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Role of Corporate Social Responsibility Strategies Affecting the Corporate Image

Mass Transit Railway (MTR) Corporation and TransCanada PipeLines Limited (TC) and Their Ability to Gain Social License to Operate

Hayley Mae Fairbanks

This paper provides a descriptive analysis of Mass Transit Railway Corporation (MTR) in Hong Kong, and TransCanada PipeLines Limited (TC) in Canada for their continued recognition as organizations that go above and beyond to meet stakeholder concerns with regards to material CSR initiatives. The discussion is centered upon MTR and TC's respective business-government-society models in order to set the foundation for further analysis of the specific CSR strategies common to both organizations. Given that MTR is a metro operator, and TC is an energy infrastructure company, the comparison of the two, while more difficult to apply, is conducted through an analysis of key initiatives central to both organizations' CSR strategies through the lens of the Global Reporting Initiative (GRI) reporting standards. This paper then examines the social environment in which they operate, given their differing economic and political jurisdictions, to examine whether organizations can use successful CSR strategies to gain widespread social license to operate, or whether their environment may hinder this.

BUSINESS AND CORPORATE SOCIAL RESPONSIBILITY

"With advancing technology, globalization of markets and twenty-four hour media, stakeholders are more demanding of companies than ever before, [...] making their voices heard in powerful and influential ways" (Ngai, 2016). A Hong Kong not-for-profit organization claims, "for many companies Corporate Social Responsibility (CSR) has become the new 'license to operate'" (Mahtani, 2007). With this rise, boards of directors and top managers today are increasingly being called upon to report on more than just their financial success to their shareholders, and share key material information on factors that affect their performance (Ngai, 2016). This is especially important given today's dynamic business environment, where customers, shareholders, and other stakeholders are asking organizations to discuss how their decisions and actions impact their communities.

Traditional reporting standards were primarily comprised of financials, wherein companies reported on what was deemed material by various governance measures. The reporting standards are shifting, and companies are seeing a growing demand for transparency in other aspects of their business, namely the social and environmental factors. A growing trend in reporting standards is the use of the Global Reporting Initiative's (GRI) standards to report on environmental, social, and corporate governance (ESG) factors relating to the company's performance (Sustainability Academy, 2012). The investment community in the United States has urged the Securities and Exchange Commission to "offer strong guidance to public company managements to expand disclosure and reporting to substantially address [...] ESG information" (Boerner, 2016).

With this framework in mind, organizations need a balance between economic, social, and environmental voices, in order to help raise material items to focus on for the sustainable and productive development of their business that we might continue to rely upon these institutions to raise our quality of life and provide our daily necessities.

The definition of Corporate Social Responsibility (CSR) refers to "companies achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment" (Ngai, 2016). With the rise in social media and instant information, some organizations are increasingly invested in ensuring that their corporate image is one that is attractive to their stakeholders. This essay will analyze the impact CSR has played in two specific organizations located in different social environments, given their differing political and economic

jurisdictions, Hong Kong and Canada. In particular, the essay will explore how the differing CSR role has impacted the ability to gain social license to operate in Mass Transit Railway (MTR) Corporation, Hong Kong and TransCanada PipeLines Limited (TC), Canada.

METHODOLOGY

On the global stage, two contrasting yet powerful economic organizations, namely MTR, Hong Kong, and TC, Canada, are leading organizations in their respective jurisdictions. Both are endowed with different resources, and each of these companies help to mobilize resources to allow them to be successful in their own regards. Yet, both companies are key organizations for the development of their respective economies, making them interesting cases to compare, despite the differences in socio-economic policy and industry they operate in. By examining some key challenges both companies face through their sustainability reporting through the Global Reporting Standards (GRI), we are able to grasp the way in which some companies thrive given their social landscape through the strategic implementation of CSR, while others struggle to gain social acceptance. This paper will first discuss the respective landscapes wherein MTR and TC operate, then the companies themselves before reflecting on the business-government-society model proposed by Steiner and Steiner to better understand the model in which each company operates. This paper will then address the stakeholder perspectives their CSR strategies to examine common challenges faced by both companies, ultimately allowing them to either utilize their CSR strategies to gain social license to operate, or not.

