

RGC Ref. No.: UGC/IIDS25/B01/15 (please insert ref. above)
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RESEARCH GRANTS COUNCIL

**COMPETITIVE RESEARCH FUNDING SCHEMES FOR
THE LOCAL SELF-FINANCING DEGREE SECTOR**

INTER-INSTITUTIONAL DEVELOPMENT SCHEME (IIDS)

Completion Report
(for completed projects only)

<p><u>Submission Deadlines:</u></p> <ol style="list-style-type: none"> 1. <i>The unspent balance, if applicable, and auditor's report: within six months of the approved project completion date.</i> 2. <i>Completion report: within twelve months of the approved project completion date.</i>

Part A: The Project and Investigator(s)

1. Project Title

Business Sustainability and Corporate Governance – Performance, Reporting and Assurance

2. Investigator(s) and Academic Department/Units Involved

Research Team	Name / Post	Unit / Department / Institution
Principal Investigator	CHENG Shu Tong Peter / Dean	Faculty of Management and Hospitality / Technological and Higher Education Institute of Hong Kong
Co-investigator(s)	REZAEZ Zabihollah / Professor	The University of Memphis
Others		

3. Project Duration

	Original	Revised	Date of RGC Approval (must be quoted)
Project Start Date	19 October 2015		
Project Completion Date	18 October 2016		

Duration (<i>in month</i>)	12 months		
Deadline for Submission of Completion Report	18 October 2017		

Part B: The Final Report**5. Collaboration with other Self-financing Degree-awarding Institutions / Schools**

Collaborating self-financing institution / school	% of participation	Distinctive element(s) that the institution / school is responsible for the project
N/A		

6. Project Objectives

6.1 Project delivery

Timing	Original Milestones	Revised Milestones	Date of RGC Approval <i>(must be quoted)</i>
January to August 2015	Preliminary plan and organisation	N/A	
September 2015 to December 2015	1.Book venue Call for submission 2.Review papers submitted 3.Confirm keynote speakers 4.Seek support from professional bodies 5.Formalise publicity campaign	N/A	
January – June 2016	1.Finalise editorial decision on paper submitted 2.Invite authors 3.Finalise program details 4.Confirm logistics 5.Finalise run-down 6.Man-power allocation	N/A	

6.2 Speaker(s)

Title / Name (Surname in capital letters)	Post / Institution / School	Title / Topic of presentation / course	Previous research links with Hong Kong institutions / schools (Nature and Date (month/year))
The Honourable Mr. Kenneth Leung	Hong Kong SAR Legislator, Accountancy Sector	Opening Ceremony (no attachment)	Nil

Professor Gordon RICHARDSON	Professor / Rotman School of Business / University of Toronto	Voluntary external assurance of corporate social responsibility (CSR) disclosure and DJSI membership: International evidence (Attachment 2)	School of Accounting and Finance, The Hong Kong Polytechnic University – Invited guest speakers at various Conferences and Symposia offered by PolyU since the early 2000's.
Mr. Pat-Nie WOO	Principal of Business Reporting and Sustainability / KPMG	Micro- and macro environment and new development in Hong Kong (Attachment 3)	Nil
Mr. Stephen TAYLOR	Senior Partner / Deloitte China	Corporate governance: an accountant's perspective (Attachment 4)	Nil
Mr. Mike KILBURN	Acting General Manager of Sustainability / Airport Authority of Hong Kong	Best Practices, Industries' Perspectives – Sharing by Airport Authority Hong Kong (Attachment 5)	Nil
Dr. Jeanne NG	Director of Environmental Affairs/ CLP	CLP Group's sustainability journey (Attachment 6)	Nil
Mr. Ricky CHENG	Director of Risk Advisory Services / BDO	Sustainability and risk management (Attachment 7)	Nil
Mr. Hugh GOZZARD	Partner / Deloitte China	Auditor's assurance on sustainability reporting (Attachment 8)	Nil
Ms. Sammie LEUNG	Director of Risk Assurance / PricewaterhouseCoopers	Environmental, social and governance (ESG) reporting (Attachment 9)	Nil
Mr. Jeffrey CHAN	Finance Director / Triumph	Integration of sustainability within an organization: risk management and	Nil

