Each Business Broker, recruited from the business sector and funded by the national and local governments, serves as a link between the local community and the enterprises and focuses on selling to the enterprises the business case of the specific neighbourhood renewal projects.

(c) The national government of the U.K. has realized the importance of providing business opportunities for enterprises in the regeneration of the deprived neighbourhoods as well as appealing to the CSR spirit of the business sector in order to successfully engage the for-profit enterprises in partnerships for its neighbourhood renewal strategy. The national government has hence taken initiatives to further promote CSR by:

(i) Advocating: The Prince of Wales has participated by acting as sponsor of the BiTC.

(ii) Providing recognition for best corporate practices: The Department of Trade and Industry has been sponsoring the BiTC’s annual granting of Awards for Excellence.
(iii) **Demonstrating the government as practitioner of CSR**: In March 2000, the U.K. government appointed the first Minister for Corporate Social Responsibility within the Department of Trade and Industry in an attempt to provide a more strategic approach to corporate social responsibility within the government. For examples, there is a general understanding that government departments would incorporate socially responsible investment (SRI) requirements in the accreditation of suppliers of goods and services, although there is no formal law or regulation for this purpose.

(iv) **Providing tax incentive**: In addition to enhancing tax relief for payroll giving, bequests, legacies and lifetime gifts to charity, giving in kinds (such as equipment, quoted shares and securities and real property) to charity, and donations to community amateur sports club, a special tax relief - Community Investment Tax Relief (CITR) - is made available to corporate loans in cash to, and securities or share capital in accredited Community Development Finance Institutions, which provide funding to businesses and social or community enterprises in under-invested areas, which are unable to access mainstream source of finance.

(d) **In order to be able to take on a greater role in its partnership with the public sector and the business sector, the NPOs in the U.K. is expected to improve itself in terms of infrastructure, capacity, internal governance and accountability. The national government of the U.K. has taken initiatives to enable the NPOs to take up a greater role as social partner:**

(i) **Infrastructure building**: The £125 million futurebuilders fund has been created, available from early 2004, to invest in capital assets for the NPOs, including physical assets such as building or equipment, and intangible assets such as research, feasibility studies or development of business plans.

(ii) **Capacity building**: The Home Office Active Communities Directorate has proposed to invest an additional £80 million available for two years from April 2004 for building capacity, meaning knowledge, skills and expertise, of the NPOs.

(iii) **Governance and accountability**: Initiatives are already under way in the U.K. charity sector to address the issues of self-regulation, with the Charity Commission of the U.K. government providing help and support.
(4) Impact of the Neighbourhood Renewal Strategy

(a) The neighbourhood renewal strategy is transforming many of the poorest neighbourhoods of the country. The Office of the Deputy Prime Minister’s report, “Making it happen: Urban Renaissance and Prosperity of our Core Cities – A Tale of Eight Cities” of 2003, describes differences made in eight cities, namely, Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield, which are Core Cities of the 39 NDC communities and the 88 most deprived districts:

(i) The Core Cities have been reborn from the decline of the traditional manufacturing industries. New types of businesses and industries such as technology led, cultural and creative industries, have been driving economic growth.

(ii) Jobs have been created much faster in the Core Cities than the national average. The number of working people in the Core Cities has increased 11% between 1995 and 2002. Unemployment rates in Bristol and Leeds are lower than national average and those in the rest have fallen much closer to national level.

(iii) The outward flow of population from the Core Cities has been reversed. People are attracted back by massive improvements to housing, civic squares, parks, open spaces, canals and riversides, with high quality architecture and urban design.

(iv) Education standards are rising, most dramatically in Liverpool and Birmingham, where the percentage of students gaining more than 5 GCSEs at grades A*-C increased by 15% and 14.2% respectively. The proportion of Year 11 students completing compulsory education without any GCSEs fell from 13.5% in 1994 to 8.6% in 2002.

(v) There has been encouraging trend in poverty reduction. Between 1996 and 2000, the number of households in receipts of Income Support or Income Based Job Seekers Allowance fell by 18%, totalling 107,000 fewer households.

(vi) Crime rates are falling. With the exception of Manchester, the Core Cities have experienced marked reduction in the incidence of reported crimes in the last few years.

(vii) The Core Cities have also succeeded in attracting prestigious global events: Manchester hosted the Commonwealth Games in 2002, Newcastle is due to host the EU Justice and Home Affairs Council meeting in 2005, and Liverpool is set to be the European Capital of Culture in 2008.
(b) The revival of the Core Cities has been, of course, helped by the macro-economic stability of the period. Yet, it cannot be denied that government strategy for neighbourhood renewal and the related policies and measures have been crucial to their success.

(c) To the business sector, the LSPs have offered business opportunities for big corporations in areas of investment, construction, finance and retailing in the deprived neighbourhoods that they might have neglected before. In addition, they have also created opportunities for development in new types of businesses and industries such as technology led, cultural and creative industries.

(5) Effectiveness of Government Strategy for Neighbourhood Renewal

(a) The national government of the U.K. has played the role of both practitioner and facilitator in the tripartite partnership for neighbourhood renewal.

(b) Crucial to the success of the neighbourhood renewal strategy is the comprehensive approach in the implementation of the partnership strategy. The strategy has been substantiated by appropriate legislation, policies, financial and other resources, and appropriate administrative structure within the national government.

(c) The national government of the U.K. considers it essential for different government departments to cooperate in order to deliver joint-up solutions and has therefore, established new units that work across sectors to initiate and coordinate policies between government departments

(d) While the regeneration of neighbourhoods has offered business opportunities for the business sector, it is also important that the participating enterprises align business goals with those of the communities in order for the LSPs to effectively work. Hence, in tandem to implementing the neighbourhood renewal strategy, the U.K. government has advocated and further promoted CSR.

(e) The LSPs would not have worked without the participation of the remaining social partner – NPOs and the various community groups. The U.K. government has not forgotten to provide resources to enable the local communities and the NPO sector to take up their role as partner in LSPs.
Chapter Four: Australia

(1) Political, Social and Economic Background

(a) **Budgetary challenges to the welfare state**: Since the end of World War II, Australia has followed the British model of welfare state, i.e. social needs and infrastructure are seen primarily as the responsibility of the state, to be met by government programmes funded by relatively high rates of personal and business taxation. During the rule of the Australian Labour Party (Hawke/Keating) from 1983 to 1996, a series of social welfare measures were implemented, such as reintroduction of the health care system (Medicare) and subsidization of childcare cost for working mothers. During this period, Australia was the leading OECD country in terms of social expenditure growth. Total social spending went up by more than 4% of GDP. (Castles 2001) When the Liberal Party of Australia under John Howard returned to power in 1996, the welfare state of Australia was already under significant budgetary challenges. Direct welfare and social security expenditure had risen steadily from 6.9% of commonwealth budgetary outlays in 1970-71 to approximately 35% in the late 1990s. Driven by rising expectations and changes in the dependency ratio, it was believed that combined outlays on welfare services, social security, education and health could rise as high as 25% of GDP by 2050. (Centre for Corporate Public Affairs & Business Council of Australia 2000) Understandably, the government was asking whether it should continue with the same public policy prescriptions, assuming traditional roles and boundaries, or whether new models should be developed.

(b) **Diffusion of CSR to Australia**: CSR in Australia took its earliest form of caring for the well being of employees in the 19th century. This early form of CSR did not involve the business sector in community issues. The global trend of demanding business to take up more social responsibility has diffused into Australia through multinational enterprises operating in Australia and Australian companies operating abroad in the 1960s and 1970s (Cronin 2001). Individual Australian enterprises have been making investment in the community by ways of financing of community projects, providing other resources and expertise for community projects, and encouraging employee volunteering.
(c) **Revival of the NPO sector**: The NPO sector in Australia has a history of over two centuries. Its origin dates back to the European settlement in Australia, which brought along the tradition of government grants to private charitable organizations for provision of social and health care services. The sector has since then proliferated. The rise of welfare state in the post-war period essentially shrunk the NPO sector but, in the 1970s and 1980s, substantial increase in government funding, which fermented the emergence of more localized social service organizations, revitalized the NPO sector. A new trend over the past decade is the willingness of the government to seek the NPOs’ wider involvement in welfare service delivery. The sector today provides a wide range of services, incl. the distribution of food and clothing, education, health, accommodation, childcare, counselling, legal advice and religious services for families, the aged, young people, low-income people, the unemployed, the disabled and the homeless.

(d) **Emergence of the civil society**: Because of the rapid flow of information, which has facilitated the people’s ability to voice their concerns, and the growing distrust in the Australian business built up by various business scandals locally and internationally, there has been a growing strength of people’s “voice” in setting standards for business behaviour and in bringing about regulatory controls (Australian Sponsorship Marketing Association Incorporated June 2001). The opinion survey conducted by the Conference Board and the Prince of Wales Leaders Forum in 1999 shows that the business sector in Australia, out of 23 countries, faced the strongest pressure demanding that:

“**in addition to their dividends, they would like companies to be seen as good corporate citizens, looking after all of the stakeholders, employees, suppliers, shareholders and the community in which they operate. They would like to see them investing in research and development, caring for the environment and being more charitable**” (Australian Sponsorship Marketing Association Incorporated June 2001).

(2) **Government Campaign for Community Business Partnership**

(a) Against this background, the Australia government embarked the campaign for cross-sectoral cooperation in 1998. In February, Prime Minister John Howard convened the Corporate Philanthropy Roundtable at which a group of leaders from the community, academic and corporate sectors explored ways to promote and develop a culture of corporate and individual social responsibility. This group has operated on the premise that communities are stronger and more cohesive when individuals, NPOs, government and business all work together – each offering its own set of unique skills. (www.partnerships.gov.au)
(b) Over A$13 million was set aside for the Roundtable for promoting cross-sectoral partnerships. The Roundtable was later renamed as the Prime Minister’s Community Business Partnership (PMCBP) in November 1999. The Prime Minister is the Chair of the PMCBP and the Minister for Family and Community Services is the Deputy Chair. The PMCBP is supported by a secretariat in the Department of Family and Community Services.

