



**Asia-Pacific  
Economic Cooperation**

# Corporate Social Responsibility in the APEC Region

## Current Status and Implications

**Economy Paper:  
Chinese Taipei**



Corporate Social Responsibility  
in Chinese Taipei

Huo-Tsan Chang  
Director & Professor  
Graduate Institute of Human Resource Management  
National Changhua University of Education

**Table of Contents**

<b>Introduction</b> .....	CT-1
<b>Current CSR practices in Chinese Taipei</b> .....	CT-1
<b>Government Institutions</b> .....	CT-1
<b>Private Institutions</b> .....	CT-2
<b>Illustrative CSR Cases of enterprises in Chinese Taipei</b> .....	CT-4
<b>Taiwan Semiconductor Manufacturing Company (TSMC)</b> .....	CT-4
<b>President Chain Store Corporation (PCSC)</b> .....	CT-6
<b>Sinyi Realty Incorporation (Sinyi)</b> .....	CT-7
<b>Challenges and Future Opportunities</b> .....	CT-9
<b>Government Institutions</b> .....	CT-9
<b>Private Institutions</b> .....	CT-9
<b>References</b> .....	CT-11

## **Introduction**

As sustainable development and global management trends rise, consumers and shareholders increasingly demand operational transparency and social responsibility. The United Nations established the World Business Council for Sustainable Development (WBCSD) in 1997 and invited 60 companies and non-business groups to study the issue of corporate social responsibility (CSR). Afterward, WBCSD proposed the following view: Corporate social responsibility is a company's promise to continuously abide by ethical codes in order to contribute to economic development and improve the living quality of employees and their families, local communities, and the wider society (Huang, 2001). Topics of concern included environmental protection, labor and human rights, community participation, social well-being and stakeholders, etc. As international communities pay more attention to corporate social responsibility criterion international investment institutions have also begun to evaluate corporate social responsibility performance results (IDIC, 2003).

As a trade export-oriented economy, multinational companies in Chinese Taipei have become the important targets of foreign direct investment (FDI). In 2004, the total amount of Chinese Taipei's foreign investment was US\$ 9.2 billions, ranked the fifteenth in the world. In Asia, Chinese Taipei was behind Japan and Hong Kong, ranking the third. The accumulated amount of foreign investment was US \$ 65.12 billions, which ranks the 17<sup>th</sup> worldwide. Chinese Taipei is an important foreign direct investment global player. In order to maintain this position, it is quite important to understand the current situation of corporate social responsibility in Chinese Taipei.

As the emphasis on human resource management rises, there is an increased emphasis on employees' freedom of associations, equal rights, elimination of child and forced labor, racial and sexual discrimination, etc. In addition, emphasis is placed on a long-term partnership with employees while encouraging employees to work within a safe and long-term employment situation (Wimbush & Shepard, 1994). When training, not only general

knowledge and technical skills but also ethics, values, and community responsibility concepts should be included in order to implement the corporate social responsibility. Corporate social responsibility is a central and important issue to be dealt with within the human resource management context.

The current research first reviews relevant research and literature. From the macro view, this paper describes the current overall practices and situations of corporate social responsibility in Chinese Taipei. Next, in-depth interviews with businesses are summarized results combined into case studies, mainly focused on human resource management related issues of importance to APEC member countries.

## **Current CSR Practices in Chinese Taipei**

The Chinese Taipei economy has continuously developed over the past 50 years, currently a globally important player for foreign investments, especially in China or Southeast Asia. At the same time, international community's expectation of companies in Chinese Taipei to practice corporate social responsibility has increased. Compared to European and North American corporations, perceptions of companies in Chinese Taipei on corporate social responsibility is still limited. Some overseas Chinese Taipei branches have not handled local relationships well, resulting in conflicts and negative images of firms in Chinese Taipei. Therefore, it is vital to assure that corporate social responsibility plays a central role in economic globalization of Chinese Taipei governmental and private institutions.