Hong Kong

At the heart of Asia, Hong Kong links East Asian markets, whilst connecting Asia to the rest of the world. Hong Kong has a population of 7.31 million people and a landmass of 2,755 square kilometres (Pang, 2016(a)). Despite its physical limitations and lack of natural resources, Hong Kong is recognized as the eight largest trading entity in the world (Trading Economics, 2016(b)). It is an international business hub, and as per the Index of Economic Freedom produced by the Heritage Foundation (2016(b)), has been recognized as the freest economy for the past twenty-two consecutive years. According to the 2016 Index of Economic Freedom, Hong Kong is also one of the world's most services-oriented economies, with service sectors accounting for more than ninety percent of its Gross Domestic Product (GDP) (Heritage Foundation, 2016(b)). Hong Kong's economy is largely centered upon human resources to provide professional services in order to drive the economy. With the changing political environment and changes in economic influences over time, Hong Kong residents have become very adept in resiliency and resourcefulness, being able to tackle many challenges in order to remain an economic powerhouse on the international stage (Pang, 2016(b)). Due to of its physical landscape as well as its economic one, Hong Kong is reliant on its ability to connect people to businesses and communities in which they commute, work, live, and shop, which helps drive its economy.

Canada

In contrast, Canada has a population of 35.9 million and a landmass of nearly nine million square kilometres (The Economist, 2016). According to Natural Resources Canada (NRCAN) (2016), "Canada is blessed with a vast wealth of natural resources, which contributes significantly to our national economy. Resource industries play a critical role in delivering jobs, growth, and prosperity for Canadians". A significant portion of Canada's GDP is generated through the development of resources, with resource-based sectors providing \$220 billion in exports as well as \$27 billion a year to the government (NRCAN, 2016). Additionally, the International Energy Agency (IEA) (2016) sees world energy demand on the rise, with demand increasing by thirty-two percent by 2040 globally. With this global trend, commodities continue to play a key role for the economy now and into the future. Canada's economy is a delicate one, rich in natural resources, however, dependent on its ability to get its resources to market so that it can continue to meet global needs, while also bolstering its own economy.

Furthermore, Canada is a leading supplier of fossil fuels to international markets, being one of the producers with the highest reputation for human rights protection and environmental stewardship as compared with other leading suppliers such as Saudi Arabia, Venezuela, and Nigeria (Levant, 2010). This comes with high responsibility

and many eyes are on Canada for being a role model in the sustainable development of fossil fuels, while also meeting the challenge of meeting a growing energy demand. To this effect, “as we transition to a less carbon-intensive energy mix, a shift is expected from coal-fired power generation to natural-gas-fired power facilities and emission-free generation sources such as nuclear, hydro, solar and wind” (TransCanada, 2016(c)). This means that more than ever, the responsible and sustainable development, transportation and usage of our resources is critical for our ability to continue to improve our quality of life in such a way that we can drive our economies, while minimizing the impacts of our activities on the environment.

Mass Transit Railway Corporation, Hong Kong

Taking advantage of Hong Kong’s role as the freest economy in the world and the eight largest trading entity, one corporation in particular stands out above the rest, connecting people to their work life, social life, and leisure activities. Mass Transit Railway (MTR) Corporation is this backbone. In addition to the underground subway system and bus network in Hong Kong, MTR also operates a dynamic retail and property management business (Padukone, 2013). The MTR has international subsidiaries in addition to its network in Hong Kong, and is “considered the gold standard for transit management worldwide” (Padukone, 2013). Given Hong Kong’s limited landmass, of which only about twenty-four percent has been developed, as well as competing demands for land use by different users, Hong Kong is no stranger to the complexities of urban density and development (Wallace & Ng, 2016). With the initial establishment of the MTR and a shortage of land for further urban development, much of the MTR system needed to be built underground in pre-existing rock structures, being not only an engineering but also an urban planning feat (Wallace & Ng, 2016). It is no wonder that Hong Kong, being one of the most densely populated cities in the world, is heavily dependent on the MTR system to facilitate movement in the city.