(c) The goals of the PMCBP include “identifying and addressing incentives and impediments to philanthropy and the creation of community business partnerships, and supporting community and business organizations to develop partnerships.” (www.partnerships.gov.au) It is formed as an advisory body that seeks ideas and provides advice to the government on

(i) Increasing the level of funds available to communities through individual and corporate donations;

(ii) encouraging business and communities to work together to address local issues through partnership activity;

(iii) encouraging CSR; and

(iv) key issues where social coalition can contribute to better community outcomes.

(3) Driving Force: The Government

(a) The driving force behind the PMCBP is of course the Australian government, impersonated by Prime Minister John Howard.

(b) In achieving the objective of the PMCBP, the following measures have been implemented:

(i) Advocating: Articulation and promulgation of the business case for CSR and the community case for individual social responsibility; and promotion of the case for community business partnership explaining how to do it, why to do it and the mutual benefits.

(ii) Facilitation: Including the dissemination of information through publications, website, workshops, seminars, conferences, research reports, building alliances and networking with relevant Australian and international organizations; and creation of a National Community Business Partnership Brokerage Service, which provides advice, information and practical support to small and medium sized enterprises (SMEs) and community groups about establishing and maintaining community business partnerships, and assists them to match partners.
(iii) **Recognition**: Granting of the Prime Minister’s Awards for Excellence in Community Business Partnerships annually to promote model cases of community business partnerships and cases of good corporate practices.

(iv) **Tax measures**: Measures have been taken since 2002 to promote corporate philanthropy. The first measure is to allow tax deductions for all donations of property to deductible gift recipients to be spread over five years, thus to assist the potential donors of property who might otherwise be unable to realize the full benefit of the income tax deduction in a single year. This would encourage donations in forms of equipment and other properties to health, medical and educational institutions. Another measure is the implementation of a set of guidelines for Prescribed Private Funds (with a new model trust deed), which would become a new form of charitable trust enjoying tax deductibility for donation made to it. The new trusts would provide enterprises, families and individuals with greater flexibility to start their own trust funds for philanthropic activities.

(c) There have been isolated cases of the PMCBP working with civil society groups, for example, a group called “Voluntary Australia”, has held a “Global Engage Week” under the sponsor of the PMCBP to encourage employee volunteering and workplace giving. Other than this, the involvement, not to mention leadership, of the Third Sector in the PMCBP is not visible.

(d) The Australian Chamber of Commerce and Industry is a symbolic sponsor of the PMCBP and partner to the National Community Business Partnership Brokerage Service, but it does not have a unit or taskforce like the BiTC of the U.K. to provide leadership in the development of community business partnerships.

(4) **Impact of the PMCBP**

(a) A survey recently conducted by The Smith Family has identified that, compared to findings of previous surveys, most large Australian corporations (i) have written statements on their corporate community involvement (CCI) policies; (ii) have their CCI objectives integrated into their overall corporate business plan; (iii) formally measure the effectiveness of their CCI activities; and (iv) communicate their CCI policies to the general public. These findings point to a conclusion that large Australian corporations are increasingly more aware of the strategic value of involvement in the community. Instead of seeing CCI as an ad hoc programme and as a means for short-term benefits, they now recognize the long-term value as an integral part of their business strategy.
(b) The impact of the PMCBP, is however, limited to the increased recognition of the need for community business partnerships, and such recognition has yet to transform into working partnerships with the communities. In practice, CCI activities are still mostly in the forms of corporate philanthropy, employee volunteering and workplace giving.

(5) Effectiveness of Government Strategy & Policies

(a) The Australia government has played the role of facilitator only in its efforts to promote community business partnership. In order for this to work, one or more of the social partners must be organized sufficiently to take the leadership role. In Australia, the social partners - the business sector, NPOs, community groups and the civil society at large - are not sufficiently organized to provide leadership in the development of community business partnerships.

(b) In addition, the goals of the PMCBP are too general. They include: “identifying and addressing incentives and impediments to philanthropy and the creation of community business partnerships, and supporting community and business organizations to develop partnerships.” The Danish government has focused on social inclusion. The U.K. has focused on regeneration of the deprived neighbourhoods. The Singapore government has focused on harmonious industrial relationship, social cohesion and corporate competitiveness. However, the Australian government has not set specific focuses under the general concept of community business partnership.

(c) The messages of the PMCBP are sometimes confusing. At the inaugural meeting of the PMCBP on 30 November 1999, Howard described the objective of the PMCBP:

“The Prime Minister’s Community Business Partnership.... has been established to foster partnerships between business, government and the community to develop practical ideas for helping people in need.... We are building on the Australian ethos of helping each other in times of need to develop a strong and lasting tradition of corporate philanthropy and community participation.” (Office of the Prime Minister of Australia 1999)

This is perceived as the government’s urge for more business philanthropic activities, a measure to make up the shortage of government budget on social welfare, rather than an appeal for more community business partnerships for stronger and more cohesive communities.
(d) Besides, the PMCBP remains pretty much a campaign and is not substantiated with proper government structure and resources. Dr. Zappal, author of a research paper commissioned by the Parliament of Australia, has commented: “While the work of the Prime Minister’s Community Business Partnership should be applauded, it lacks resources, authority and profile to lift the understanding of corporate citizenship in Australia above its narrow focus on corporate philanthropy.” Dr. Zappal has also made recommendations on enhancing the PMCBP, such as (i) the appointment of a Minister for Corporate Citizenship to promote CSR and provide political leadership on relevant key issues; (ii) the creation of a cross-departmental unit within the government to ensure a whole of government approach and coordinate activities across all government agencies, and moving of the secretariat of PMBCP from its present location within the Department of Family and Community Services to this unit; and (iii) focus on issues of industry and competitiveness. The lack of focus, appropriate administrative structure and resources are the main reasons for the limited impact of the PMCBP on society.
Chapter Five: Singapore

(1) Political and Social Background

(a) **Root of tripartism in industrial relationship:** The National Trades Union Congress (NTUC) of Singapore, set up in 1961, supported the position taken by the People’s Action Party (PAP) that it would be in Singapore’s interest to become part of Malaysia. When Singapore got separated from Malaysia in 1965 due to sharp differences over a number of political and social issues, the NTUC continued to back the PAP government. NTUC from the outset opted for cooperation instead of confrontation in dealings with the government and the employers. Amidst the political uncertainties following the independence of Singapore, the NTUC, the employers and the government signed a Charter for Industrial Progress and a Productivity Code of Practice in 1965. Tripartism has since then been a fundamental principle in the Singapore labour market. The formation of the National Wage Council (NWC) in the 1970s was another boost for tripartite partnership. The NWC, with representatives from the Ministry of Manpower, NTUC and employers’ federations, would review the state of economy and make recommendations on wage increases each year.

(b) **Emergence of civil society:** Since Singapore’s independence in 1965, the People’s Action Party (PAP) government has proven to be an effective and strong one, providing the country with rapid economic growth and the necessary social services, thus minimizing the role of the Third Sector. As a result, the Third Sector (not including the trade unions) took a backseat in Singapore until the mid-1980s. In the same token, as provision of social services was seen as the responsibility of the government in a welfare state, the business sector had not shown strong interest and had not been involved in social policy until recent years. In the mid-1980s, as a result of higher education and the maturing of society, a new breed of NPOs started to emerge. These were formed by people who wanted to be involved in policy formulation and issues that would affect their lives. Groups such as the Association of Women for Action and Research, the Nature Society and the Association of Muslim Professional were formed during this period. Parallel to this, the government has also initiated the formation of community self-help groups along ethnic lines (such as the Singapore Indian Development Association, the Chinese Development Assistance Council, the Council for the Development of the Singapore Muslim Community and the Eurasian Association), and professional associations (such as the Singapore Professional Centre). Many of these have informal link to the government.
(c) **Growth of voluntary welfare organizations**: The government has also initiated the formation of voluntary welfare organizations (VWOs), which are contractors of the government for delivery of social services, such as elderly care, childcare and services for the handicapped people. The VWOs are linked to the National Council of Social Service funded by the government.

(2) **Tripartite Partnership Initiatives for Social Cohesion**

The Singapore government has taken a series of initiatives to foster community partnership beyond the area of industrial relationship since the late 1990s. The principal objective is to enhance social cohesion within local communities.

(a) **Community Development Councils (CDCs)**: The government took an important step in 1997. Nine Community Development Councils (CDCs) (re-organized into five in 2001) were set up, with representatives from residents, aiming at strengthening bonding and enhancing social cohesion within the local communities. Together with the for-profit enterprises, these CDCs have helped to mobilize grassroots resources in providing social assistance to the local communities through local partnerships at local community level.

(b) **CDC Corporate Partnership Programme (matching grant programme)**: Under this programme, an NPO would partner the local CDC, along with a corporate partner or sponsor to organize an event. The CDC would match up to S$3 for every S$1 sponsored by the corporate partner.

(c) **National Volunteer & Philanthropy Centre (NVPC)**: The NVPC has been established to promote and encourage corporate philanthropy and employee volunteering. Since 2002, NVPC has matched an average of 200 corporate requests for employee volunteering activities every year.

(d) **Social Enterprise Fund**: A Social Enterprise Fund (S$2 million each year from 2003) has been set up to support the start-up or scale-up costs of social enterprises. (A social enterprise is a sustainable business with a social mission. It combines the entrepreneurial and business skills typical of the business sector with the philanthropic or social mission characteristics of the Third Sector. There are many types of social enterprises. They include NPOs operating revenue generating operations so as to be self-reliant and viable in the long run, and new organizations that are started up and managed like private companies but the surpluses of which are used to serve social goals.) The applicant for the fund must have lined up a NPO and a corporate sponsor for provision of franchise, management skills, training and/or training. The fund has so far provided total funding of S$1.65 million for 16 projects.
(3) Tripartite Partnership for Enhancing Corporate Competitiveness

Since the late 1990s, the economy of Singapore has been suffering from the aftermath of the Asian currency crisis and intensified international competition resulting from economic globalization. Singapore is undergoing rapid economic restructuring to regain its competitiveness and better position itself to sustain its competitiveness going ahead. The Singapore government has taken initiatives in various areas to enhance the competitiveness of Singapore enterprises in the international market.