### ***Government Institutions***

The Industrial Development & Investment Centre (IDIC), a Chinese Taipei government institute, began to encourage domestic companies to incorporate social responsibility into their operations in 2002. Besides translating and aggressively presenting OECD Guidelines for Multinational Enterprises, IDIC held three conferences in July, August, and September, 2002, inviting scholars, experts, and executives from domestic and foreign firms. The conferences promoted the concept of

corporate social responsibility, emphasizing Chinese Taipei companies' understanding and readiness for social responsibility, such as financial transparency, hiring policies, labor-management relationships, environmental protection, consumer's rights, fair competition, obligation to pay taxes, and reduction of bribery. Starting in 2004, IDIC established the Taiwan CSR evaluation system. Simultaneously, in order to praise and encourage more companies to take up the topic of corporate social responsibility, IDIC also published both Chinese and English language books containing 25 examples of Chinese Taipei companies that displayed excellent results in corporate social responsibility. The IDIC also established a corporate social responsibility website in order to rapidly update domestic and internationally relevant regulations, supplying local firms with news, focus cases, information sharing, and benchmark companies (Chuang, 2003).

The Council of Labor Affairs, Executive Yuan, Chinese Taipei, has introduced a new vision of "Three Important Security Issues and One Major Improvement," which deals directly with labor issues. Three Important Security Issues include: (1) Employment security: offering employment counseling, vocational training arrangement, employment recommendation and unemployment payment management. The Council actively assists the unemployed to obtain employment and conducts vocational training. (2) Income security: The Council is promoting a labor retirement system of retirement funds to insure laborers receive retirement moneys. Besides officially initiating the New Worker's Retirement System this year, the Council has allocated 660 million US dollars to help nearly 170,000 unemployed laborers' families. (3) Work security: The Council coaches companies to establish health and safety assurance systems, integrates resources of inspection and counseling, assists companies to improve working environments and safety assurance standards, and decreases casualty rate from occupational hazards. In 2004, the Council oversaw 5090 companies and conducted 13,124 inspections. Comparing with the previous year's results, casualty rate from occupational hazards is down by 50%. Moreover, the Council also subsidized 5,820,000 US dollars in prevention of

occupational hazards. One Major Improvement refers to improving laborers' social and economic status, ensuring basic rights.

Within the area of environmental protection, the Industrial Development Bureau, Ministry of Economic Affairs, Chinese Taipei, is devoted to promoting industrial sustainability, with its main point of development stated as "improving companies' green productivity," which is the main appeal that has been actively pushed by the Asian Productivity Organization since 1996. The contents of which are almost the same as the concept of "Eco-Business" promoted by the United Nations. The purpose of promoting each effort is to integrate and push for ISO 9000, ISO 14000 compliant productions, in order to improve green productivity. Besides pushing each relevant unit to plan ISO 9000, ISO 14001 (containing BS 8800 industrial safety and health systems), pursue clean production, and implement programs of environmental protection, the Industrial Development Bureau has also established the information system and promotion dispersing channel for current domestic and overseas situations and related practices of sustainable development. Plans are being made to implement the mechanism for companies to obtain eco-efficiency.

For the purpose of encouraging companies to actively practice environmental protection, the Environmental Protection Administration (EPA), Executive Yuan set up The Enterprises Environmental Protection Award of the Republic of China in 1992. The EPA yearly elects and awards 10 companies that have done a great job in preventing pollution, in order to encourage and affirm their contributions to society and present examples of good environmental protection efforts. Evaluation items include environmental protection planning and management, clean production implementation, pollution prevention management and maintenance effects, waste handling and final disposal, environmental concept promotion, and educational guidance.

#### ***Private Institutions***

In order to facilitate businesses to follow relevant economy policies and regulations that ensure industrial sustainability, the Business

Council for Sustainable Development-Taiwan (BCSD-Taiwan) was founded in May 1997. Over 30 companies were the founding members, such as The International Commercial Bank of China, China American Petrochemical Co., China Airlines, China Development Industrial Bank, SinoPac, Minnesota Mining & Manufacturing Co., Taiwan Semiconductor Manufacturing Co. (TSMC), and Yung Fong Yu. The purpose was to encourage companies to play a leading role in promoting environmental protection efforts and help other companies in Chinese Taipei to participate in environmental issues while improving awareness of social responsibility. Last year, BCSD-Taiwan not only held the Overseas Investment and CSR Forums and the CSR for Sustainability conference but also conducted surveys of current situations of firms practicing corporate social responsibility, as in the 2003 Taiwan Sustainability and SRI survey. In addition, BCSD-Taiwan promotes research and publishes yearly relevant journals and e-news. BCSD-Taiwan also collects practical cases of business practicing corporate social responsibility and then promotes such practical cases.