With the intricate and highly developed system, the MTR has become a lifeline for many Hong Kongers (Yeung, 2015). A key factor of the MTR’s success lies in its understanding of the underground being much more than just a means of transportation, but rather “essential to the well-being of [the] city’s population and economy” (Padukone, 2013). With the limitation of landmass, there are no suburbs for people to commute from by car, offering strong incentives for people to use the extensive network (Padukone, 2013). The MTR is able to capitalize on this, as it is a closed system. According to Padukone (2013), “MTR understands the monetary value of urban density – in other words what economists call ‘agglomeration’” (Padukone, 2013). This, put quite simply, means that organizations and people are dependent on the system, while the MTR system continues to develop and provide critical services to the customers it serves and the companies it hosts in its properties. “As the MTR has expanded, new communities have grown up around its tracks including properties and malls that seamlessly connect into the train network, becoming an integral part of urban lifestyle. This mobility has helped [...] Hong Kong become a globally-recognized hub for international trade and finance, and a multi-cultural gateway to Asia and the world” (MTR, 2014).

TransCanada PipeLines Limited, Canada

In Canada, TransCanada PipeLines Limited (TC) plays a similar role in the economy. TC is a “leader in the responsible development and reliable and safe operation of North American energy infrastructure” (TransCanada, 2016(a)). For over sixty years, TC has been safely and efficiently delivering energy to market (TransCanada, 2016(a)). According to Russ Girling, CEO of TransCanada for the Business Roundtable 2015 Sustainability Report (2015), “Energy touches our lives in countless ways. It heats our homes, powers our businesses and fuels our transportation; and despite significant achievements in efficiency and conservation, global demand continues to grow”. No other commodity in human history has done so much to aid human well-being and continually improve the quality of life, which is getting better and better (Epstein, 2014). Without fossil fuels, we wouldn’t be able to enjoy the quality of life we do today, and we would not have access to many products we need for life in the twenty-first century including cellphones, contact lenses, needles for vaccinations, and clothing, to name just a few.

In North America, there are more than 2.5 million miles of pipe of North American pipeline infrastructure that transport energy products every day for our use (Canadian Energy Pipeline Association, n.d.). TC is one of Canada's leading energy infrastructure companies, being relied upon by Canadians every day. TC is able "to [...] discover twenty percent of the continent's natural gas supply, transport one-fifth of Canada's crude oil exports, and generate enough electricity for eleven million homes, [of which one-third is generated through] emission-less sources" (Girling, 2015). TransCanada's Mainline, a cross-national natural gas pipeline, connects Canadians to energy every day. "For more than half a century, the Mainline has been a reliable workhorse that over winter peaks moved as much as seven billion cubic feet a day of natural gas from Western Canada – half of its total production today" (Cattaneo, 2012). TC is also one of the largest corporate taxpayers in the country, making it possible to reinvest that money into the economy to provide Canadians with access to healthcare, education, and other highly valued services (Hussain, 2014). TC, among other energy leaders, is continually seeking new ways to develop its extensive infrastructure in ways that help Canada to offset its need of imported oil, and secure its own energy future by getting Canadian oil to Canadian markets (Canadian Association of Petroleum Producers, 2015).

BUSINESS-GOVERNMENT-SOCIETY RELATIONSHIP

Both Hong Kong and Canada operate within the market capitalism model, which functions most efficiently with minimum government intervention (Steiner & Steiner, 2012). The market capitalism model is generally seen as a productive model and its influence is evident by the widespread use of its model across nations (Pang, 2016(b)). This business-government-society model helps companies to recognize material issues and be able to operate in ways that are socially responsible and become leaders of CSR initiatives within their economies to drive sustainable development (GRI, n.d.). Both MTR and TC operate exceptionally successful businesses, and are instrumental within their respective economies delivering on material items that are important to the communities in which they operate. This allows them to be successful within their own business models and responsible leaders of continual development for their shareholders and other stakeholders.