(a) Wage restructuring: The NWC recommended to the government in May 2003 that it considered forming a taskforce to address concerns about the wage competitiveness of the Singapore workforce. In response to this, the Singapore government set up the Tripartite Task Force on Wage Restructuring to drive the wage restructuring process. The Taskforce, comprising key representatives from the Singapore National Employers Federation (SNEF), the National Trades Union Congress (NTUC), and the Singapore government, was entrusted to formulate appropriate measures to help enterprises put in place a flexible and competitive wage system. Five working groups were formed to support the Taskforce – one to formulate the wage principles and develop a generic wage model, and the other four to work on four selected sectors – electronics, hotel, chemicals and land transport. The sectoral working groups comprised representatives from the trade unions and the industry.

The Taskforce’s recommended wage system would comprise a basic wage and a variable component. Depending on the level of the employees, the variable component varies from 30% to 50%. It was believed that increasing the variable component, especially for the management staff, would allow employers more room to cut wages and save jobs in bad times, while giving employees greater upside in good times. Furthermore, by not retrenching trained staff, employers would be able to increase output quickly in an upturn. These recommendations were released at the inaugural National Tripartite Conference on Wage Structuring on 30 January 2004.

The Taskforce’s recommended generic wage model is considered as a guide only. Each enterprise and sector has to develop its own wage model suited to its needs. The Taskforce would continue to promote the implementation of the restructured wage system and to monitor the progress of implementation. For this purpose, the Taskforce has developed indicators to measure the implementation. Eventually, the monitoring job would be taken over by the National Wage Council.
(b) **Good employment code of conduct:** The National Tripartite Advisory Panel (NTAP) was formed in May 2004 as a platform to facilitate the development of good employment code of conduct in Singapore. The NTAP comprises representatives from various government departments, employers’ federations and trade unions, and is headed by the Permanent Secretary for the Ministry of Manpower. In August 2004, the NTAP issued a set of Guidelines on Family Friendly Workplace Practices with the objective of promoting responsible work practices by both employers and employees. NTAP believes that successful implementation of family friendly workplace practices would contribute towards a more committed and engaged workforce, thereby enhancing business performance.

(c) **CSR:** In the light of the increasing integration of the world’s economy and the global trend of socially responsible investment (SRI), the Minister of State for Trade & Industry and National Development of Singapore, Dr. Vivian Balakrishnan, in her keynote address at the seminar on “Singapore/U.K.: Developing Corporate Social Responsibility” on 23 February 2004, stated that, as an export-oriented economy, Singapore “must not allow CSR to become an excuse for the erection of non tariff barriers to [its] export of services and products overseas”. The Singapore government has realized the need to promote socially responsible investment by the Singapore enterprises in order for their continuing to be competitive in global economic activities.

The Singapore National Tripartite Initiative on Corporate Social Responsibility was officially launched in May 2004 as a concerted effort among the three social partners to promote the importance of CSR in the local business community. Its mission is (a) to provide a forum for collaboration, support and sharing of information among key CSR stakeholders; (b) to develop effective strategies and approaches to promote CSR; (c) to highlight and showcase successful examples of CSR; and (d) to facilitate the implementation and follow up of CSR through sectoral networks or other groupings.

Its steering committee is co-chaired by Claire Chiang (Executive Director of Banyan Tree) and Thomas Thomas (General Secretary of Singapore Shell Employees’ Union). The steering committee comprises representatives from the Ministry of Manpower, Ministry of Community Development, Youth & Sports, National Trades Union Congress, Singapore Business Federation, Singapore National Employers Federation, National Environmental Agency, SPRING Singapore, Singapore Institute of Directors, Singapore National Cooperatives Federation, Consumers Association of Singapore and National Volunteer & Philanthropy Centre.
(4) Driving Force: The Trade Union and the Government

(a) Tripartite partnership in Singapore has been driven by the trade unions and the government.

(b) It is the National Trades Union Congress, through the National Wage Council (NWC) and other platforms like the National Tripartite Advisory Panel (NTAP), that has driven the various tripartite efforts, like wage restructuring for business competitiveness, good employment code of conducts and promotion of CSR.

(c) The initiatives taken by the NTUC have of course been endorsed and facilitated by the Singapore government through the Ministry of Manpower, which has brought the employers’ federations and business leaders into the various tripartite partnerships.

(d) In the area of promoting social cohesion, the driving force is the government, through the Ministry of Community, Youth and Sports, which has brought together the resources and competencies of grassroots organizations, VWOs, NPOs and the business sector through the establishment of CDCs, CDC Corporate Partnership Programme and Social Enterprise Fund.

(e) The Singapore government has also recognized the need to help build the capacity of the VWOs and NPOs to enable them to play the role of social partner and taken a series of initiatives:

(i) A Social Service Training Institute and a VWO Capacity Fund (S$30 million for five years) have been established under the National Council of Social Service to build VWOs’ capabilities in internal governance, professional skills and IT etc.

(ii) The National Volunteer & Philanthropy Centre provides support for building NPOs’ capabilities in volunteer management, fund-raising management and donor management.

(iii) The Ministry of Finance and the Council on Governance of Institutions of Public Characters (IPCS) provides help to build the VWOs’ and NPOs’ capabilities in internal governance, transparency and accountability.
(5) Impact of Various Tripartite Efforts

(a) Tripartite partnership approach in managing industrial relationship in Singapore has proven to be effective. It has brought about industrial harmony and a favourable workplace environment. This can be demonstrated by the following statistics:

(i) The number of workers’ strikes had decreased from almost 300 in a year in the mid-1950s to less than 10 in the 1990s. The man-day lost due to workers’ strikes had decreased from over 900,000 a year in the mid-1950s to less than 10,000 in the 1990s.

(ii) In 2003, of the total 4,162 industrial disputes, only 0.05% was settled through arbitration at the industrial arbitration courts. The rest was settled by negotiation at trade union level or Ministry of Manpower level.

(b) The flexible generic wage model recommended by the Tripartite Task Force on Wage Restructuring brings the following benefits:

(i) For the enterprises: to make quick adjustments to wage cost in adverse business climate to remain viable and preserve jobs for employees; and

(ii) For the employees: to have better rewards in good times and to enhance older workers’ cost-competitiveness and employability.

(c) It is hard to assess on the degree of success of the tripartite efforts in fostering social cohesion. We can only judge by the fact that no large-scale social unrests and/or racial conflicts have happened in the country since its independence in 1965. An island of majority ethnic Chinese and minority Malays and Indians, sandwiched between two Muslim countries - Malaysia & Indonesia, Singapore is always a little nervous of the racial or religious conflicts raging in the region. (Leahy 28 November 2000) In spite of the racial riots in the region in the late 1990s, racial conflicts have not flared up in Singapore. As described by David T. E. Lim, Minister of State for Defence and Information and the Arts, at the National University of Singapore Political Association Forum in August 1999:

“This shows how far we have progressed and matured as a society. We should pause and reflect why. Our social unity and harmony did not happen by chance. We worked at it. In the community centres, through grassroots efforts and education in schools, we got people together, to mix, learn, and understand each other's culture and customs.”
(d) It is even harder to assess whether the tripartite efforts in promoting the flexible wage model, good employment code of conducts and CSR have enhanced the competitiveness of Singapore enterprises in the international market. The tripartite partnership in promoting CSR is only a few months old and steps are being taken to register a formal society for CSR – Singapore Compact for CSR. Mr. Thomas Thomas, co-chairman of the National Tripartite Initiative on CSR, has advised that one of the targets is for major Singapore enterprises to eventually comply with OECD Guidelines for Multinational Enterprises, Global Compact and ISO. Would these efforts eventually turn into improved business performance? It is perhaps easier to look at these efforts from the perspective that they are something that must be done in order that Singapore enterprises would not be barred from international businesses because of not practising these.

(6) **Effectiveness of Government Policies & Measures**

(a) In the tripartite partnership for harmonious industrial relationship, the government has played the role of facilitator only. This strategy has been working because industrial relationship is in essence the relationship between employees and employers and it is appropriate for the government just to develop a platform for consultation and cooperation between the trade unions and employers’ federations.

(b) In the tripartite partnership for enhancing corporate competitiveness, the government has also played the role of facilitator only. Wage restructuring requires the support of the trade unions and practice of CSR requires the support of the business sector and hence it is appropriate for the government to let the trade unions and business sector take the lead after the initiation.

(c) The Singapore government playing the role of facilitator only in the aforesaid tripartite partnerships is working because the two social partners, the trade unions and employers’ federations are well-organized sectors and therefore capable of providing leadership in the partnerships.

(d) In the tripartite efforts for social cohesion, the government has again played the role of facilitator. In the absence of clear leadership in the private sector (for-profit and nonprofit) for social cohesion in the Singapore context, the Singapore government has to drive the issue with legislation (for establishment of CDCs), financial resources and setting up of umbrella and intermediary organizations.
Chapter Six: Japan

(1) Political, Social and Economic Background

(a) Changing role of government in service provision: Like its European counterparts, the Japanese national government has been undergoing a changing role in provision of public services since the latter part of the 1980s. Again, decentralization and privatization have been the main lines of reform action. In 1986, responsibility for administration of welfare policy was transferred from the national government to local governments at prefecture and municipal levels. Privatization of welfare services to the private sector, both NPOs and businesses, with an emphasis on self-help and market orientation began in the 1990s. (Lee, Sook-Jong 2001) The need for the Japanese government to decentralize and privatize social services has not been driven by the immediate welfare budget deficit crisis. Japan is a conservative welfare state that spends approximately one-fifth of its national income on social security. Relying on acquiring much of the finances for social security from social insurance fees, the welfare burden in Japan was not the cause of government budget deficit in the 1990s. Nevertheless, the Japanese national government is inclined to keep the welfare budget under control as it anticipates an increasing welfare burden on account of the country’s aging population. (Lee, Sook-Jong 2001)

(b) Disintegration of traditional communities: Meanwhile, migrations from the rural regions to the cities during the era of high economic growth has led to disintegration of traditional communities in the provinces based on family ties and cultural history. In tandem, the Japanese people’s strong sense of belonging to their workplace communities, which have long been regarded as the provider of people’s support system, is also breaking down since the burst of the bubble economy in the 1990s and Japanese enterprises are questioning the systems of life-long employment and seniority pay. (Green, P; Hattori, A; Kuszewski, J. & Robinson, N. 2003)

(c) Issues arising from economic changes: Migrations from the rural regions to the cities during the era of high economic growth in the 1980s has led to decline of rural communities, now populated mainly by elderly residents. The prolonged economic downturn since the burst of the “bubble economy” has led to unprecedented job insecurity. Unemployment means economic difficulty for the households, which has led to a series of social problems, like increased incidence of suicide, homelessness, crime, domestic violence and child abuse.
(d) **Emergence of the civil society:** Until recently, the Japanese public was generally influenced by the idea of “okami” (the state as a supreme overlord) and it was considered that only the government should have the responsibility of providing public and social services. This had resulted in an extreme limitation on the development of civil organizations to be a main pillar in providing social services. (Kusumi, T. 2003) In 1995, at the time of the Hanshin earthquake, which devastated Osaka and Kobe, some 1.2 million volunteers converged the scene of disaster in the three weeks of rescue and relief efforts. Taking advantage of this phenomenon, the so-called “volunteer revolution”, people increasingly expressed their support for the continuous growth of non-profit civil organizations.