The *Global Views Monthly Magazine* and Industrial Development & Investment Centre (IDIC) conducted the "2005 CSR survey" of 705 publicly traded companies. Results show that 87.2% of the companies think that the shareholder's equity is the most important social responsibility. On the other hand, 84.9% of the companies think that the employee's rights and interests are most important; among them, the common practices include offering periodic employee health checkups (91.8%) and offering group insurance and insurance in addition to labor insurance (76.4%). In addition, 68.5% of the companies think that company governance is the most important social responsibility, and 45.2% of the companies have set up positions of independent outside directors to supervise the company. Furthermore, 66.8% of the companies think that the financial disclosure is the most important object, showing Chinese Taipei companies' recognition of corporate social responsibility still focuses mainly on shareholders and employees, believing that managing the company well fulfills the social

responsibility of the company toward shareholders and employees.

Related to public support, 68.3% of the companies once donated money to sponsor public events last year. In addition, 50.6% of the companies choose donations and well-being activities sponsorships to achieve corporate social responsibility, but 26.4% of the companies have established foundations to plan social activities and fund raising. Reach findings show that half the budgets of Chinese Taipei companies' foundations come from the government and fund raising from public, companies pay for the remaining. In community relations, only 34.9% of the companies consider the harmonious community relations as important. Thirty percent of the companies require employees to participate in community activities, mostly helping to sweep the community and care for public areas.

In fulfilling community responsibility practices, 77.8% of the companies choose to honestly pay their taxes as the way of fulfilling social responsibility, while 76.7% of the companies choose to follow corporate ethics norms. Even though 69.9% of the companies choose to reinforce environmental protection as the way of implementing corporate social responsibility, only 18.2% of the publicly listed companies released CSR reports or sustainable growth reports. In addition, only 17.6% of the companies periodically announced environmental protection issue reports. The research shows that most companies do not quite understand corporate social responsibility. Only up to 5% of the companies have the will to publish CSR reports and sustainable growth reports, and 21.1% of the companies have established a specialized corporate social responsibility personnel position or department. Most companies still pay relatively little attention to social responsibility and environmental protection (Lin, 2005).

## **Illustrative CSR Cases of Enterprises in Chinese Taipei**

### ***Taiwan Semiconductor Manufacturing Company (TSMC)***

Taiwan Semiconductor Manufacturing Company (TSMC) was founded at Hsinchu Science Park in 1987. TSMC was the first semiconductor dedicated foundry company in Chinese Taipei and created an innovative business model for the IC industry. The company is the market leader and the world's largest semiconductor foundry, steadily increasing its capital spending and continuously innovating operational capability. Chairman Chang has led the company by the business philosophy of: integrity, maintaining a consistent focus on our core business: IC foundry, globalization, long-term vision and strategies, treating customers as partners, building quality into all aspects of our business, unceasing innovation, fostering a dynamic and fun work environment, keeping communication channels open, and caring for employees and shareholders, and being a good corporate citizen. The corporate values of TSMC are integrity, commitment, innovation, customer orientation. Chairman Chang has led the company to build its leading position by offering a blend of cutting-edge technologies, pioneering design services, manufacturing productivity and product quality. Dedicated to becoming the leading Chinese Taipei corporate citizen, emphasizing corporate social responsibility, and actualizing the concept to shareholders, employees, customers, and suppliers, TSMC established a compensation committee in September, 2004 to manage the executives' salary combinations and to review related issues of employee compensation in order to impel compensation practice to be open and transparent, actualizing the integrity core value of the company.

In 1998, TSMC established the TSMC Education and Culture Foundation (TSMC Foundation) with the long-term goal of becoming a good Chinese Taipei corporate citizen and of participating in the sponsorship of educational, cultural and social improvement activities. The Foundation's mission is guided by four principles: sponsorship of art events and esthetic education, commitment to education, dedication to employee volunteer programs, and

contribution to the TSMC site community. On average, the Foundation has a yearly budget of US\$ 3 to 6 million and has specific directions and work plans to actualize the concept of giving back to society. The Foundation has set many leading and excellent examples of corporate social responsibility. For example, in order to increase the public interest and participation in economy art and cultural events, the Foundation had sponsored more than US 1.8 million dollars for the House of Taipei (restoration of the former American Embassy in Taipei). The Foundation also participates in managing the Taipei Contemporary Art Museum.