		corporate compliance (Attachment 10)	
Mr. David FU	Corporate Secretary / Swire Group	Sustainability reporting at Swire Pacific (Attachment 11)	Nil
Ms. Gogo KO	Deputy General Manager of Finance / Yue Xiu Group	ESG reporting and green real estate (Attachment 12a&b)	Nil
Jamal A. Nazari	Assistant Professor / Simon Fraser University	Assessing social and environmental performance through narrative complexity in CSR reports (Attachment 21: full text of paper)	Nil
Charlie Cullinan	Professor / Bryant University	Are CSR activities associated with shareholder voting in director elections and say-on-pay votes? (Attachment 24: full text of paper)	Nil
Mostafa Monzur Hasan	Senior Lecturer / Curtin University	Corporate life cycle, organizational financial resources, and corporate social responsibility (Attachment 23: full text of paper)	Nil
Ammad Ahmed	PhD Candidate / Griffith Business School	Gender diversity and Stock liquidity: Evidence from Australia (Attachment 22: full text of paper)	Nil
Professor Zabihollah REZAEI	Chair Professor / The University of Memphis	The emergence of business sustainability and its practical, educational and research	Nil

		implications (conclusion remarks, no attachment)	
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- 6.3 Please provide copies of promotional materials, number of participants, survey/statistics on participants, e.g. country of origin, research background, etc., a copy of evaluation form/questionnaire and the consolidated feedback with response rate. Photos of the event(s) are preferred but optional.

The number of participants is 169 and 115 on 23 and 24 June 2016 respectively. The full list of participants is attached as Attachment 13.

Copies of promotional materials: Call for Participation is attached as Attachment 14 Conference Programme is attached as Attachment 15.

Survey on participants: Copy of evaluation questionnaires and Statistical Results are attached as Attachment 16.

Selected photos are attached as Attachment 17.

- 6.4 Objectives as per original application

1. Developing best practices toward an effective implementation of both sustainability and corporate governance codes

2. Sharing results of academic and scholarly research regarding future directions and initiatives pertaining to sustainability and corporate governance

3. Obtaining insights from policymakers, regulators, accounting practitioners, professional bodies and academics in further development of business sustainability and corporate governance KPIs, reporting and assurance,

- 6.5 Revised objectives

Date of approval from the RGC: N/A

Reasons for the change: N/A

- 6.6 Realisation of the objectives

(Maximum 1 page; please state how and to what extent the project objectives have been achieved; give reasons for under-achievements and outline attempts to overcome problems, if any)

The Conference provided a rare opportunity and forum for academic researchers from overseas and local UGC-funded and self-financed tertiary institutions together with the participation of representatives of accounting firms, Big-4 and non-Big-4 as well as accounting profession bodies and other institutions to exchange ideas and explore important milestones in sustainability, corporate governance and Environmental-Social-Governance (ESG) reporting and assurance. The participants, as they came from a wide diversity of academic and practitioner backgrounds, discussed, contributed

towards the understanding and implementation of environment, social and governance mechanisms and reporting. Furthermore, publication of the Conference research papers by the Journal of Contemporary Accounting and Economics ensured the findings and discussions during the Conference are disseminated to a wide international audience.

There were three Keynote Speakers to the Conference. Professor Gordon Richardson discussed his research on the potential benefits associated with the voluntary external assurance of corporate social responsibility disclosure. His study used an international sample of 11,747 firm-years from 26 countries and showed that there were merits from voluntary adoption of CSR disclosure assurance. (Objective 2) Mr. Pat-Nie Woo, Partner from KPMG, provided a synopsis of the development of the regulatory and expectations of business sustainability from the Paris Agreement, China's 13th 5-year plan and Hong Kong's 2016-17 budget plan including both the macro and micro analyses of the impacts of the environment and governance issues. Mr. Stephen Taylor from Deloitte, focused on the accountant's perspective on the development and principles of the Hong Kong Stock Exchange's Corporate Governance Codes as they affected corporate reporting and assurance and how the auditor's roles and reports are enhanced as they were compared and converged to international framework and standards. (Objective 3)