But until recently, these non-profit civil organizations did not enjoy legal status. The introduction of the “Law to Promote Specified Non-Profit Activities “ (NPO Law) in March 1998 was a turning point for Japanese NPOs. The NPO Law has established a process for approving NPOs as legal corporations by the central government or local governments at prefecture level. Under the NPO Law, NPOs can be incorporated without the approval process, and the governor of the prefecture where the NPOs are located (or the Cabinet Office in the case of NPOs with offices in at least two prefectures) is required to authenticate the establishment of such organizations if they conform with the provisions set forth. Since then, the number of incorporated specified NPOs is rapidly increasing.

While there are increasing public expectations that NPOs will provide the means to solve social issues and to bring new ideas and energy to the table, the Japanese NPOs are still struggling against chronic lack of funding, manpower and skills, and are eager to achieve increased support from both the public and private for-profit sectors.

(2) **CSR Contributing to Development of Business Community Partnership**

(a) Similar to the development in the U.K., business community partnership in Japan has evolved from the development of CSR.

(b) CSR in Japan has developed in the business sector in response to swelling anti-business sentiment in society at different points of time. In the 1960s, industrial pollution created distrust of companies and anti-business sentiment in society. Under pressure, the Basic Law for Environmental Pollution Control was enacted in 1967. In the 1970s, after the first oil crisis of 1973, price hikes in the oil industry prompted opportunistic prices hikes, causing general inflation and flaming anti-business sentiment. In response, Keidanren (Japanese Federation of Economic Organizations) started proposing CSR among members. During the period of bubble economy in the 1980s, companies could afford putting good corporate citizenship into action. Companies made contributions in areas of education, arts, welfare
and international exchange. In 1990, the Keidanren “1% Club” was formed to encourage members to make donations up to 1% of their pre-tax profit. After the burst of the bubble economy in the late 1980s, the 1990s witnessed bankruptcies of security firms and banks and scandals of construction companies. Distrust of Japanese companies swelled. Keidanren was prompted to compile a Charter for Good Corporate Behaviour. At the turn of the century, CSR in Japan is practised in response to the expectation of the international investment community. Western research agencies started conducting socially responsible investment (SRI) surveys on Japanese companies and publishing SRI index. Since the surveys influenced corporate valuations in the international capital markets, Japanese companies grudgingly compiled. (Kawamura 2004)

(c) Since the last decade, Japanese CSR has evolved from pure corporate philanthropy into the practice of business community partnership, which takes the forms of funding support to NPOs through corporate foundations or direct donations, giving in kinds (such as computer equipment and software), provision of know-how, skilled employees and training for NPOs, provision of venues for NPOs and volunteer activities, and encouraging employee volunteering.

(3) Driving Force for Business Community Partnership – Business Federation

(a) CSR in Japan, from which the practice of business community partnership has evolved, has developed with minimal government intervention and involvement. The principal driving force is the business federation - Keidanren (Japanese Federation of Economic Organizations).

(b) To deal with the wave of corporate scandals, the Japanese national government has been pressurized to beef up measures to regulate corporate governance. Debate has been going on for 30 years on whether the Commercial Code (which regulates Japan’s company system and corporate governance) should be revised to incorporate CSR regulations. In response to the ISO’s move to standardize CSR management, the Ministry of Economy, Trade and Industry set up a CSR Standards Committee in 2002 (operation began in 2003) with the objectives to coordinate Japan’s stance at the ISO high-level advisory group, and to study the future direction of CSR in Japan.
(c) In response to growing public pressure on requiring government legislation to regulate CSR, Keidanren finally released an opinion paper in February 2004 clearly opposing standardization or legislation for CSR. It has instead proposed that: (i) Keidanren will actively engage in promoting CSR; (ii) CSR should be promoted voluntarily by the private sector, and not by the government; and (iii) CSR guidelines will be derived from the revision of Keidanren’s Charter for Good Corporate Behaviour and implementation manual. The business sector understands clearly that it has to self-regulate if it wants to ward off government legislation.

(4) Role of the Japanese Government

(a) Like its counterparts in Europe, the Japanese government has not chosen the “stick” (legislation) to enforce the implementation of CSR by Japanese companies. It has not even played the role of advocating, facilitating and providing recognition for CSR or business community partnership. Instead, the Japanese government has left the business sector to self-regulate through its business federations.

(b) The role of Japanese government in fostering the development of business community partnership is more visible in its policies & measures to facilitate the growth of NPOs:


(ii) The delegation of approval authority for NPOs to prefecture governments under the NPO Law has also prompted prefecture governments to establish local NPO support centers to provide management skills, infrastructure and facilities to grassroots NPOs. According to a survey conducted by the Japan NPO Center in 2001, 82 such centers now operate throughout the country. (Civil Society Monitor, No. 7 February 2002)

(iii) To encourage corporate and individual donations to NPOs, the Law Amending in Part the Special Tax Measures Law was passed in 2001, which makes NPOs eligible for tax-deductible donations.
(5) Impact of Business Community Partnership

(a) Under the prolonged economic slump, many enterprises in Japan have been forced to cut costs. Big corporations may not be able to meet all expectations on them on cash donations. In contrast to the conventional, unilateral philanthropic activities, the concept of business community partnership has developed innovative ways for enterprises to make contribution to the community with existing resources (expertise, skills and people). (Green, Hattori, Kuszewski & Robinson 2003)

(b) Japan’s CSR, from which the practice of business community partnership has evolved, has been developed in response to the swelling anti-business sentiment in society. It is hard to assess whether and how much such practices have helped to calm down anti-business sentiment in society. We can only judge from the fact that large-scale urban riots or boycotts against the big corporations have not happened.

(c) It is even harder to assess whether the practice of socially responsible investment (SRI) has helped enhance the corporate valuations of big Japanese corporations in the international capital markets. It is perhaps easier to look at this from the perspective that if big Japanese corporations do not practise SRI and disclose such practices in their corporate filing with the regulatory authorities, they may not be able to sustain their position in the international capital market. So, practising SRI is a matter of long-term business sustainability for big Japanese corporations.

(6) Effectiveness of Government Strategy

(a) Japanese CSR, which has contributed to the development of different forms of business community partnership in Japan, has developed through self-regulation promoted by business federations with minimal government intervention. This has been working possibly because (i) the government has a subtle but strong influence on the business leaders; and (ii) the Japanese business federation is very closely knitted organizations. This model of business community partnership is working in a unique political context and business environment in Japan. This government strategy has the merit of maintaining the operational and behavioural autonomy of enterprises, which is the foundation of the market economy.
(b) However, CSR, without government strategy to advocate and facilitate business involvement in the community, may not contribute a lot to development of tripartite partnership. Despite the long history of CSR in Japan, most of the practices of CSR, like establishment of corporate foundations for charitable and educational purposes, protection of consumer right and application of environmental friendly processes and materials, have not translated into business community partnerships. The Japanese model demonstrates that the practice of CSR by enterprises without government strategy to advocate and facilitate business involvement in the community has contributed only randomly and to a limited extent to the development of tripartite or business community partnership.

(c) In terms of promoting the growth and strengthening the capacity of NPOs, the measures implemented by the Japanese government have proven to be working: (i) Since the enactment of the NPO Law in 1998, the number of incorporated specified NPOs is rapidly increasing. At end of 2002, it has exceeded 9,000, of which 54% were established after the enactment of the NPO Law. (ii) Delegation of authority to the prefecture governments has been an impetus for prefecture government initiatives in providing the long needed management, infrastructure and facility support to grassroots NPOs.
Chapter Seven: Conclusion

(1) Key Observations

(a) **Global trend:** Since the 1990s, there is a general recognition globally that the three sectors of society, namely the government, business sector and Third Sector, should combine their resources and competences in order to be able to effectively respond to today’s socio-economic problems where traditional single sector approaches are proving inadequate.

(b) **Focus on the most imminent issues:** While the concept and practice of partnership are being employed by supranational organizations for very broad agendas such as economic globalization, environmental protection and conservation, and sustainable development, each government would focus on the most imminent issues of society when deploying the concept and practice of tripartite partnership and/or business community partnership. For examples: The Danish government has focused on social inclusion, the U.K. government has focused on regeneration of the deprived neighbourhoods, and the Singapore government has focused on harmonious industrial relationship, social cohesion and corporate competitiveness. The lack of focus on specific economic-socio issues in the Australian government’s campaign for PMCBP has created limited impact on society.

(c) **Strategy - government as practitioner and/or facilitator:** Depending on the nature of the issues being addressed to and whether one or more of the social partners can provide clear leadership, governments have played the role of both practitioner and facilitator or the role of facilitator only.

(i) For increased awareness of the concept of business community partnership in general, government’s role as facilitator only may be good enough. If the objective of the Australian Prime Minister’s PMCBP is just to raise the awareness of the need for partnerships between the business sector and community, the Australian government’s role as facilitator only has generated positive results, as reviewed in the various survey reports on Australian enterprises.

(ii) For issues that are of specific benefits or interest of the social partners, when one or more of the social partners are organized enough, government’s role as facilitator would work effectively. This can be exemplified in the Singapore government’s role in the tripartite partnership for harmonious industrial relationship and corporate competitiveness. This strategy has been working because industrial relationship and corporate competitiveness are common concerns of the
owners and employees of the enterprises and both are very organized sectors capable of providing leadership, and so it is appropriate for the government just to develop a platform to facilitate the development of partnerships between the two social partners.