In addition, TSMC Scholarship has provided five-year scholarships to excellent students who are in financial need at five universities since 1994. So far, about two hundred and fifty students have received the scholarship and the total amount of scholarship has surpassed 780,000 US dollars. Moreover, TSMC donated US 4.6 million dollars to National Tsing Hua University to establish the School of Technology Management--TSMC Hall, to promote the integration of technology and management training. TSMC actively encourages employees to participate in social improvement. The company established "TSMC Guide Volunteer Program" at the National Museum of Natural Science for TSMC employees to serve as guides on weekends for the "The World of the Integrated Circuit" exhibition the company has sponsored. About 200 TSMC employee volunteers serve as guides on weekends. The company also set up the "TSMC Books Reading Volunteer Program" in 2004 with about 50 TSMC volunteers sacrificing their vacations taking turns to visit rural schools in the Hsinchu area to provide book-reading events, aiming at inspiring students' interest in reading.

While Chinese Taipei's environmental problems are increasing, TSMC has the mission of corporate social responsibility and realizes the environmental protection concept must be cultivated through daily life. Therefore, TSMC yearly inputs US 120 million dollars to promote projects like "Green Supply Chain Project." TSMC does not use banned substances and simultaneously requires its suppliers not to use banned substances in any production and products. The company also tries to purchase products that have the approval of



environmental protection logos. The company procures more than US 1.5 million dollars of green office suppliers per year. In addition, TSMC completes life cycle assessment of TSMC Fab 6, 8 and of all suppliers. Contents of this assessment include the data of wafer manufacturing, such as energy and raw materials consumption, pollutants generation from silicon mining. Results of the assessment are offered to customers who need them at any time. In addition, it has been ten years since 1995 that TSMC has sponsored World Earth Day, every April, to instill the concept of environmental protection. TSMC also organizes an office greening competition, including environment greening and hygiene, garbage sorting and recycling, energy and paper conservation. Moreover, in order to have a healthy environment, TSMC encourages growing plants indoors and out. Because of its dedication to environmental safety and health (ESH), in 2004, TSMC was awarded Water Conservation Outstanding Performance Award from the Water Resources Agency, Annual Environmental Protection Award for Enterprise from the Environmental Protection Administration (EPA), Economy Safety and Hygiene Excellent Unit Award from the Council of Labor Affairs (CLA), and Safety and Hygiene Excellent Unit Award from the Tainan Science Park Administration (SPA).

Concerning human resource management, TSMC follows its business philosophy of fostering a dynamic and fun work environment, keeping communication channels open and caring for employees and shareholders, and being a good corporate citizen. To retain talented people who share goals and interests of TSMC, the company works hard to foster a dynamic and enjoyable working environment because TSMC believes that participating in a challenging and enjoyable working environment full of opportunities to learn new skills is even more important than monetary rewards. TSMC uses open-style management system designed to keep all lines of communication open in the working environment, allowing all opinions to be expressed before a final decision is made. In addition, TSMC believes that the success of a company depends on the well-being of the local society and the local environment, so the company is committed to giving back to society

and serving as a model corporate citizen. TSMC is the market leader of Chinese Taipei hi-tech companies and is the target of emulation by various companies. Therefore, even during the semiconductor industry's economic downturn and decreased revenues in 2001, TSMC did not lay off any employees. In addition, TSMC identifies the bottom 5 percent of employees through performance management and development (PMD) analysis and provides them appropriate training and expects them to grow with the company. Individual employee learning plans are offered at TSMC to facilitate a dialogue between employees and their managers. Each employee's performance and development goals via six monthly reviews and goal setting sessions with his/her manager are the base of individual learning plans in order to ensure focused, results oriented learning and development. TSMC also rewards employees who achieve their development goals through the company's annual bonus program. The company provides continuous learning opportunities in all fields of semiconductor manufacturing and R&D and provides job growth opportunities by offering job rotation, overseas assignments, and project assignments. Furthermore, in order to develop a healthy mind and body a series of employee relation projects were initiated in 2004. Among these, Employee Assistant Programs (EAP) has been specifically set up for counseling the disease of depression. On-site counseling services are provided at each factory. Because of the long working hours, TSMC tries its best to be considerate to its employees and to provide a convenient, modern workplace. On-site available resources include day-care facilities, gymnasiums, fitness facilities, aerobic rooms, Karaoke Cafeteria, Starbucks Cafe, Alto Cafe, 7-Eleven convenience stores, bookstores, banking services, and laundry services. These facilities are often open 24 hours a day, 7 days a week for employees' use and enjoyment. Since TSMC dearly cares for its employees' health and wellness, the company has won the first place award of 2005 Top 10 Happiness Enterprise.