Best practices in sustainability reporting were shared by Dr. Jeanne Ng from the China Light and Power Group and Mr. Mike Kilburn from the Airport Authority Hong Kong. They shared the journey of sustainability reporting their companies through the changing environmental and social awareness, increasing regulatory policies, increasing data quantity and quality and emerging new technologies. Both presenters agreed that the goals of the economics of sustainability are moving and sustainability report and performance must be considered hand-in-hand. (Objective 1)

Two additional sharing sessions were scheduled during the Conference. Partners from accounting firms, BDO, Deloitte, PricewaterhouseCoopers and Ernst & Young shared their experience and expectations in their assurance roles on Sustainability Reports. Another sharing session was joined by senior management staff from three companies: the Swire Group, Triumph and the Yue Xiu Group on their experiences in sustainability reporting. (Objective 3).

The Conference collaborated with the Journal of Contemporary Accounting and Economics to organize the selection and presentation of 4 research papers during the Conference (Objective 2). The presenters were from Simon Fraser University, Bryant University, Curtin University and Griffith University with discussants from Seoul National University, City University of Hong Kong, and The Hong Kong Polytechnic University. The papers presented findings of the financial and economic impacts of sustainability, corporate social responsibility and corporate governance issues. All four papers presented have been accepted for publication by the Journal of Contemporary Accounting and Economics. Further details of the collaboration are reported below in Section 7.2.

There were active interactions among the speakers and the audience in all sessions throughout the Conference exchanging ideas, questioning and proposing future development in business sustainability and corporate governance.

6.7 Summary of objectives addressed to date

Objectives <i>(as per 5.1/5.2 above)</i>	Addressed <i>(please tick)</i>	Percentage achieved <i>(please estimate)</i>
1.Developing best practices toward an effective implementation of both sustainability and corporate governance codes	√	100%
2.Sharing results of academic and scholarly research regarding future directions and initiatives pertaining to sustainability and corporate governance	√	100%
3.Obtaining insights from policymakers, regulators, accounting practitioners, professional bodies and academics in further development of business sustainability and corporate governance KPIs, reporting and assurance	√	100%

7. Research-related Outcome

7.1 Potential for further development of the research and the proposed course of action *(Maximum half a page)*

The Conference provided a forum for local and overseas academics, policy-makers from Professional Accounting Bodies, representatives from Big-Four and Non-Big-Four Accounting Firms and other participants to take stock of the sustainability advances locally and in other parts of the world, to discuss the way forward both in research and professional practices.

7.2 Research collaboration achieved *(Please give details on the achievement and its relevant impact)*

THEi signed a collaboration Memorandum of Understanding with the Journal of Contemporary Accounting and Economics (JCAE) (Attachment 18) to attract interests from international scholars and academics to present their research work at the

Conference. In addition, with the collaboration of JCAE, the research findings and discussions can be disseminated to a wide audience. The Call for Research Paper Submission is attached as [Attachment 19](#).

The JCAE editorial office reported that a total of 41 submissions were received for presentation at the Conference and possible subsequent publication by the Journal. After the first-round review by JCAE, 4 papers were accepted for presentation at the Conference. Abstracts of the 4 papers were included in the Conference Booklet ([Attachment 20](#)) and the full text of the 4 papers are attached ([Attachments 21-24](#)). All the four papers that were presented had been accepted for publication by JCAE and another 5 other papers from the original submission are still under revision and further review. The rejection rate of the 41 submitted papers for the Conference and reviewed by JCAE is at least 78% (32/41).

The details of the published Conference papers are as follows.

Hasan, M.M. and Habib, A. "Corporate life cycle, organizational financial resources, and corporate social responsibility," *Journal of Contemporary Accounting and Economics* (13) April 2017, pp. 20 – 36.

Ahmed, A. and Ali, S. "Boardroom gender diversity and stock liquidity: Evidence from Australia," *Journal of Contemporary Accounting and Economics* (13) August 2017, pp. 148 – 165.