(iii) It is interesting to note that when government targets at resolving specific economic-socio issues, it has to play the role of both practitioner and facilitator in order to create significant impact on society. This can be exemplified by the role of the Danish government in the new social partnership for social inclusion, that of the U.K. government in the tripartite partnership for neighbourhood regeneration, and that of the Singapore government in the tripartite partnership for social cohesion.

(d) **Policy instruments**: When the goals are set and the appropriate role of the government is decided on, the following policy instruments have been deployed by the governments of the countries studied:

(i) Policy instruments for government as facilitator of business community partnerships:

- **Advocating**: Launching information campaigns, appeals to the moral consciousness of the business sector and articulation on how to do it, why to do it and the mutual benefits. For examples: the “Our Common Concern” campaign of the Danish government, and the PMCBP campaign of the Australian government.

- **Facilitating**: Dissemination of information through publications, websites, conferences, seminars and workshops; and setting up of research institutes for promotion of good corporate practices, like the Copenhagen Centre in Denmark; setting up and funding of intermediary agencies to match partnerships, like the National Community Business Partnership Brokerage Service in Australia.
- Providing recognition of good corporate practices: Granting or sponsoring awards for good corporate practices, like the Danish government’s sponsoring of the granting of Danish Network of Business Leaders Awards, the U.K. Department of Trade and Industry’s sponsoring of the BiTC’s granting of Awards for Excellence, the Australian Prime Minister’s granting of the Awards for Excellence in Community Business Partnership.

- Resource support: Allocation of financial resources to fund promotion campaigns and research, like the Copenhagen Centre in Denmark.

- Demonstrating the government as a practitioner: For examples, in the U.K., the various government departments have incorporated socially responsible investment criteria in their accreditation of suppliers of goods and services; the Danish government has made it a policy for all public institutions to employ a certain percentage of their employees under the subsidized wage schemes.

- Enhancing tax relief for charitable donations and gifts: Business community partnership is over and above corporate philanthropy. However, business community partnerships very often involve enterprises providing financial resources. Of the five countries studied, the governments of four, namely the U.K., Australia, Singapore and Japan, have implemented tax measures to enhance the tax relief for charitable donations and gifts.

- Supporting infrastructure and capacity building of the Third Sector: In order to enable the NPOs and community groups to play their role as social partner, the governments of the U.K. and Singapore have taken initiatives and allocated financial resources to help build infrastructure and capacity of the NPOs and community groups, and to support their efforts to improve internal governance, management, and accountability.

(ii) Additional policy instruments required for government as both practitioner and facilitator of tripartite partnerships:

- Appropriate structure within the government: For issues of a narrow scope, the relevant government department alone can drive the tripartite partnership. For examples: the Ministry of Social Affairs alone is capable of driving the new social partnership for social inclusion in Denmark; and the Ministry of Manpower alone is capable of driving tripartite partnership for harmonious industrial relationship. However, for issues of a broader scope that may
involve the functions of different government departments, a special unit or agency is needed to deliver joint-up solutions. For example: neighbourhood regeneration in the U.K. involves various government functions such as social welfare, health, education, housing, labour, trade and industry, and security etc., and so a special unit, the Neighbourhood Renewal Unit, has been established within the national government in the U.K. to initiate and develop policies jointly with relevant government departments.

- Economic motivation and/or financial instruments: Allocation of financial resources for special partnership programmes. For examples: the Danish government’s subsidized wage scheme; the U.K.’s New Deal for Communities Fund and Neighbourhood Renewal Fund; and the Singapore government’s CDC Corporate Partnership Matching Grant and Social Enterprise Fund.

(e) Relationship between CSR and business community partnership: CSR and business community partnership are inseparable agendas.

(i) Tripartite partnership or business community partnership requires the participation of the business sector in social agendas that are previously perceived as the responsibility of the government. It requires the for-profit enterprises’ awareness of its responsibility in the community in which they operate. The governments of Denmark and the U.K. are promoting CSR in parallel to their efforts to promote and develop tripartite partnerships.

(ii) In practising CSR, many enterprises engage themselves in partnership with the other social actors – the government, NPOs, educational and cultural institutions, and/or civil society groups in order to make contribution to economic, social and environment progress in the community in which they operate. Business and community partnership is a natural by-product of the practice of CSR.

(iii) It should be noted that the practice of CSR by enterprises without government strategy to advocate and facilitate business involvement in the community has contributed only randomly and to a limited extent to the development of tripartite partnership. The obvious example is the development in Japan. Despite the long history of CSR in Japan’s business sector, most of the practices of CSR, like establishment of corporate foundations for charitable and educational purposes, protection of consumer right and application of environmental friendly processes and materials in business operations, have not translated into business community partnerships.
(2) Considerations for Policy Recommendations

In light of the findings in our study on the five countries, we recommend that CPU take into considerations outlined below in its policy recommendations to the Hong Kong SAR Government:

(a) **What is the goal for fostering tripartite partnership?** Is the government aiming at just raising general awareness of the need for combining resources for common societal aims? Or is the government targeting at resolving specific socio-economic issues? General or specific goals should be set at different points of time.

(b) **Deciding on strategy – facilitator only or practitioner and facilitator?**

(i) If the goal is just to raise the general awareness of the need for tripartite partnership, the government should play the role of facilitator only.

(ii) If the goal is to resolve specific economic-socio issues and one or more of the relevant social partners are organized sectors capable of taking leadership in the contemplated tripartite partnerships or business community partnerships, the government should also play the role of facilitator only.

(iii) However, if the government targets to resolve specific economic-social issues that involve multi-stakeholders but none of them is organized enough to take leadership in the contemplated tripartite partnerships or business community partnerships, the government should then consider taking up the role of both practitioner and facilitator.

(c) **Choosing appropriate policy instruments:**

(i) If the government decides on the strategy of playing the role of facilitator only, policy instruments such as advocating, facilitating, providing recognition of good corporate practices, resource support, and demonstrating the government as a practitioner should be considered.

(ii) If the government decides on the strategy of playing the role of both practitioner and facilitator, additional measures such as having appropriate structure within the government, and economic motivation and/or other financial instruments should also be considered.

(iii) If the contemplated partnerships involve participating enterprises to make contributions in cash or in kinds, measures to enhance tax relief for charitable donations and gifts should also be considered.
(iv) If the contemplated partnerships involve the participation of government subvented organizations (NGOs), other NPOs and community groups, the adequacy of their infrastructure, capacity, internal governance, management and accountability should be taken into consideration and appropriate government support to these organizations should be considered.

(d) **Strategy for promoting CSR**: Tripartite partnerships or business community partnerships cannot be developed without the for-profit enterprises’ awareness of its responsibility to the community in which they operate. The government should develop a strategy to promote CSR and facilitate business involvement in the community.

--- End of Report ---
### Appendix I – Summaries of Government Policy Instruments

| Denmark |
|--------------------------|----------------------------------------------------------|
| **Focus Area of Tripartite Efforts** | Social inclusion |
| **Strategy/ Driving Platform** | Government as both practitioner and facilitator
| | Government top-down promotion of corporate social responsibility for social inclusion |
| **Policy Instruments** | Persuasion |
| | CSR was initially launched as a persuasion programme. Through information campaigns and appeals to the moral consciousness of the business sector, the Danish government attempted to change the attitude and behaviour of corporate managers, whose primary objective has always been profit maximization. |
| | Economic Motivation |
| | Wage subsidy schemes have been established to provide economic incentives to participating enterprises and to lower the perceived gap between the wage and productivity of persons lack of experience or with reduced work ability. |
| | Resource Support |
| | For evaluation, research and dissemination of good practices, the Danish government has established and funded the Copenhagen Centre. |
| | Recognition |
| | For recognition of good practices, the Danish government has also sponsored the granting of the Danish Network of Business Leaders Awards annually. |
| | Government as practitioner |
| | The government has demonstrated itself as a practitioner of CSR. All public institutions are required to hire a certain proportion of employees on subsidized employment schemes. |
### The United Kingdom

<table>
<thead>
<tr>
<th>Focus Area of Tripartite Efforts</th>
<th>Renewal of deprived neighbourhoods</th>
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</table>
| Strategy/ Driving Platform       | Government as both practitioner and facilitator  
|                                  | Government commitment for renewal of the most deprived neighbourhoods |
| Policy Instruments               | Creating legislative framework  
|                                  | The Local Government Act of 2000 which requires all local authorities to prepare community planning strategies in consultation with and with the participation of community organizations (for-profit and nonprofit). |
|                                  | Commitment through policy initiative  
|                                  | Financial instrument  
|                                  | The New Deal for Communities Fund and the Neighbourhood Renewal Fund for neighbourhood renewal partnerships, and the Community Empowerment Fund for capacity development of community agencies. |
|                                  | Capacity building for local community  
|                                  | Neighbourhood Management pilot schemes to help residents to develop capacity. |
|                                  | Creation of necessary structure  
|                                  | The first of these is the Social Exclusion Unit established in 1997. This unit reports to the Prime Minister and has a number of ministers on its board.  
|                                  | Another is the Active Community Unit, which serves to coordinate policies on the NPO sector and volunteering between various government departments and consult the NPO sector on government initiatives.  
|                                  | The most recent one is the Neighbourhood Renewal Unit established in 2001, which oversees the implementation of the National Strategy Action Plan on Neighbourhood Renewal. It reports to the Minister for Local Government and the Regions and is accountable to a cross-departmental group of ministers, chaired by the Deputy Prime Minister. |
|                                  | Business brokers  
|                                  | A three-year pilot programme of 10 Business Brokers connected to the LSPs. Each Business Broker, recruited from the business sector and funded by the national and local governments, serves as a link between the local community and the enterprises and focuses on selling to the enterprises the business case of the specific neighbourhood renewal projects. |
|                                  | Advocating  
|                                  | The Prince of Wales has participated by acting as sponsor of the BiTC. |
|                                  | Recognition  
|                                  | The Department of Trade and Industry has been sponsoring the BiTC’s annual granting of Awards for Excellence. |
|                                  | Government as practitioner  
|                                  | Has appointed the first Minister for Corporate Social Responsibility within the Department of Trade and Industry in an attempt to provide a more strategic approach to corporate social responsibility within the government.  
|                                  | A general understanding that government departments would incorporate socially responsible investment (SRI) requirements in the accreditation of suppliers of goods and services, although there is no formal law or regulation for this purpose. |
|                                  | Tax incentive  
|                                  | Community Investment Tax Relief (CITR) - is made available to corporate loans in cash to, and securities or share capital in accredited Community Development Finance Institutions, which provide funding to businesses and social or community enterprises in under-invested areas, which are unable to access mainstream source of finance. |
### Australia

| Focus Area of Tripartite Efforts | • Increasing the level of funds available to communities through individual and corporate donations  
• Encouraging business and communities to work together to address local issues through partnerships |
| Strategy/ Driving Platform | • Government as facilitator only  
• Government campaign: “Prime Minister’s Community Business Partnership” |
| Policy Instruments | **Advocating**  
• Articulation and promulgation of the business case for CSR and the community case for individual social responsibility  
• Promotion of the case for community business partnership explaining how to do it, why to do it and the mutual benefits.  