Looking to the future, besides setting up hardware facilities of non-barrier space, TSMC also tries its best to hire from minority groups. Accordingly, TSMC is aggressively drafting relevant programs. Increasing the promotion

ratio of minority groups is listed as the goal for the subsequent half of 2005. TSMC will continue to operate according to its management philosophy, vision and values, and hopes that the concept of corporate social responsibility can spread to all companies in order to actualize the management philosophy of giving back to society. In sum, we can see that TSMC is dedicated to corporate social responsibility practice. Being such an outstanding good corporate citizen, TSMC certainly is the role model for corporate social responsibility in Chinese Taipei.

***President Chain Store Corporation (PCSC)***

PCSC is a sub-conglomerate of Uni-President. In April 1978, Uni-President invested US 5.9 million dollars and founded the company. In 1979, PCSC introduced 7-ELEVEN stores into Chinese Taipei. The same year in May, 14 stores were opened island-wide in Chinese Taipei. Currently, the number of 7-ELEVEN stores ranks the third worldwide, just next to Japan and America. The mission of the Corporation is to be the best retailing corporation. Therefore, it provides services based on convenience and good citizen's responsibility. Following the objective of "Establishing a Healthy and Happy Tomorrow," the company has carried out culture, environment, sports and entertainment events. As a good citizen, the company will continue to reciprocate earnings to society.

After seven years of loss, PCSC turned to profit in 1986. PCSC runs the business as if it has a responsibility to society. Starting from 1987, over 16 years, the company has raised total of US \$ 19 million dollars and sponsored over 56 charity activities and minority groups such as Bring Back Love—Don't Let Kids Stray Afar, Famine 30, The Reconstruction to Homeland after 921 Earthquake, and Southeast Asia Tsunamis. In 1999, PCSC established the Good Neighborhood Foundation in order to further demonstrate the idea in running charity activities as business operations. For years, PCSC has always made responsibility to the society as the basis of company growth. In 2000, PCSC initiated the "community service day." In addition, starting from 2001, the Foundation has encouraged and sponsored yearly physically and mentally disabled leaders

and excellent talents to explore and study in Japan.

Eliminating plastic shopping has become a global trend. Through the EPA, Chinese Taipei also scheduled the restricted use of disposable plastic tableware to commence in October 2002. PCSC has followed the government's regulation lawfully and has donated US 150,000 dollars yearly to establish 7-ELEVEN Green Fund to sponsor wetland protection plans, environmental protection promotion, and research and development. In the aspect of community environmental protection, during the third week of every month, volunteer employees from the headquarters and the stores go out to the community and help clean-up the neighborhood community. The third week of every September, the company participates in international Clean Up the World campaign. For the Clean Up the World campaign 2004, PCSC gathered 52,369 volunteers and 216 groups to clean up 639 locations. Since PCSC pays special attention to environmental protection, the company continues to promote less waste by practicing the three Rs--Reduce, Reuse, Recycle, such as: reducing paper cup usage, recycling waste paper, recycling waste container, recycling leftover food, recycling battery, etc. The company uses the recycled resources to create new value. For example, the company's uniform is made of 12 pet bottles (1.5 liters per bottle). This fully exemplifies resource reuse.