Nazari, J.A. and Hrazdil, K. "Assessing social and environmental performance through narrative complexity in CSR reports," *Journal of Contemporary Accounting and Economics* (13) August 2017, pp. 166 – 178.

Cullinan, C.P., Mahoney, L. and Roush, P.B. "Are CSR activities associated with shareholder voting in director elections and say-on-pay votes?" *Journal of Contemporary Accounting and Economics* (13) forthcoming December 2017.

The other 5 papers that are currently under revision and review by JCAE are all related to the research idea of sustainability and corporate governance. The Conference had succeeded in drawing attention from research all over the world on the theme and subject of the Conference. The collaboration with JCAE was extremely successful when the remaining 6 papers are eventually published.

These 5 papers that were not presented at the Conference are as follows.

Carey, P., Liu, L. and Qu, W. "Voluntary corporate social responsibility report and financial statement auditing in China."

Lee, J.Y., Tang, C.Y. and Chung, K.H. "Business sustainability viewed by the financial market vs. corporate governance improvement through better cost management: A global perspective on the influence of governmental force."

Ramachandra, S. and Rahman, A. "Institutionalized political connection, firm performance and value."

Berndt, T., Müller, T. and Martinez, C. "Effects of material CSR information and external assurance on analysts' forecasting accuracy."

Puah, M. and Ho, P.L. "Are women directors environmentally responsive? Analysing the effect of board gender diversity on environmental disclosure."

- 7.3 Any new development and/or challenging research topic has / have been identified and inspired the possible new initiative(s) in future research work.

The 9 research papers that are published or under review from the Call for Paper Submission by the Conference have generated interest on a wide range of topics on business sustainability and corporate governance. These thoughts and insights from the will inspire researchers both locally and overseas to expand the work on sustainability and governance.

8. The Layman's Summary

(Describe in layman's language the nature, significance and value of the research project, in no more than 200 words)

Business sustainability is on the rise in Hong Kong. While the specific goals to be achieved vary across companies and industries, the reporting and assurance of business sustainability assumes no less than a trivial role. This conference on business sustainability draws together practitioners, academics and auditors on the topic. Valuable insights are obtained from sharing of best practices of companies that have a significant impact on environmental and social issues. This conference also sees how other companies are committed to a quality reporting on business sustainability in their own industries. In addition, partners and senior management of audit firms input their experience in the assurance of company reporting on business sustainability with emphasis on risk management. Last but not the least, academics discuss cutting-edge research on the reporting of business impact on the environment, employees and the society.

Part C: Research Output

9. Recognized conference(s) paper(s) related to this project was/were delivered

(Please attach a copy of each conference abstract)

Month/Year/ Place	Title	Conference Name	Submitted to RGC (<i>indicate the year ending of the relevant progress report</i>)	Attached to this report (<i>Yes or No</i>)	Acknowledged the support of RGC (<i>Yes or No</i>)
June 2016 Hong Kong	“Corporate life cycle, organizational financial resources, and corporate social responsibility” <i>JCAE</i> April 2017	Business Sustainability and Corporate Governance – Performance, Reporting and Assurance	2016	Yes	Yes*
June 2016 Hong Kong	“Boardroom gender diversity and stock liquidity: Evidence from Australia” <i>JCAE</i> August 2017	Business Sustainability and Corporate Governance – Performance, Reporting and Assurance	2016	Yes	Yes*
June 2016 Hong Kong	“Assessing social and environmental performance through narrative complexity in CSR reports” <i>JCAE</i> August 2017	Business Sustainability and Corporate Governance – Performance, Reporting and Assurance	2016	Yes	Yes*
June 2016 Hong Kong	“Are CSR activities associated with shareholder voting in director elections and say-on-pay votes?” <i>JCAE</i> December 2017	Business Sustainability and Corporate Governance – Performance, Reporting and Assurance	2016	Yes	Yes*

* The Conference acknowledged the support of the RGC. The research activities of these papers were supported by the authors’ home institutions and not by the Research Grants Council of Hong Kong.

10. Research Personnel trained

Name	Capacity
N/A	

11. Other impact

(e.g. prizes, collaboration with other research institutions, technology transfer, etc.)

N/A