Where MTR Corporation is given free-reign by its government, TC is facing a government that increasingly has the power to approve or veto projects. This phenomenon is further demonstrated through the fact that while MTR is a monopolistic enterprise; TransCanada is at the mercy of a political and economic jurisdiction that is more prone to intervention than that of Hong Kong's (Heritage Foundation, 2016(a)).

A popular approach for Hong Kong's economic policy has been 'Positive Non-interventionism', coined by financial secretary Philip Haddon-Cave in the 1980's (Pang, 2016(b)). The policy implies that the Hong Kong government will carefully consider when to intervene, and only intervene when the economy is expected to greatly benefit, as it is argued that intervention impedes economic growth (Pang, 2016(b)). This has allowed MTR's business success and its role within the Hong Kong economy as critical to its continued development by connecting its key resource, people, to the businesses and communities in which they operate. Although the public voices are quite strong relating to MTR's operations and the Hong Kong government's role as a seventy-percent shareholder, the voices have not yet been strong enough as to cause social unrest or limit MTR's ability to operate efficiently. To this effect, MTR has developed extensive CSR Strategies that help to overcome any challenges they face in terms of material issues, granting them a social license to operate.

On the other hand, Canada's economic policy, while also historically against government intervention, and an advocate for open-market policies, has shown resiliency given recent challenges in domestic and international challenges (Heritage Foundation, 2016(a)). A notable concern as outlined in the 2016 Index of Economic Freedom, is the control of government spending, given a recent change in governmental policy under Prime Minister Justin Trudeau (Heritage Foundation, 2016(a)). Government intervention caused by the pressure of a politicized industry has led to the approval and denial of energy infrastructure projects, changing the traditional relationship between business, government, and society. This has made it increasingly more difficult for companies to achieve economic success that will help to drive the economy forward, although Canada continues to represent 2.5% of the world economy (Trading Economics, 2016(a)). This shift has stalemated several projects, most notably,

Keystone XL and possibly discussion on Energy East, due to a political conversation that is hindering the ability of the company to overcome this setback in social license to operate. This is not due to TransCanada's performance as a company, but rather the social environment in which it operates.

DISCUSSION

Stakeholder Perspectives and CSR Strategies

It is evident that both companies are instrumental in providing services to their respective countries, which helps to promote economic stimulation, social progress, and at the same time decrease their impact on the environment. Through MTR's Sustainability Report and TC's Corporate Social Responsibility Report, both companies and their stakeholders are able to discuss and examine material information that affects the way in which MTR and TC operate, as well as the communities they operate in. Giving voice to material information allows companies to showcase and report on key performance indicators set out by the Global Reporting Initiative (G4 Sustainability Reporting Guidelines), which is apparent in both company's respective reports (GRI, n.d.). These reports can further serve as a way to initiate a meaningful and productive dialogue that allows stakeholders and organizations to determine solutions for sustainable and responsible development. While MTR and TC operate in different political and economic jurisdictions and industries, they both report on material information regarding social benefits, public safety, and sustainability. These three areas were chosen, due to their importance for addressing key concerns from stakeholders on these issues, otherwise, neither MTR nor TC would be able to gain social license to operate.

MTR and Social Benefits

MTR reports on the ways in which they connect to and grow communities in Hong Kong. In their sustainability report, they focus on community involvement and development, education and culture, employment creation and skills development, and community investment (MTR, 2016). MTR recognizes that the strength of their business lies in their ability to connect people, businesses, and communities across Hong Kong (MTR, 2016). "With a vast network reaching most parts of Hong Kong, we leverage our skills, resources, and networks to contribute to the development of communities, enhance quality of life, and foster a thriving living and business environment" (MTR, 2016). MTR (2016) further recognizes that within a reliance on knowledge and service sectors, Hong Kong's competitiveness is reliant upon a productive and creative workforce. They are therefore co-creating programmes like "Youth Connect" to empower young people to gain skills to become the future leaders of Hong Kong (MTR, 2016).

