

Corporate Social Responsibility Practices in Hong Kong Green Minibus Industry

Ng Tsz Ping Isaac

The Hong Kong Polytechnic University, Hong Kong

Yui-yip Lau

The Hong Kong Polytechnic University, Hong Kong; University of Manitoba, Winnipeg, Canada

Green Mini Bus is one of the popular public transport modes. Research provided comprehensive literature to the Corporate Social Responsibility (hereafter called “CSR”) issue in Green Mini Bus industry. After comparing different CSR models, the stakeholder view approach is selected for the research in order to evaluate the performance of the operator. The CSR performance of the operator could not satisfy the stakeholders. The effort made by the operator itself could not solve all problems. The government plays a determinant role of CSR performance in Green Mini Bus industry. Recommendations would be made for problem solving and future development for the company. Academic and managerial implications are provided in the study.

Keywords: green mini bus, public transport, corporate social responsibility, stakeholder view approach

Introduction

Public Light Bus (hereafter called “PLB”) is one of the oldest and important modes of public transport in Hong Kong. According to Transport Department (2009), green minibuses and red minibuses are PLBs which have no more than 16 passenger seats. Green minibuses provide scheduled services while red minibuses offer non-scheduled services. The maximum numbers of two types of minibuses are 4,350 vehicles in total. From the regulation of Transport Department, scheduled services provided by green minibuses (hereafter called “GMBs”) mean operating transportation service on fixed routes at fixed fares. The statistics report of GMBs which had been completed in February 2016 from Transport Department stated that there were 351 GMB routings in Hong Kong operated by a total of 3,208 vehicles. In 2015, GMBs carried about 1,527,000 passengers per day. Recently, PLB had three main problems including behind schedule, speeding and overloading, and the poor attitude of the mini-bus drivers. Service quality and safety level of PLB are also questionable.

Based on CSR Asia (2007), public transport is usually not categorized as a big CSR issue. However, public transport plays a significant role in enhancing people social mobility. The public transport with good CSR practices by the definition of well-functioning, efficiency, and affordable price could meet the basic needs of individuals and societies. Without good CSR practices, the public transport causes social and environmental

Ng Tsz Ping Isaac, School of Professional Education and Executive Development, The Hong Kong Polytechnic University, Hong Kong.

Yui-yip Lau, Division of Business, Hong Kong Community College, The Hong Kong Polytechnic University, Hong Kong, Transport Institute, University of Manitoba, Winnipeg, Canada.

Correspondence concerning this article should be addressed to Yui-yip Lau, Division of Business, Hong Kong Community College, The Hong Kong Polytechnic University, 8 Hung Lok Road, Hung Hom, Hong Kong.

repercussions. Additionally, the Transport for London (2016) also stated that the CSR plays a significant role in London transportation systems. Sound CSR practices of public transport can maximize various benefits in environmental, social, and economic aspects.

Literature Review

Corporate Social Responsibility (hereafter called “CSR”) is discussed with the commitment of companies to contribute to sustainable development, stakeholder interests, and enhancement of societal conditions (Jamali, 2008; Jamali, Safieddine, & Rabbath, 2008). Hopkins (2007) defines CSR as being concerned with either treating the stakeholders of the firm ethically or complying with a responsible manner. Ethics identified as the belief, principle, morale, and value which shape citizen behavior is right or wrong in the society. Stakeholders consist of both outsider and insider of the firm. The social responsibility aims at creating a higher standard of living while maintaining the profitability of the firm for stakeholders.

To examine the CSR performance, the most traditional and popular one would be the Carroll’s (1979) model. Economic, legal, ethical, and philanthropic are four main levels of responsibilities. Carroll (1991) further developed a responsibility matrix as an analytical tool for management to measure the firm performance level (i.e., economic, legal, ethical, and philanthropic). By using the matrix, we can provide useful information for management in decision making for both short-term and long-term in response with the interests of shareholders. Sachs, Maurer, Rühli, and Hoffmann (2006) argued that Carroll’s (1979) model failed to reflect the real-world situation. The core value of stakeholder view framework is having clear understanding of property rights. The concept of property right in stakeholder view is that all parties contribute to the firm, not only the financial resources providers. It creates a foundation of corporate responsibilities as the contribution made by the stakeholders would be considered. The aim of a corporation is to create wealth for and with its stakeholders. The rules of wealth distribution would make contribution for justice and maintain balance between risk and contribution (Rawls, 1971). Therefore, the firm needs to reduce risk and keeps fair in distribution of benefit at the same time. In the stakeholder view approach, stakeholders can be defined as “all individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and are therefore its potential beneficiaries and/or risk bearers” (Post, Preston, & Sachs, 2002). Based on this definition, four categories of stakeholders are suggested. They are benefit-providers/receivers and/or risk-providers/bearers. This stakeholder view approach considers all resource-based, market-based stakeholders, and social and political stakeholders. In the past literature review, most of the studies inclined towards theoretical framework or operational research. Few studies are focused on the applied research, notably in PLB.