This part of the paper examines practices of PCSC on both increasing employment rate of minority groups and providing good employee benefits. In recent years, the unemployment rate has been rising, which has made it even more challenging for members of minority groups to find jobs. PCSC is more than happy to hire minority groups (including disabled persons, natives of Chinese Taipei, and middle-aged women) when the company has suitable positions open for them. PCSC also actively contacts schools for the hearing impaired and helps the students to get jobs at PCSC. Currently, PCSC hires more than 200 disabled persons and 88 natives of Chinese Taipei. According to Physically and Mentally Disabled Citizens Protection Law, the company that has more than 100 employees has to hire

disabled persons no less than 1 percent of total work force. Disabled employees at PCSC account for 2.7 percent of its work force, far above the government's regulated hiring ratio. In addition, PCSC specifically has developed a special training program to help minority employees solve difficulties encountered at work. Furthermore, natives of Chinese Taipei's applicants who have the same qualifications as other applicants will have first priority to be hired at PCSC in order to protect native Chinese Taipei's employment opportunity. PCSC not only encourages store managers to hire middle-aged mothers but also plans related training courses for them. PCSC provides open communication channels for issues related to employment of minority groups in order to create a harmonious, comfortable, and secure working environment for each employee.

According to the rules of employee benefit plans, the company has to contribute 0.05-0.15% of the revenue to employee benefit funds. PCSC contributes 0.1% of monthly revenue to the employee benefit funds. Moreover, PCSC has two very special benefit systems: Cafeteria Benefits and Stock Options. PCSC initiated Stock Options Trust in 1998, and the company contributed US \$ 1.8 million dollars to the Trust. This system mainly protects retired employees when the retirement cannot balance with living expenses. Before the New Worker's Retirement System was implemented in Chinese Taipei, PCSC had already started the Stock Options Trust system. All formal employees can choose to participate. The employee contributes 6 percent of his/her salary, and the company contributes 30 percent of the employee's contribution (6 percent of the employee's salary) to the Trust. Currently, the Trust mainly purchases the company's stock. When an employee is in need of money, retirement, or ending the employment relationship, he/she can get his/her money back as cash. After the New Worker's Retirement System was implemented, this Trust still exists but does not conflict with New Worker's Retirement System. Employees still can freely choose to participate or not. Moreover, PCSC introduced Cafeteria Benefits in 2000. The company allots US 460,000 dollars yearly to let employees choose their own benefit options. This system was designed with the employees in

mind, and it lets employees enjoy the rights of choosing their own benefits.

Because of the company's emphasis on social responsibility, PCSC not only is known for its brand image, but also it arouses public's care toward well-being activities. In addition, distribution industry has amazing power of disseminating; through distributing channel, the well-being activities can have augmented effects. The company commits itself to fulfill its eternal promise: "responsibility to the society" and "take something from the society and give something back in return." Therefore, the company continuously fulfills the good citizen's responsibility in areas such as environmental protection and education, well-being activities, and employee care. In addition, the company wishes to be the role model of distribution industry in the corporate social responsibility and to be able to awaken the society's attention toward CSR.

#### ***Sinyi Realty Incorporation (Sinyi)***

Sinyi Realty Incorporation was established in 1981. In early stage of real estate industry in Chinese Taipei, realty related law and regulations were insufficient, the realty market was fiercely competitive, the realty transactions were not safe, and the quality and ethics of human capital in this area were weak. In order to turn the negative image around and to be emulated by the competitors of the industry, Sinyi founder Jiun-Ji Chou chose "the pursuit of perpetual improvement guided by good faith" as the management philosophy. In addition, he initiated and launched various services, including ownership investigation before transaction, fixed-rate service charge, stage-by-stage charge, investigation before transaction, and all-embracing insurance coverage in home purchase. At the beginning, the company suffered a lot of hardship. However, Sinyi always insisted on the operation ideal of "Starting by Trust and Justice and Ending up in Perfection." Finally, it gained the trust of consumers. In 1994, it was already the market leader and the first brand of consumers' ideal realtors. Simultaneously, it had won the leading realtor position from the Service Industry Survey conducted by *Common Wealth Magazine*. It went public successfully in August 2001 and became the only publicly

traded realty company in Chinese Taipei. Since its inception, Sinyi has continuously been promoting CSR, mainly in social well-being, community service, consumer's rights and interests and human resource management four areas. The followings describe the practicing results.

In social well-being, in order to change societal view of emphasizing economy and neglecting humanities and to change the trend of materialism, Sinyi established Sinyi Culture Foundation in 1993 to spread the core of the group's corporate culture—The Continuous Improvement Guided by Good Faith. The Foundation has sponsored cultural and educational events and activities, including The Conference on Trade and Industry Management of Chinese Taipei and Mainland China, Seminar on Corporate Cultures and Working Values of Chinese Taipei and Mainland China, Seminar on Working Ethics, and A Study on Chinese People's Industrial Organization and Management.