While they are making strides toward enabling the workforce to remain a powerhouse on the international stage within a changing global economy, a critique of MTR includes the structure of the corporation itself. With the government being a majority shareholder with seventy percent shares in the company, and with the criticism of the government being so heavily involved in MTR's success given its historical role of positive non-interventionism, it seems to be the largest benefactor of MTR's business (Pang, 2016(b)). "It seems [that] the government's current policy is oriented more toward generating maximum returns for itself, rather than ensuring benefits for the public" (Yeung, 2015).

Furthermore, MTR's Annual Fare adjustment mechanism has been criticized since it was first implemented in 2007, wherein MTR held the right to review fare rates based on the macroeconomic environment (Yeung, 2015). MTR reviews rates each year and adjusts them accordingly based on labour cost and inflation, meaning that the rates have been increasing year over year. This cost is transferred to passengers who are struggling to pay the cost of inflation, although no significant improvements in operation have been observed (Nanik, 2016). According to Jonas Kan, head of Hong Kong Research at Daiwa Capital Markets, a positive solution for all stakeholders is not impossible given MTR's conflicting duty to maximize return and consider society's welfare, by creatively using the multibillion dollar dividend the government likely receives every year (Ng, 2016). A proposed solution could be having the government advocate for "a more efficient structure, rewarding passengers with lower fares, and even reducing the firm's reliance on profit sharing from property projects" (Yeung, 2015).

MTR and Public Safety

MTR's uncompromising "Safety First" corporate culture is the bedrock of its operations, allowing them to leverage their reputed expertise as "one of the world's safest public transit operators" (MTR, 2016). "While safety performance on our sites compares favourably with the industry average, we continue to seek opportunities to further improve safety practices across the Hong Kong construction industry" (MTR, 2016). In 2015, MTR faced civilian fatalities on its rail system due to uncontrollable factors, and reported three contractor fatalities on its construction sites and premises (MTR, 2016). Professor Paul Yip Siu-Fang, director of the Centre for Suicide Research and Prevention at the University of Hong Kong stated that "when the MTR [was] given the right to run these facilities, one of the regulations is that they have to provide a safe means of transport. The data and research suggest there is something that you can do to prevent [injuries and fatalities on the MTR]" (Lam, 2016). Professor Yip Siu-Fang further iterated that without action "there will be more accidents that are preventable" (Lam, 2016).

Accidents do not just mean fatalities including suicides, but also any risks to people and animals, especially children and seniors. MTR launched a new campaign in 2015 that aimed to educate patrons on appropriate escalator behaviour, which helped to decrease the number of incidents (MTR, 2016). Additionally, on many of the MTR's railway lines, there are installed glass doors that are meant to protect people from having direct access to the tracks, however, these are not installed everywhere (Lam, 2016). Despite delays, MTR is working on installing platform security doors between Sha Tin and Central (Lam, 2016).

MTR and Sustainability

MTR does significant planning around the sustainable development of its subway system and integration into communities. Studies by the United Nations (UN) show that growth of the world population will add approximately 2.5 billion persons, with ninety percent of the growth centered in Asia and Africa (UN, 2014). With "growing patronage combined with a maturing and expanding network", MTR must continue developing its system and ability to meet safety and service demands into the future (MTR, 2016). MTR (2016) recognizes the importance of continuing to connect and grow communities to reach underserved areas with an efficient system. Moreover, MTR works closely with its business partners and stakeholders to ensure they continue to develop their extensive network in the most environmentally sustainable manner possible (MTR, 2016).

A survey of fifty companies named MTR Corporation as one of the top three performers on the Hang Seng Index (HSI), which studies ESG policies, practices and performance (Welford, 2016). Although a high performer, MTR has been consistently over-budget and behind schedule on many of its projects. MTR posted a 37.5% year on year decline in net profit for the first two quarters of the year (Ng, 2016). Furthermore, it appears that these cost and schedule overruns in addition to service delays point to a bigger concern over quality control and MTR's rapid development (Ng, 2016). This further underlines the importance of MTR's ability to manage the sustainable development of its railway system, while maintaining its reputed high level of quality. With its corporate structure, "the Government's strategy is to continue using railway as the backbone in the development of Hong Kong's public transport network to meet growing demand" (MTR, 2016).