The most recent model for discussing the CSR practice is 3C-SR model. J. Meehan, K. Meehan, and A. Richards (2006) suggested the 3C-SR model has three inter-related components whose simultaneous presence is to increase the credibility of a product which targeted at the ethical consumer. The components of the model are ethical and social commitments, connections with partners in the value network and consistency of behavior over time to build trust (hereafter called “3C”). In practice, to claim a company to be a “good corporate citizen”, the 3C could not be separated from each other. In the 3C-SR model, consistency refers to the behavioral element of social resources over time and across all facets of an organizations operation (Meehan et al., 2006). The ethical and social commitments are the ethical standards and social objectives that we can find in the company’s vision and mission, strategies, policies, and corporate culture. The connections with partners in the value network are achieved by joint implementation of a socially oriented value network.

After the introduction in Section 1, we present literature review in Section 2. Research methods and research results are shown in Section 3 and 4 respectively. Before concluding remarks in Section 6, we illustrate analysis and discussion in Section 5.

CSR in Road Transport

In the industrial organization, the Structure, Conduct, and Performance (hereafter called “SCP”) framework is designed to study the competitive conditions of industries by examining how the market structure of an industry affects the conduct and performance of firms (Mason, 1949; Bain, 1951; 1956). The SCP framework impacts on firms’ structure and behavior. Therefore, the SCP approach can explain and predict the performance of a monopoly market situation, which would generally have bad conduct and performance. As mentioned in SCP framework, the policy on public transport would affect the CSR of operators. Regulation is to create an environment to let business do business. However, over regulation in the market would limit the competition in the market. It would lead to a failure engaged with both the cultural and competitive nature of the industry (Kirkbride, 2010). There are countries starting to put CSR consideration into law about public transport (Ong, Sinha, & Fwa, 2010).

To understand the view of the customer, the general view of customer how to receive the firm CSR practice is important. Grieco (2015) stated that accessibility and affordability are important criteria for contemporary public transport’s social responsibility. The affordability index is developed to provide for a simple comparison of the affordability of public transport ticket price both in terms of the normal residents and residents in the grass root (Carruthers, Dick, & Saurkar, 2005). The Asian Development Bank (2010) concluded that the accessibility and affordability are the vision of the social sustainability of urban transport systems and the required policy responses.

Case Investigation

To critically review the CSR practices of the Kowloon Green Minibus Route No. 23, the stakeholder view approach will be used. The views of various stakeholders are collected during the resident consultation meeting on 25th February 2016. The primary data from residents, member of legislative council, District Council, and government representative (Transport Department, 2009) are available for the study. For the detail of each stakeholder’s view, it is available in the record of Laguna City (i.e., Phase 1, 2, & 4). To summarize, the stakeholders are unsatisfied with the CSR performance of route 23 in three major area problems—behind schedule, speeding and overloading, and the attitude of the mini-bus drivers. As mentioned in the previous part of the study, the monopoly situation would lead to a bad conduct and performance under the SCP framework. The operator itself could not behave very well in CSR practices. The government policy would also create an environment to let the operator do more in CSR.

Recommendations and Managerial Implications

Enhancing the Staff Training of Operator

First, we suggest giving a series of training to drivers to address the problems. As the drivers are required to support the minibus service from 6:00 a.m. to 12:30 a.m., it could not hold a group staff training programme. The staff training should be done individually. The operators could schedule the training either before or after the working shift of the driver. In the training, the importance of obeying the law should be delivered to the

drivers. Hence, drivers should not conduct any illegal behavior such as overloading and speeding as it would bring harmful consequences to the operator. Also, the operator should tell the drivers that the mini-bus has installed monitoring system so as to report any misconduct behavior of drivers. To promote this system, the operator could put poster inside the car compartment. The detailed information of the system should be stated clearly such as the contact information and the objectives of the system.

Re-scheduling of the Service by Operator

Customer's need recognition stage. In this stage, operator is suggested to collect data from customers' demand of its service. Although Transport Department has done such kind of data collection on 11st December 2015, the data could not reflect the real situation. Since the data collection has done within one day, the operator should collect such kind of data for a week. The data include an arrival time of the mini-bus of each station, and a number of passengers left behind.