**Facilitation**  
• Dissemination of information through publications, website and programme of workshops, seminars and conferences, research reports, building alliances and networking with relevant Australian and international organizations; and creation of a National Community Business Partnership Brokerage Service  

**Recognition**  
• Granting of the Prime Minister’s Awards for Excellence in Community Business Partnerships annually to promote model cases of community business partnerships and cases of good corporate practices.  

**Tax measures**  
• To allow tax deductions for all donations of property to deductible gift recipients to be spread over five years, thus to assist the potential donors of property who might otherwise be unable to realize the full benefit of the income tax deduction in a single year.  
• Implementation of a set of guidelines for Prescribed Private Funds (with a new model trust deed), which would become a new form of charitable trust enjoying tax deductibility for donation made to it. |
<table>
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<tr>
<th>Focus Area of Tripartite Efforts</th>
<th>Strategy/Driving Platform</th>
<th>Policy Instruments</th>
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<tbody>
<tr>
<td>Social cohesion</td>
<td>For social cohesion: government as both practitioner and facilitator</td>
<td>National Wage Council</td>
</tr>
<tr>
<td>Harmonious industrial relationship</td>
<td>For harmonious industrial relationship and corporate competitiveness: government as facilitator only</td>
<td>Makes recommendations on wage increase each year</td>
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<tr>
<td>Corporate competitiveness</td>
<td>Another driving force is the National Trade Union Congress</td>
<td>Community Development Council</td>
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- **Strategy/Driving Platform**
  - For social cohesion: government as both practitioner and facilitator
  - For harmonious industrial relationship and corporate competitiveness: government as facilitator only
  - Another driving force is the National Trade Union Congress

- **Policy Instruments**
  - National Wage Council
  - Community Development Council
    - Nine Community Development Councils (CDCs) (re-organized into five in 2001) were set up in 1997, with representatives from residents, aiming at strengthening bonding and enhancing social cohesion within the local communities.
    - CDC Corporate Partnership Programme (matching grant programme)
      - An NPO partnering with the local CDC along with a corporate partner or sponsor to organize an event can apply for the matching grant programme under which CDC would match up to S$3 for every S$1 sponsored by the corporate partner.
  - National Volunteer & Philanthropy Centre
    - Established to promote and encourage corporate philanthropy and employee volunteering.
  - Social Enterprise Fund
    - A Social Enterprise Fund (S$2 million each year from 2003) has been set up to support the start-up or scale-up costs of social enterprises. The applicant for the fund must have lined up a NPO and a corporate sponsor for provision of franchise, management skills, training and/or training.
  - Capacity building for the NPOs
    - A Social Service Training Institute and a VWO Capacity Fund (S$30 million for five years) has been established under the National Council of Social Service to build VWOs’ capabilities in internal governance, professional skills and IT etc.
    - The NVPC provides support for building NPOs’ capabilities in volunteer management, fund-raising management and donor management.
    - The Ministry of Finance and the Council on Governance of Institutions of Public Characters (IPCS) provides help to build the VWOs’ and NPOs’ capabilities in internal governance, transparency and accountability.

- **Tripartite Initiatives for Corporate Competitiveness**
  - Tripartite Task Force on Wage Restructuring to drive flexible wage models
  - National Tripartite Advisory Panel to drive good employment code of conduct by both practitioners and employees.
  - National Tripartite Initiative for Corporate Social Responsibility to drive the practice of CSR by Singapore enterprises.
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<th>Focus Area of Tripartite Efforts</th>
<th>N/A</th>
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<tbody>
<tr>
<td>Strategy/ Driving Platform</td>
<td>Business federation: Keidanren</td>
</tr>
<tr>
<td>Policy Instruments</td>
<td>The Japanese government has not played the role of advocating, facilitating and providing recognition for CSR or business community partnership. Instead, the Japanese government has left the business sector to self-regulate through its business federations.</td>
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<td></td>
<td>The role of Japanese government in fostering the development of business community partnership is more visible in its policies &amp; measures to facilitate the growth of NPOs:</td>
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<td></td>
<td>- The “Law to Promote Specified Non-Profit Activities” (NPO Law) enacted in 1998 provides legal status previously lacking for Japanese NPOs</td>
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<td></td>
<td>- The delegation of approval authority for NPOs to prefecture governments under the NPO Law has also prompted prefecture governments to establish local NPO support centers to provide management skills, infrastructure and facilities to grassroots NPOs. According to a 2001 survey by the Japan NPO Center, 82 such centers now operate throughout the country. (Civil Society Monitor, No. 7 February 2002)</td>
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<td></td>
<td>- To encourage corporate and individual donations to NPOs, the Law Amending in Part the Special Tax Measures Law was passed in 2001, which makes NPOs eligible for tax-deductible donations.</td>
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Appendix II (a)– Supplementary Information: Denmark

Size of the Third Sector

- Precise statistics of the number of NPOs in Denmark are not available. Nevertheless, it can be estimated by referring to the number of organizations applied for government aid. As of 2002, 162 organizations in health and social service sector were qualified for support from the Danish Pools and Lotto Company’s fund. In addition, more than 3,500 local branches and local associations received grants from the municipal governments (Ministry of Social Affairs, 2001).

- Only 7% of the population regularly engages in voluntary activities and 3% occasionally. (Ministry of Social Affairs, 2001)

Legal Framework of the Third Sector

- Different from many other European countries, Denmark has no law about organizations. Everyone can set up an organization and decide its function. This liberality about organizations does not mean that the government and parliament are indifferent to organizations. However, much of the legal regulation on organizations has been made in legislation about specific social functions, for examples, social service organizations are subject to laws regulating target groups, quality and financing of social work; sports, education and cultural organizations are subject to laws regulating target groups, activity and financing of cultural and educational performance.

- In reality, the way to decide relationship between the state and civil society or NPOs is the law about how state money goes to organizations: If the civil or nonprofit voluntary sector wants economic support from the state, it must subject itself to conditions defined by law.

Cases of Best Practices of Tripartite Partnership

- One of the six local partnership projects studied by the Copenhagen Centre during 2000-2003 is in the town of Ry in Denmark. This is a typical Danish model of tripartite partnership.
In 1999, a new Danish “integration law” came into effect. The law stipulates that refugees who have been granted asylum will be designated a municipality where they have to stay for a period of 3 years; after that they are free to settle anywhere in Denmark. The idea is to avoid the high concentration of foreigners in the big cities, and to share the task of social integration of the refugees across the country. As a consequence, small communities in Denmark have since received refugees for the first time, without having any prior experience. This was the case in the small town of Ry, an affluent town with 11,000 inhabitants. In late 2000, directors of two local private enterprises – Pressalit and AKVA Waterbeds – approached the municipal government with an initiative of setting up a project that would enable the town to receive the new comers in such a way as to ensure social integration in a broad sense. The project is based on a grant from the national government’s Enterprise Fund, a contribution from the municipal government within its general budget for the integration of refugees, a small contribution from one of the founding companies and a small sum for a mentoring system from the Ministry of Employment. It is believed by the founding companies and the Ry municipal government that real integration must be achieved in two main areas: working life and social life and the former is of utmost importance because, for a Dane, social identity is linked to a job. The core of the partnership is the “Background Committee”, which has a strategic coordination function. Its members are representatives from the two founding companies, the Municipal Government of Ry, the regional network of companies, the umbrella organization of local sports and cultural organizations and an individual having long experience with civil society in Ry. Due to the importance of employment in the overall integration, the first phase of the partnership has focused on labour market inclusion of the new comers. One of the great achievements of the partnership is the successful mobilization of 35 out of the total 45 local businesses. As at 2003, of the 66 refugees (half of whom are children) in Ry, 17 are involved in different forms of employment (work training, subsidized employment and ordinary employment) and one is receiving education under a student grant. The leisure part of the partnership has only started to take form in recent months and it is too early to assess on its achievements.
• The National Network of Business Leaders Award 2003 winners exemplify
  the best practices of CSR and successful tripartite partnerships in the Danish
  context.

  **Vendsyssel Hospital** (a public institution): With more than 1,800 employees, Vendsyssel Hospital has always been recognized as having done an extraordinary effort to prevent attrition and exclusion of its employees by offering alternative working conditions for employees with a reduced capacity. The hospital has further formed partnership with the municipal governments, through which the hospital recruits workers. The result of this joint effort is that the hospital by the end of 2002 employed 130 employees from different municipalities.

  **Danish Crown** (a private enterprise): Danish Crown is a bacon factory with more than 600 employees. When Danish Crown faced the need for more staff, it chose to recruit new employees in cooperation with the municipal governments, two vocational training centers, a language school and a butchers’ training school. Danish Crown aimed at helping people with severe social problems. As a result, the recruiting efforts took place as a cross-disciplinary cooperation with the police, health care authorities and court officers in order to solve problems that could be potential barriers to the integration of these new employees. The cooperation was established as a one-year project. It comprised an introductory job-training programme for eight weeks. A psychologist and a physiotherapist were affiliated with the project courses. 80 unemployed people were part of the project. Of the 80 unemployed, 61 are now part of the work force at Danish Crown. The rest have either moved or are continuing their education. Less than ten are back on welfare.
Appendix II (b)– Supplementary Information: The United Kingdom

Size of the Third Sector

- According to the Charity Commission’s register of charities, there were 152,696 active general charities in the U.K. in 2002. It is estimated that the nonprofit voluntary sector employed 471,000 people in full-time equivalent jobs, representing 1.8% of total work force.