TransCanada and Social Benefits

TransCanada works closely with stakeholders to create a productive two-way communication, which also means providing accurate information, listening to and responding to inquiries in a timely manner (TransCanada, 2016(b)). According to TC (2016(b)), "the intent on spending time and energy on public disclosure to trusted third-party organizations is so they can view our company objectively and evaluate our performance against our peers, identifying the areas where we may need to improve". To this effect, TC is able to continually evaluate their own progress, and having third-party validation demonstrates transparency and helps to build trust (TransCanada, 2016(b)). In 2015, TransCanada was recognized in the one-hundredth percentile on the Dow Jones Sustainability Index for the North America and World Indices (TransCanada, 2016(b)). TransCanada does extensive work engaging its stakeholders and Indigenous peoples who are affected by their operations. In 2015 alone, TC

engaged 376 Indigenous communities in Canada and the U.S., and held 2,543 meetings as part of their commitment to meaningful engagement (TransCanada, 2016(b)).

Despite extensive engagement with key community and Indigenous leaders, communicating TC's extensive benefits to society has become a more contested issue in mainstream media. A small, yet pervasive view deems fossil fuels as negative, without recognizing the important role they play in our daily lives. A study done by Stedman (2016) showed that opposition groups used emotional messaging in order to evoke fear when discussing fossil fuels. Anti-pipeline groups tend to use the pipelines as the means to being able to halt development of fossil fuels by spreading misinformation about the industry and its operations (Canadian Energy Pipeline Association, 2015). Although these oppositional groups may not always share correct information, they do raise important questions on material issues, which point to areas TransCanada can continue to develop ways that it may better operate to continue to bolster our economy, as well as the quality of life many Canadians enjoy.

Overcoming these strong opposition voices is likely better demonstrated by third-party organizations and industry representatives rather than the companies themselves, as this messaging from companies is often seen as partisan, and is therefore not trusted or valued. Groups such as the International Energy Agency (IEA), Canadian Energy Pipeline Association (CEPA), Canadian Association of Petroleum Producers (CAPP), More2theStory, and others, help to provide key messages about the industry and can help to direct the conversation in a way that connects with the public, while allowing companies to focus on discussing their performance indicators to their stakeholders. To this effect, "transparent communication between the energy industry and all pertinent stakeholders is paramount" (Theodori & Jackson-Smith, 2010).

TransCanada and Public Safety

The public has a vested interest in the safe operation of TransCanada's infrastructure, and rightly so. TC's business relies on their ability to operate their pipelines and facilities safely and reliably (TransCanada, 2016(b)). TransCanada is a leader in the energy infrastructure industry, providing a safe alternative to other methods of transporting natural resources, namely by rail or by truck (TransCanada, 2016(b)). Furthermore, TC "participates in an initiative with the Canadian Energy Pipeline Association and the Interstate Natural Gas Association of America to work with industry and thought leaders to define, share and implement leading practices to improve performance in safety, environment, and socio-economics" (TransCanada, 2016(b)). In 2015, TC invested more than \$45 million on research and development on new technologies to ensure the continual development of its practices and the integrity of their infrastructure including in-line inspection, cathodic protection, leak detection, and coating technology (TransCanada, 2016(b)).

TC, like other pipeline companies, operates under financial regulation. It also makes business sense to invest in pipeline safety and integrity in order to continue operating efficiently and reliably. Therefore, if a pipeline company were to cut corners, they would not only need to take full ownership of any potential damage to people or the environment, but also for restoration and any remediation work that is required (Canadian Energy Pipeline Association, 2016). Furthermore, there are energy regulators, such as the Alberta Energy Regulator (AER), who work to ensure that Canada is one of the most regulated and safest industries in the world (Canadian Energy Pipeline Association, 2016). Pipeline companies must also attain approval for projects through the National Energy Board, and must meet numerous standards set out by the Canadian Standards Association related to design, construction, operation and maintenance of the infrastructure (Canadian Energy Pipeline Association, 2016).