In community service, Sinyi is concerned over the worsening public relations between people in modern society and the increasingly cold and detached community social interactions. Therefore, in April 2004, Sinyi started Community Better Association and contributed US 3.11 millions dollars to sponsor a five-year project to community residents for transforming the community and making a better community. Sinyi also sponsored the Community Better Sponsorship Project. From late April to late July of 2004, Sinyi received 569 proposals from 23 counties and cities. Out of those, 57 communities won the sponsorship for the total amount of US 630,000 dollars. Sinyi hopes to use this chance to enhance interactions between community residents, enable community residents to have the feeling of a big family community, fulfill the residents' dream and expectation to the community, and promote the society to be further harmonious.

In the maintenance of consumer's rights and interests, Sinyi attempts to rectify the early Chinese Taipei real estate industry's drawback on not emphasizing transaction safety. Since its inception, the company has incessantly been emphasizing the protection of transactions to

prevent transaction disputes and offering service in accordance with consumers' needs. For example, Sinyi initiated the programs of Preparing the Instruction of Real Estate, Guarantee of House Dealing Contract, and Wholly Secured System of House Purchase to further protect consumers' basic rights and interests and to foster safe, speedy, and sound realty transactions.

Lastly, in human resource management, Sinyi adheres to a human-based philosophy and is devoted to offering a secure working environment. While selecting employees, Sinyi especially prefers to recruit applicants who have no real estate related experience and have virtue quality with the expectation that the new employees will accept the company culture and philosophy and will be happy working at Sinyi. At the same time, the company offers new employees high fixed salary and half year guaranteed salary to ensure stability of employees' incomes and safety of basic living. When the employee performs poorly, Sinyi truly believes a lay off is not the only solution. Changing the poorly performing employee to another appropriate position is the main action the company takes instead. In addition, training and motivational courses are provided to employees who have low performance. Moreover, Sinyi gives team bonuses (4 percent of revenue is allotted to the team bonus fund) to be shared by members of the branch store. Even if the personnel cost accounts for more than 65 percent of the total revenue, Sinyi still insists on offering a good working environment to ensure staffs the employment security and growth opportunities.

In the future, Sinyi will continue to exert efforts in social well-being, consumer rights and interests and care for employees. Furthermore, it will promote its management philosophy and success experience and share its know-how with other companies or other areas; for example, the company sends executives to Mainland China to make speeches and share its management philosophy in order to undertake the corporate social responsibility and to have a positive influence on society.

### **Challenges and Future Opportunities**

Following the appeals of international anti-globalization groups and local residents' protests, the pressure faced by multinational companies is increasing. After Chinese Taipei joined the WTO, Chinese Taipei companies not only need to face the pressure of global competition but also to meet the expectations and demands of corporate social responsibility from overseas and local stakeholders. Therefore, companies not only have to modify their own business models but also need government institutions' indirect assistance. Accordingly, this paper will elucidate the future effort direction of government institutions and private institutions on corporate social responsibility, respectively.

#### ***Government Institutions***

In order to continually promote the concept of corporate social responsibility, the Chinese Taipei government institutions not only actively try to actualize the implementation of OECD Guidelines for Multinational Enterprises but also continuously promote many relevant norms of corporate social responsibility, such as the United Nation's Global Compact, the Global Sullivan Principles, etc. Internationally, corporate social responsibility lacks unified standards, so the Chinese Taipei government constantly plans Chinese Taipei CSR Evaluation system to provide the references for domestic companies or foreign companies that will come to Chinese Taipei to invest. The long-term goal of the government is to enable Chinese Taipei companies to be in line with international standards on overseas investment and to understand international norms of corporate social responsibility and the requirements of overseas local investment rules. In doing so, the Chinese Taipei government hopes to help companies strive for the overseas local business opportunity, to improve the competitiveness, and to create the foundation of company's sustainable development.