- For the year 2000/01, total expenditure of the nonprofit voluntary sector was £22.5 billion, representing 2.4% of the country’s GDP.

- According to the 2001 Home Office Citizenship Survey, 39% of the population (about 16.2 million) volunteered formally once in the last 12 months and 27% (about 11.1 million) volunteered formally at least once a month.

- Total charitable gifts and donations in 2000/01 were estimated to be £6.63 billion, representing 0.67% of the country’s GDP of the period. Individuals’ gift and donations to the voluntary sector were estimated to be worth £4.6 billion, representing 0.47% of GDP. Corporate direct gifts and donations to the voluntary sector were estimated to be worth £0.83 billion, representing 0.08% of GDP. In addition, individuals & corporate donors also contributed through charitable trusts and other charitable intermediaries and in 2000/01, this accounted for £1.2 billion, representing 0.12% of GDP. (Collins, Jochum, Wainwright & Wilding, 2004).

Legal Framework of the Third Sector

- Like other countries with common law tradition, the right to form associations in the U.K. is inherently granted by the constitution. The statutes governing the voluntary organizations include the Companies Acts, the Charities Acts, the Friendly Societies Acts and the Industrial and Provident Societies Acts. NPOs in the U.K. may take different legal identities according to these statutes.

Taxation Relief for Charitable Gifts and Donations

- The Labour government has been conducting reviews on tax law in relation to charitable donations since 1997. The following tax incentives have been implemented:

  (a) Payroll giving scheme: Donations are deducted before Pay As You Earn tax is calculated and the donor gets all the tax relief for the donation at his / her top rate of tax.
(b) Government supplement of payroll giving: For three years from April 2000, the government is providing a 10% supplement on donations through payroll giving.

(c) Relief from inheritance tax and capital gain tax: Bequests, legacies and lifetime gifts to charity – whether in cash or in assets – are exempt from inheritance tax and capital gain tax.

(d) From April 2003, higher taxpayers can carry back to the previous year their relief for charitable donations.

(e) Full profit tax relief for corporate gifts and donations to charity.

(f) Payroll cost of employees seconded to charities is treated as business expense, i.e. full profit tax relief.

(g) Giving in kinds: Gifts of equipment and quoted shares & securities to charity also qualify for profit tax relief for businesses.

(h) Giving in real property: Tax relief for giving in real property is available to both businesses and individuals.

(i) From April 2002, business and individuals can claim tax relief for donations to community amateur sports club.

- Community Investment Tax Relief (CITR) is available to corporate loans in cash to, and securities or share capital in accredited Community Development Finance Institutions, which provide funding to businesses and social or community enterprises in under-invested areas, which are unable to access mainstream source of finance. The tax relief is 5% of the value of the loan or investment for 5 years (i.e. up to 25% of the value of the loan or investment).

Cases of Best Practices of Business Community Partnership

- Marks & Spencer – DisabledGo: A recent survey in the U.K. finds that 70% of disabled people find it difficult to get into shops or use services offered on the high street. DisabledGo is a social enterprise set up by Gregory Burke. After suffering encephalitis, Gregory finds himself disabled by society than by his condition. Over the past two years, Marks & Spencer has funded and been working with DisabledGo. DisableGo provides detailed accessibility information on businesses, goods and services as well as amenities on a town-to-town, city-by-city basis. The information is published free on the Internet and aims to cover 75 towns and cities in the U.K. as well as some of the main European capitals by 2006. DisabledGo will deliver disability and
equality training to all 55,000 members of Marks & Spencer’s customer-facing staff. DisabledGo now has 16 local councils as members with a further 20 local councils exploring bringing the partnership to their community.

- **British Gas – here to HELP:** Four million households in the U.K. are officially below the poverty line with many people unable to afford the basics, including keeping warm and essential household appliances. The “here to HELP” programme, initiated by British Gas in 2002, brings together local governments, housing associations and seven major charities (Help the Aged, Scope, Gingerbread, Family Welfare Association, RNIB, National Debtline and Save the Children) in delivering a one-stop shop solution. The programme, which aims to reach half a million households, provides a comprehensive help to poor households. The £150 million programme is to deliver 40% of British Gas’s fuel poverty energy saving target for 2002-2005. In addition to the main programme, British Gas has helped raise a further £150,000 for the charity partners, through a cause-related marketing campaign, run with the Daily Mirror (a newspaper) and a selected group of retailers.

- **Blockbuster - Starlight:** Announced at end of 2001, Blockbuster has formed an integrated Cause Related Marketing partnership with Starlight Children’s Foundation, the charity which aims to grant the wishes of seriously and terminally ill children and entertain them while in hospital. In 2003, Blockbuster launched two fundraising initiatives. The first was “Starlight Week”, which involved various in-store activities such as staff fundraising and sales staff encouraging customers to make a donation to the charity with each transaction. The second was the “Starlight Ball”, an annual fundraising event at which leveraged its business partners and entertainment networks. The 2003 Ball was attended by 450 guests and was hosted by the movie star, Hugh Grant, and novelist & comedian, Stephen Fry. Starlight’s income has risen from £928,000 to £2,227,000 per annum.

- **British Telecommunications – Reachout:** Reachout is a family of courses developed by the Liverpool Hope University College. British Telecommunications has provided a grant as well as expertise in multi-media and distance learning to assist the production of the course materials. Part of the British Telecommunications funding has been used to install a video-conferencing studio in a training room in Liverpool Hope University College with links to each of the Liverpool Parents School Partnership Centres, enabling students to attend virtual lectures and seminars. In September 1998, 400 students followed a pre-degree course and 200 took a bachelor degree course. The first 12 Reachout students graduated in July 1998. Reachout courses have spread to other cities like Wigan and Manchester.
Appendix II (c)– Supplementary Information: Australia

Size of the Third Sector

- In the year 1999/2000, there were as many as 700,000 NPOs in Australia. About 35,000 of the NPOs employed staff and, in 1999/2000, they employed 604,000 people, representing 6.8% of Australians in employment. The NPOs contributed A$21 billion, or 3.3% of the country’s GDP in 1999/2000.

- In 2000, 3.7 million Australians volunteered a total of 600 million hours for NPOs, equivalent to an additional A$8.9 billion worth of income to the NPO sector or 1.4% of the country’s GDP. (Australian Centre for Co-operative Research and Development, 2003)

- In 2000/2001, Australia’s business sector provided A$1.4 billion of gifts and sponsorships to the NPOs. This amount represents 0.2% of the country’s GDP of the same period. For individual donations, the most updated figure available is for the year 1997. About 8.6 million Australians donated A$2.8 billion to NPOs in 1997, representing 0.4% of the country’s GDP of the period. (Australian Centre for Co-operative Research and Development, 2003).

Legal Framework of the Third Sector

- In Australia, the right of association is inherent and no registration is required for the formation of associations. A number of alternative legal forms are at commonwealth and state levels of government control organizations within the Australian nonprofit voluntary sector. In general terms, NPOs may take on the form of an unincorporated association (cooperative and mutual association), a charitable trust, an incorporated association or a company limited by guarantee. There are also nonprofit organizations created by specific acts of the Australian Parliaments or through specific commonwealth legislations. The unincorporated organizations, however, lack legal persona, such as to hold property, to receive testamentary gift, to enter into enforceable contract, and to seek legal redress. Such inconvenience has prompted many of the unincorporated associations to incorporate in recent years.
Tax Relief for Charitable Gifts and Donations

- In 2002, the Australian government took initiatives in taxation to promote corporate philanthropy. The first measure is to allow tax deductions for all donations of property to deductible gift recipients to be spread over five years, thus to assist the potential donors of property who might otherwise be unable to realize the full benefit of the income tax deduction in a single year. This would encourage donations in the forms of equipment and other properties to health, medical and educational institutions.

- Another measure is the implementation of a set of guidelines for Prescribed Private Funds (with a new model trust deed), which would become a new form of charitable trust enjoying tax deductibility for donation made to it. The new trusts would provide enterprises, families and individuals with greater flexibility to start their own trust funds for philanthropic activities.

Cases of Best Practices of Business Community Partnership

- Mallesons Stephen Jaques: Mallesons Stephen Jaques is an Australian law firm. In 2001, it launched the programme Mallesons in the Community to help the communities in which it operates by providing free legal advice and representation to its partner organizations and the disadvantaged groups. Its partner organizations, the Ted Noffs Foundation and the Australian Red Cross Homeless Café, provide the administrative support and premises for the programme. In addition, Mallesons Stephen Jaques also organizes a robust and extensive employee giving scheme, providing financial support to all seven principal partners; and a staff volunteering programme in which more than 400 staff have participated.

- Bayside Recruitment and BABI: The partnership between Bayside Recruitment and BABI aims at providing support and guidance to homeless and at-risk young people in the Wynnum/Redlands area. Bayside Recruitment is a company providing recruitment services while BABI is a voluntary organization for youth services. In the partnership, Bayside Recruitment provides financial support to BABI through donation of A$10 for every placement fee it has received. It also offers free one-on-one personal support to some BABI unemployed clients and provides administrative support to BABI. The BABI contributes to the partnership by developing knowledge and awareness in youth labour market of the Bayside Recruitment staff. It also provides referral service to Bayside Recruitment, which has increased the latter’s access to a pool of young people. Both parties have benefited from the partnership. Bayside Recruitment enjoys a better company profile because of its strong commitment to BABI. BABI has its administrative cost minimized and its profile enhanced through the marketing opportunities offered by the partnership.
ANZ Banking Group Ltd. and Brotherhood of St. Laurence: ANZ Banking Group (ANZ) and the Brotherhood of St. Laurence came into partnership in May 2002 to develop a matched savings programme – Saver Plus, which commenced in 2003. Saver Plus aims to assist low income earners to establish a savings habit through helping them to save regularly and consistently over a period of up to 18 months and increasing their financial literacy skills. ANZ provides financial support for a project manager employed by the Brotherhood of St. Laurence to manage the development of the project. It also provides skills, knowledge and expertise, in the areas of bank, legal, regulatory, products and service, and media and information technology. The Brotherhood of St. Laurence contributes its expertise, knowledge and access to target groups and development of social programmes for the low income. It also assists the research and evaluation of the project. Through the partnership, ANZ has been provided with the opportunity to demonstrate its commitment to social responsibility, which enhances its company profile. It has also been benefited from the partnership because of the shift in the people’s attitude towards the bank and savings habit.
Appendix II (d)– Supplementary Information: Singapore

Size of the Third Sector

- According to the Singapore Department of Statistics, as of 2002, there are 7,389 nonprofit organizations in Singapore. The nonprofit sector employed 85,810 persons full-time and contributed S$5,712 million of value-added production, equivalent to 3.6% of the country’s GDP.