TransCanada and Sustainability

Many of TransCanada's challenges regarding sustainability are, in fact, related to the sustainable development of Canada's energy industry and meeting a growing global demand. The sustainable development of the energy industry sometimes sees its role as being oppositional to climate change policies, while, in reality, sustainable development in industry should be synonymous with responsible CSR practices. According to TransCanada

(2016(b)), “while global demand for energy continues to grow, new climate change policies have accelerated the transition to cleaner energy alternatives, and the industry has been challenged by low oil and gas prices”. TC’s business remains stable and in a strong position for long-term success and continual growth due to their commitment to operating safely and sustainably (TransCanada, 2016(b)).

A highlight on TransCanada’s 2015 CSR Report (2016(b)) included TC being “named to the Climate Disclosure Leadership Index in 2015 by the CDP (formerly Carbon Disclosure Project) with a top score [...] for disclosing carbon emissions and their strategy to mitigate the business risks of climate change”. Furthermore, TC has invested more than \$141 million towards technology development to support internal and joint partnerships in research and development (TransCanada, 2016(b)). In 2016, TC received a gold-class distinction, ‘Industry Leader’ and ‘Industry Mover’ awards in RobecoSAM’s globally recognized Sustainability Yearbook (TransCanada, 2016(b)). TransCanada faces the challenge of continuing to meet growing global demand and their ability to get these products to international markets in sustainable and environmentally responsible manner such that we might continue to bolster our economies and enhance the quality of life in the communities we live in.

CORPORATE SOCIAL RESPONSIBILITY STRATEGIES

Mass Transit Railway Corporation

A Bloomberg interview (2016) with MTR’s CEO, Lincoln Leong, shows that the MTR business model in both rail and property has been influential for Hong Kong. MTR’s success is evident in that many world cities are replicating their business model across the globe (Bloomberg, 2016). MTR (2016) outlines six CSR pillars that are critical to their performance including; ensuring services of value to customers, engaging and building communities, developing people, promoting safe and ethical business practices, protecting the environment, and exercising MTR’s influence. These CSR pillars are all underpinned by MTR’s sustainable financial model, which is based upon MTR’s Community of Metros (CoMET) Benchmarking, wherein MTR consistently outperforms other Metro systems. Based on MTR’s Sustainability Report for 2015, it is evident that MTR is implementing key strategies aligned to their material focus areas to either meet or exceed expectations on key initiatives. “Delivering this long-term commitment requires us to strike the right balance in meeting [...] stakeholder interests; enabling future growth by [...] managing human, financial, and natural resources; and, enhancing [...] value by contributing positively to [our] communities” (MTR, 2016).

MTR is able to overcome key challenges in material issues by continuing to be a global leader with their business model comprised of the “rail plus property model” (MTR, 2016). Additionally, society, government, and businesses all understand the fundamental value the MTR rail and property business produces value for Hong Kong and its role on the international stage. The concerns raised by stakeholders, while important to direct awareness of the areas of the business in which MTR could improve operations, is in this sense, relatively negligible to the ability of MTR to gain social license to operate.

TransCanada PipeLines Limited

At TransCanada, CSR is an integral part of their business model, and a key part of their corporate values in transparency and acting with integrity (TransCanada, 2016(a)). A unique characteristic of TC’s CSR strategy includes recognizing safety as another key pillar. For TC, safety is not just a mere “priority”, which implies that other things may be prioritized above safety if it came down to it (TransCanada, 2016(a)). Furthermore, TC identifies ten material issues, which include the business activities that are important to the business and to their external stakeholders. This overlap of material items is what TC monitors closely, reports on performance indicators, and measures their progress. These material focus areas include; (safety) ensuring assets are safe and reliable, protecting communities, health and safety; (society) responsible stakeholder relations, indigenous peoples; (environment) ensuring environmental stewardship, protection and performance; (economy) financial performance, access to new markets, developing people, and ethical conduct (TransCanada, 2016(b)). This is engrained in TransCanada’s proactive approach to initiating an open and collaborative dialogue, which has

resulted in “more than half a century of sustainable business” wherein complex issues require balanced reflection upon safety, society, environment, and economics (Girling, 2015).