Data analyses and generating solution stage. After the customer's need recognition stage, the operator needs to go through data analyses process. In this process, operator can know customer demand of its service in each timeslot. Thus, the operator could generate potential solution to meet the customer demand. The Transport Department has set a frequency time range for each routing. As a result, the operators enjoy flexibility to schedule its service within that range.

Implementation and control stage. In the last stage, the operator can implement what it is generated in the previous stage. Through the try and error approach, the operators can create the most efficient way to operate the mini-bus service.

Prolong the extension of the contract by government. From a normal practice of Transport Department, the operators are eligible for extending their contract for one more year only. We suggest that Transport Department can prolong an extension of the contract in order to create a motivation of operator to improve. Otherwise, the operator would have a low or even no incentive to invest in the operation. The Transport Department can consider a conditional offer to operator. The operator can meet the standard which is set by the government. The next contract period would be further prolonged for a longer time (i.e., 3-5 years). The standards are suggested to be on-time scheduling, attitude of drivers, number of reported misconduct case, and the cleanness of the mini-bus. Consequently, the operators will have a higher motivation of providing investment and hiring more drivers which would eventually improve the service quality and the CSR practices.

Conclusion

The structure of the market is a critical factor determining the operator's conduct and performance. The suggestion is made for operator self improvement and for government to create a competitive market structure. It is impossible for two operators to provide the same routing service, but the Transport Department should let operators know there is possibility to have new player by re-tendering process if they do not perform well. The re-tendering policy behaves out of date which is hard to bring new competitors to the mini-bus market where operators give up their operating right and demonstrate misconduct behavior. The low pricing flexibility creates a lower competitiveness of the industry.

References

Asian Development Bank. (2010). *Sustainable transport initiative: Operational plan*. Available at www.aecarretera.com/adb/Iniciativa_Transporte_Sostenible.pdf

- Bain, J. S. (1951). Relation of profit rate to industry concentration: American manufacturing 1936-1940. *Quarterly Journal of Economics*, 65, 293-324.
- Bain, J. S. (1956). *Barriers to new competition*. Cambridge, MA: Harvard University Press.
- Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), 497-505.
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39-48.
- Carruthers, R., Dick, M., & Saurkar, A. (2005). Affordability of public transport in developing countries. Available at http://siteresources.worldbank.org/INTTRANSPORT/214578-1099319223335/20460038/TP-3_affordability_final.pdf
- CSR Asia. (2007). *Sustainable transport: Lessons for Asia*. Available at http://www.csr-asia.com/weekly_news_detail.php?id=10060
- Grieco, M. (2015). Social sustainability and urban mobility: Shifting to a socially responsible pro-poor perspective. *Social Responsibility Journal*, 11(1), 82-97.
- Hopkins, M. (2007). *Corporate social responsibility & international development*. London: Earthscan.
- Jamali, D. (2008). A stakeholder approach to corporate social responsibility: Fresh insights into theory vs. practice. *Journal of Business Ethics*, 82, 213-331.
- Jamali, D., Safieddine, A., & Rabbath, M. (2008). Corporate governance and corporate social responsibility: Synergies and inter-relationships. *Corporate Governance: An International Review*, 16(5), 443-459.
- Kirkbride, J. (2010). Bus companies—Creating too much competition? *International Journal of Law and Management*, 52(2), 167-172.
- Mason, E. S. (1949). The current state of the monopoly problem in the United States. *Harvard Law Review*, 62, 1265-1285.
- Meehan, J., Meehan, K., & Richards, A. (2006). Corporate social responsibility: The 3C-SR model. *International Journal of Social Economics*, 33(5/6), 386-398.
- Ong, G. P., Sinha, K. C., & Fwa, T. F. (2010). Strategies for achieving sustainability through integrated transportation and urban development in the USA and Asia. *Asian Transport Studies*, 1(1), 89-104.
- Post, J. E., Preston, L. E., & Sachs, S. (2002). *Redefining the corporation—Stakeholder management and organizational wealth*. United States: Stanford University Press.
- Rawls, J. (1971). *A theory of justice*. Harvard University Press.
- Transport for London. (2016). *Corporate social responsibility*. Available at <https://tfl.gov.uk/corporate/about-tfl/corporate-and-social-responsibility>
- Transport Department. (2009). *Minibuses*. Retrieved from http://www.td.gov.hk/en/transport_in_hong_kong/public_transport/minibuses/
- Sachs, S., Maurer, M., Rühli, E., & Hoffmann, R. (2006). Corporate social responsibility from a “stakeholder view” perspective: CSR implementation by a Swiss mobile telecommunication provider. *Corporate Governance: The International Journal of Business in Society*, 6(4), 506-515.