- The 2004 survey on volunteering shows that 440,000 people, or 15.2% of population, participated in volunteering activities in the past 12 months.

- In 2003, total cash donations amount to S$512 million (0.3% of the country’s GDP), of which S$310 million was made by corporations and the balance made by individuals.

Tax Relief for Charitable Gifts and Donations

- The Singapore government has recently taken initiative to promote corporate philanthropy. Before 2002, only outright cash donations to organizations specifically designated as institutions of a public character (IPC) qualified for tax deduction under the Income Tax Act. In order to promote philanthropy, the Ministry of Finance implemented tax reform in January 2002. Tax deductions are now applicable to donations in cash to IPCs, artifact to approved museums, and computer and peripherals.

- In 2002, in order to encourage individual and corporate philanthropy, the Ministry of Finance introduced double tax deduction for cash donation to IPCs, i.e. tax relief on S$2 for every S$1 cash donation. Total cash donations to IPCs had increased from S$382 million in 2002 to S$512 million in 2003.
Appendix II (e)– Supplementary Information: Japan

Size of the Third Sector

- At end of 2002, the number of incorporated NPOs has exceeded 9,000 (Green; Hattori; Kuszewski & Robinson, 2003). According to the Basic Survey on Civic Associations conducted by the Japanese Economic Planning Board in 1997, there are more than 85,000 non-legalized grassroots NPOs in Japan.

- According to the Economic Planning Agency (2003), consumption expenditure of the nonprofit sector in Japan amounted to ¥6,190.5 billion; fixed capital formation of the nonprofit sector accounted for another ¥1,244.5 billion. The two items of expenditure together account for 1.3% of the country’s GDP.

- It is difficult to determine the level of corporate and private giving in Japan. According to Keidanren, 376 major enterprises in Japan donated a total of ¥156 billion for charitable purpose in 1997 (Kawashima, 2001), representing 0.03% of the country’s GDP of the same period. For individual giving, the most updated figure available is for the year 1995. Approximately 122,000 tax payers contributed a total of ¥42 billion in 1995, representing 0.008% of the country’s GDP of the same period.

Legal Framework of the Third Sector

- The Japanese system of incorporation is regulated by civil law established in 1898. The post-war Japanese constitution of 1947 does not change the civil law system, with the exception of some areas such as family law. The system of incorporation continued into post-war Japan. Under this system, for-profit corporations can be established with only certification by a notary public and registration with the regional legal affairs bureaus, whereas public interest organizations must obtain approval from the relevant government ministry and/or agency. Furthermore, organizations that are neither for-profit nor public-interest oriented do not fall into any specific category and therefore lack regulation. This has resulted in cases where nonprofit civil organizations have been established by special laws according to specific policy goals. Nonprofit civil organizations established by such are subject to heavy government supervision (Yamaoka, 1996).
The “volunteer revolution” after the Hanshin earthquake accelerated actions for a law to give legal status to nonprofit civil organizations (NPOs). The introduction of the “Law to Promote Specified Nonprofit Activities“ (NPO Law) in March 1998 was a turning point for Japanese NPOs. The NPO Law has established a process for authenticating NPOs as legal corporations by the central government or local governments at prefecture level. Under the NPO Law, NPOs can be incorporated without the approval process, and the governor of the prefecture where the NPOs are located (or the Cabinet Office in the case of NPOs with offices in at least two prefectures) is required to authenticate the establishment of such organizations if they conform with the provisions set forth.

Tax Relief for Charitable Gifts and Donations

Tax law in relation to tax deductibility of charitable donations and gifts is complicated. There are four kinds of gifts that can be deducted from taxable income for enterprises: (a) donations to government agencies and organizations; (b) donations to “Public Interest” projects as designated by the Ministry of Finance; (c) donations to “Special Public Interest Promoting Organizations”, such as education foundations and social welfare corporations; and (d) a certain limit to be calculated in accordance with a formula. It has therefore been difficult for Japanese NPOs to be beneficiaries of charitable gifts.

NPOs incorporated under the NPO Law did not have tax-exempt status until recently. In October 2001, new tax legislation was enacted as the first legislation to address the eligibility of NPOs to receive tax-deductible donations (the Law Amending in Part the Special Tax Measures Law). Under this law, donors may claim tax write-offs for contributions to an Approved Specified Nonprofit Corporation. Unfortunately, the conditions that NPOs must fulfill are too restrictive and, as at July 2003, only 15 incorporated NPOs have been approved since the enactment of this tax legislation (Japan NPO Center, 2003).
Cases of Best Practices of Business Community Partnership

Today, Japanese corporate citizenship and community investment take the following forms.

- **Funding:** Some companies provide funding support to NPOs through their corporate foundations. The Toyota Foundation, which was established on the model of the Ford Foundation in the United States, is one such example. It was established as early as 1974. Today it has a fund of over ¥30 billion and supports research projects related to human and natural environments, social welfare, education, culture and art. Another example is the Sony Foundation for Education that supports education in science in elementary and junior high schools.

Some companies provide funding through matching funds. The two Panasonic Supporter Matching Funds, established by Matsushita Electric in cooperation with Japan Initiative for Youth Development and Eco Future Fund is one example. The funds aim to support capacity building of youth-related and environmental organizations. Matsushita contributes a base up to ¥6 million annually to the funds. In addition, donations for each fund are collected from the public and matched yen-to-yen up to ¥1.5 million by Matsushita.

More companies, like Pfizer Pharmaceutical and Microsoft, are donating directly to NPOs. “But the prolonged economic downturn renders most companies hesitant to play as full a role as they might” (Green; Hattori; Kuszewski & Robinson, 2003). The scale of corporate funding support is smaller than that for their western counterparts.

- **Provision of know-how, skilled employees and training:** Toyota has been running a programme called “Scientific Jack-in-the-Box! The Why/What Lecture” since 1996, which helps students appreciate the mystery of science and the joy of making things. Toyota sends employee volunteer lecturers (mostly Toyota engineers) to science museums and scientific events all over the country. In 2003, over 1,400 elementary and middle school students participated in 28 science and engineering classes.

Nissan Motors has established a “Students’ Scholarship Programme for Learning at NPOs” which provides allowances to university students working as interns in NPOs.

- **Provision of venues for activities:** NTT’s East Training Centre lends a classroom with computers and Internet access to the “Grannies’ Computer Learning Group”. Volunteers from NTT and from the public help the elderly people to learn to use computer and Internet.
• **Giving in kind**: Under the Recycling Law (2001), companies are required to recycle their used computers. NPOs such as E-Elder (Shibuya, Tokyo) and the Einstein Project (Setagaya, Tokyo) have set up programmes to refurbish redundant computers donated by companies. The refurbished computers are then provided to educational institutions and NPOs. Microsoft provides free system software to the new users of the refurbished computers.

• **Encouraging employee volunteer activities**: The Toyota Volunteer Centre was established in 1993 to aid employees, their families, and former employees interested in volunteer activities. The activities supported by the Toyota Volunteer Centre aim at building harmony with the local communities. These include: forest maintenance, holding social activities with an organization of handicapped people and driving shuttle buses for regional festivals. Ricoh has established a social contribution club called FreeWill to facilitate grassroots activities at the suggestion of employees, who are also responsible for the management of the club. Ricoh also supports these activities under a gift-matching programme, in which the company matches the amount of contributions made by employees.

Matsushita supports employee volunteer activities by offering special holidays for such activities and sponsoring programmes in cooperation with the labour union. It has also introduced the “Volunteer Activity Financial Support System”, which provides funding to social activities and NPOs in which Matsushita employees and their families and retired employees participate on a long-term basis.
Appendix III- References

General


For Australia


*For Denmark*


For Japan

Baue, W. (June 2003) *The Sun is Rising on SRI in Japan*. Japan: SRI World Group


*For Singapore*


For the United Kingdom

Business in the Community & The British Chamber of Commerce (2002) *Working with Business in Local Strategic Partnerships*


Appendix IV - Useful Internet Websites

Information has been extracted from the following Internet websites:

**General**

The Asia Pacific Philanthropy Consortium  [http://www.asianphilanthropy.org](http://www.asianphilanthropy.org)

CSR Asia  [http://www.csr-asia.com](http://www.csr-asia.com)

CSR Europe  [http://www.csreurope.org](http://www.csreurope.org)

**For Australia**


**For Denmark**

The Copenhagen Centre  [http://www.copenhagencentre.org](http://www.copenhagencentre.org)

The Danish National Institute of Social Research  [http://www.sfi.dk/sw14574.asp](http://www.sfi.dk/sw14574.asp)

Statistics Denmark  [http://www.statbank.dk](http://www.statbank.dk)
For Japan
Japan NPO Center http://www.jnpoc.ne.jp
Japan Center for International Exchange http://www.jcie.or.jp

For Singapore
Centre for CSR http://www.centreforcsr.org.sg
Ministry of manpower http://www.mom.gov.sg
National Trades Union Congress http://www.ntucworld.org.sg
National Volunteer & Philanthropy Centre http://www.nvpc.org.sg
(Singapore)

For The United Kingdom
Business in the Community http://www.bitc.org.uk
Department of Industry and Trade http://www.dti.gov.uk
The Institute of Social and Ethical Accountability http://www.accountability.org.uk
Neighbourhood Renewal Unit http://www.neighbourhood.gov.uk
The Prince of Wales International Business Leaders Forum http://www.iblf.org
csr.gov.uk http://www.csr.gov.uk