Within an industry that is seen to be divisive, a key challenge for TransCanada is the tug of war between having a productive dialogue and promoting energy literacy. TC’s CSR approach is founded upon transparency and is generally regarded within the industry as a company who operates with integrity, always strives to meet and often exceeds the stringent standards they set for themselves on top of regulations, and who is highly regarded as a member of the communities in which they operate (TransCanada, 2016(c)).

TransCanada operates a successful business delivering resources to thousands of Canadians daily. Its CSR strategy is an expression of their core values of integrity, responsibility, collaboration, and innovation (TransCanada, 2016(b)). Beyond its key stakeholders, TC is not always recognized in mainstream media and public discourse for being so influential in providing Canadians with the lifestyle they have come to expect. Despite any opposition, TC continues to bolster Canada’s economy, and reinvest the capital into safe operations, and also into healthcare, education, research, and the development of new technologies that could help to improve sustainability into the future (TransCanada, 2016(b)).

Comparison of CSR Strategies

Based on the above discussion, it is relevant to note that both MTR and TC have integrated their CSR strategies into their business models and the way in which they operate. Each company uses the material issues brought up by stakeholders in order to report on social benefits, public safety, and sustainability, allowing them to meet expectations and address concerns head on. MTR and TC listen closely to concerns on key CSR information, granting them, as organizations, the tools they need in order to gain social license to operate. Their focus on ESG factors further reinforces their use of the GRI Sustainability Reporting Standards, whilst allowing them to evaluate their CSR initiatives to align with key operations and focus on areas with material impacts on their business. However, businesses do not operate in a vacuum, and it is therefore relevant to examine the implementation of each organization’s CSR strategies within their respective socio-economic and political environments.

Upon further understanding of each system’s socio-economic and political environment through the lens of Steiner and Steiner’s (2012) business-government-society model, it appears that while the Hong Kong Special Administrative Region Government minimizes its intervention in MTR’s affairs, the Canadian government has a vocal perspective regarding TC’s business. Since the GRI sustainability standards are centered upon the key pillars of CSR – economic, social, and environmental – it is relevant to note that both MTR and TC incorporate these standards into their corporate reports (GRI, n.d.). However, although both companies have incorporated a high level of CSR initiatives to meet or exceed the GRI sustainability reporting standards, it appears that even the most highly thought of companies are subject to social judgment, either granting or refusing them social license to operate.

CONCLUSION

MTR and TC face many of the same societal concerns, wherein each company has developed their CSR strategy to focus on these material issues. Being able to report on direct initiatives has made them leaders in their respective industries and socio-economic jurisdictions as companies who operate transparently, with integrity, and with a high-level of service. MTR’s Sustainability Report and TC’s CSR Report both report on the world’s leading-edge standards to help guide them in their CSR strategies to address material concerns for both their business as well as their stakeholders. After examining MTR within its Hong Kong environment, and TC within its Canadian one, we can learn how similar approaches to CSR strategies and reporting can have very different outcomes given their socio-economic and political environments. The MTR appears to be given freedom in its decisions as an organization, with very little government intervention, allowing it to operate effectively, gain social license to operate, and at the same time, continue to drive Hong Kong’s economy. TransCanada appears to gain social license to operate in a more quiet sense of social acceptance, where shareholders and stakeholders notice that

the organization is a leader in the industry, as well as in the North American market. However, due to a divisive social and political dialogue, is seeing more of a challenge toward outright social license to operate insofar that the Canadian government intervenes in a vocal way, sometimes for, and sometimes against the industry, making it difficult to truly move Canada's economy forward, as we have seen more recently. To this effect, Mass Transit Railway Corporation and TransCanada Pipelines Limited, are both leaders of Corporate Social Responsibility in their respective industries, granting them the ability to gain social license to operate. However, given the differences in their socio-economic and political jurisdictions, it appears that where MTR is able to operate without intervention in order to help bolster Hong Kong's economy on the world stage, TransCanada is seeing increased opposition and intervention, making it more difficult to gain widespread social acceptance to drive the economy forward.

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