Concerning labor issue, besides implementing the New Worker's Retirement System commencing on July 1, 2005, the Council of Labor Affairs (CLA) is even devoted to planning various training courses of common core competency in order to strengthen the employed

or unemployed laborers' employment ability. The Council also continues to perfect the prevention system of occupational hazards in the hope of reducing occupational hazards. At the same, the Council pushes for the passing of Labor Three Law Amendment Draft by Legislative Yuan as quickly as possible in order to make the development of the labor-management relationship have more regulation bases. Currently, many companies just abide by the regulations for the labor issues. The CLA will continually encourage companies to pay more attention to labor rights and autonomy.

Related to environmental protection, the Industrial Development Bureau, Ministry of Economic Affairs plans to set up the various major basic databases of promoting sustainable development and monitoring the progress of practicing sustainable development within one year. Simultaneously, the Industrial Development Bureau has begun to conduct tracking of each major indicator, relevant promotion, and training. Within three years, the Bureau will complete implementing every measure of the industries' sustainable development strategies to industry policy of each government institution and the relevant operational systems. The Bureau widely cooperates with market mechanism and taxation policy. In five years, the Bureau will finish the concrete practicing programs (ISO 14000, ISO 9000, sanitary production, development of environmental protection industry) by integrating 15-20 industries' industry sustainable developments in order to reach Eco-efficiency. The Bureau will also drive the domestic environmental industry to be able to fully support the development of companies in order to make companies become unique and recognized competitors of APEC members.

#### ***Private Institutions***

According to the survey conducted by *Global Views Monthly Magazine* and Industrial Development & Investment Centre (IDIC) in 2005, domestic companies pay less attention to suppliers and supply chain management's corporate social responsibility. In the past, Chinese Taipei companies chose suppliers based on price and honesty. Few companies considered if the suppliers fulfilled the corporate

social responsibility. Therefore, in the future global operation, Chinese Taipei companies not only shall consider quality and price but also shall pay more attention to check if the suppliers fulfill the requirements of corporate social responsibility, such as: environmental protection manufacturing process, protection of consumers' rights and interests, fair competition and no bribery, labor and human rights, etc.

The results of the survey concerning about labor's rights and interests, conducted by *Global Views Monthly Magazine* in 2005, show 38.1 % of surveyed companies hire foreign workers, 29.3 % of the companies adopt early retirement or voluntary severance, 14 % of the companies close the assembly lines and factories, and 5.7 % of the companies choose to lay off the employees. However, only 36 % of the companies once offered the lay off or fired employees job introduction service or help to apply for government assistance. Most companies believe that their own company provides good salary and benefits and there is no need to organize a union. Nevertheless, human rights concerns have become an important issue. Overseas countries increasingly regard union existence in the company as the indicator to see if the company cares for human rights. Few companies in Chinese Taipei were familiar with union affairs, so a few companies encountered difficulties in Central and South America. Therefore, in the future, it is indispensable for Chinese Taipei's companies to maintain employee's rights and interests and understand the concept of unionization. In minority hiring, although Physically and Mentally Disabled Citizens Protection Law clearly stipulates that the company should employ at least 1 percent (of total work force) disabled persons, according to the survey, most companies have not reached that standard yet. For future direction of efforts, Chinese Taipei's business sectors can plan the

appropriate working environment and working contents to benefit minority groups.

Most Chinese Taipei's companies are small and medium enterprises (SMEs). Due to flexible and elastic characteristics of SMEs, many companies have become important suppliers of internationally well-known multinational companies. However, SMEs are smaller in company size and capital. It perhaps will be difficult to some extent for SMEs to worry about corporate social responsibility while tackling the pressure of competition. Therefore, in the future, when implementing corporate social responsibility, SMEs can take the smaller scale approaches, for instance, community service, well-being activities, etc., and seek the relevant subsidy of the government institutions in order to set up the initial step of corporate social responsibility mechanism. A broad view of current situations of corporate social responsibility practice in Chinese Taipei and three companies' system, we can learn that management's view on corporate social responsibility is the key influence on the success or failure of CSR practice. Therefore, while government institutions continuously propagate the importance of CSR on global management, environmental protection, human rights consciousness, CEOs of companies that have good results of practicing CSR should also come out in public to promote and share their experiences about the advantages and necessity of practicing CSR. Meanwhile, constraints of rules and regulations enable CEOs to realize this CSR trend. The three concurrent efforts should be able to help Chinese Taipei companies overcome management pressure and include CSR into company's management philosophy and long-term development strategy.

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