

Chapter 2

Demand Study Report (Part I) – Survey of Small and Medium Enterprises

1. Introduction

1.1 The Report presents the findings of the questionnaire survey on the demand for legal and related services by SMEs in Hong Kong and is organised into the following sections:

- Survey methodology;
- Profile of respondents;
- Nature of difficult-to-solve problems or disputes;
- Handling of difficult-to-solve problems or disputes; and
- Views on access to justice.

1.2 The Report is based on the views and information provided by a representative sample of SMEs in the questionnaire survey. The statistics included are based on questionnaires received up to September 2006 and the figures are weighted, taking into account the probabilities of selection and response rates. A number of in-depth interviews and focus group discussions were conducted with owners and managers of SMEs before the commencement of the questionnaire survey. The purpose of these interviews and discussions was to obtain information useful for the drafting of the survey questionnaires. As the views were expressed by a small number of interviewees or discussants, they were not necessarily representative of the views of all SMEs in Hong Kong and are therefore not separately reported.

2. Survey Methodology

2.1 The survey was conducted on a representative sample of SMEs in Hong Kong through the use of a structured questionnaire. Information solicited in the survey was as follows:

- Types and frequency of justiciable problems encountered by SMEs;
- Responses of SMEs faced with justiciable problems, including the help-seeking behaviour they adopted, their use of legal and para-legal services, alternative dispute resolution methods, self-help and avoidance strategies;
- The motivation for using the courts or alternative forms of dispute resolution and the extent to which the objectives of those using these services were achieved; and

- Perceived obstacles to access to justice, the level of knowledge within the community of legal remedies and procedures, and the experiences and perceptions on the legal and related services used.

2.2 A stratified random sampling design was adopted, with the stratification factor being the industry sector size. The use of stratification was to ensure that SMEs of different industries were sampled. A sample of 3,347 establishments was selected from the Central Register of Establishments maintained by the Census and Statistics Department. A total of 1,813 were successfully enumerated. After excluding 334 establishments that had closed, moved or were inactive, or the owners of which were not in Hong Kong during the entire period of the survey, the response rate is estimated to be around 60%. The response rates by industry sectors are shown in the table below. Statistics presented in this report have been weighted to take into account different probabilities of selection for establishments in different industries.

Industry Sector	Number sampled	Number closed, moved or inactive	Number enumerated	Response rate (%)
Manufacturing	609	42	385	67.9
Mining & Quarrying, Electricity & Gas and Construction	213	15	134	67.7
Import/ Export Trades	549	47	291	58.0
Wholesale and Retail Trades, Restaurants & Hotels	500	56	271	61.0
Financing, Insurance, Real Estate & Business Services	494	64	229	53.3
Transport, Storage & Communications	653	74	313	54.1
Community, Social & Personal Services	329	36	190	64.8
Total	3,347	334	1,813	60.2

2.3 Data collection was carried out during the period from February to September 2006. A multi-wave, multi-mode data collection was adopted, with every effort made to minimise inconvenience to the respondents. Details are as follows:

- The respondents were first contacted by mail, explaining the purpose of the survey and assuring them that the information supplied would be kept strictly confidential. A simplified, self-administered version of the questionnaire was also enclosed to give the respondents an idea of the types of information required. It also served as a screening questionnaire;
- For those respondents who returned the completed questionnaires by post or fax, they were contacted by telephone and/ or face-to-face interviews to obtain further elaboration or clarifications on the answers they had given (e.g. to clarify missing items and inconsistent responses);

- c) For those who did not return the completed questionnaires within a specified period of time, they were contacted by telephone. As the majority of respondents did not return the completed questionnaires on time, telephone follow-ups and visits were necessary to remind the respondents to return the completed questionnaires. In most cases, face-to-face interviews were required as the questionnaire was fairly long and complicated; and
- d) If the respondent could not be contacted by telephone, a visit was made to conduct a face-to-face interview. Repeated visits were often required in order to increase the response rate of the survey.

2.4 The questionnaires used in the survey are contained in the Appendices H to M. The following considerations were taken into account in the questionnaire design:

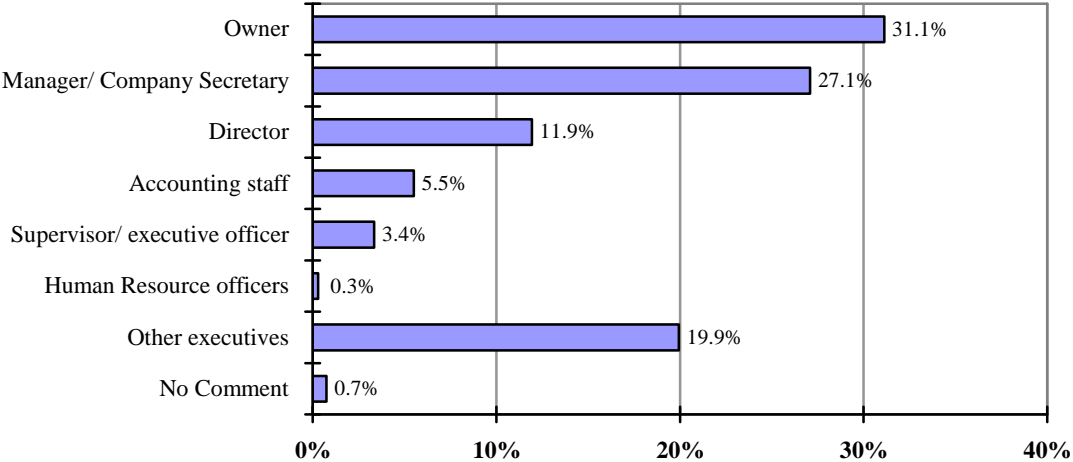
- a) The main focus of the survey was to obtain factual information. Opinion-type questions were limited to essential areas like opinions on the quality of legal services obtained;
- b) Efforts were made to keep the questionnaires as short as possible in order to obtain a high response rate in the survey, even though the questionnaires were quite long as a lot of information was required to be collected;
- c) Many respondents were reluctant to answer sensitive questions (e.g. amount of money involved). Attempt was made in the survey to obtain such information in broad terms (e.g. by asking respondents to give the approximate amount of money involved rather than the exact figures);
- d) Most respondents did not respond to open-ended questions. On the other hand, it was considered desirable to allow the respondents to air their views freely. Thus, a balanced and pragmatic approach was adopted by having most questions as closed-ended questions (where the respondents were merely required to “tick” the appropriate boxes) and a few open-ended questions;
- e) To facilitate completion of the questionnaires or interviews, the questionnaire flow was kept as simple and straight-forward as possible, avoiding unnecessary branching and jumping between questions;
- f) To facilitate respondents in recalling incidents of justiciable problems encountered, a screening questionnaire was also used. The survey questionnaires comprise the following parts:
 - Company questionnaire – on the background information of the sampled SMEs;
 - Screening questionnaire – on the number and broad categories of incidents of difficult-to-solve problems or disputes encountered;
 - Incident identification report questionnaire – on the nature of each incidents, with a view to identifying incidents that were considered important;
 - Incident handling report questionnaire – on how incidents considered important were handled; and
 - Opinion questionnaire – on views related to access to justice.

3. Profile of Respondents

Positions of interviewees

3.1 The majority of interviewees (70%) who had completed the questionnaires were owners, directors, managers or company secretaries of the companies enumerated, and the remaining 30% were other employees of the companies. This indicates that the information provided by the respondents was likely to reflect the actual experience of the companies concerned.

Percentage distribution of interviewees by position in company

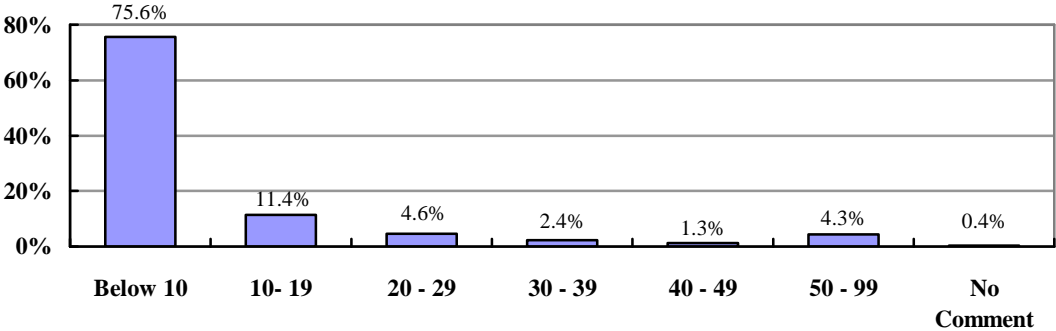


(Base: 1,813)

Employment size

3.2 The majority (76%) of companies enumerated had an employment size in Hong Kong of less than 10 and a further 11% had 10-19. Only about 4% of the companies had an employment size of 50-99.

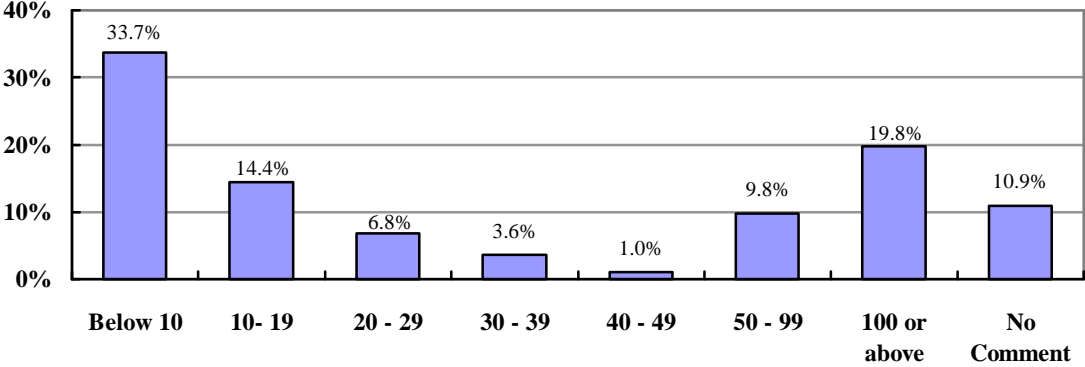
Percentage distribution of companies by number of employees in Hong Kong



(Base: 1,813)

3.3 About 26% of the companies indicated that they had employees outside Hong Kong. For these companies, about 34% were employing less than 10 staff outside Hong Kong and another 14% had 10-19. About 20% had 100 or more such employees, indicating that some of SMEs in Hong Kong were in fact rather big companies. This is not surprising given that most manufacturing activities and a sizable proportion of businesses in the service sector were believed to have relocated to China Mainland. In the survey, about 26% of SMEs indicated that they belonged to a larger group of companies. In the sampling frame provided by the Census and Statistics Department, no information is available on the number of employees outside Hong Kong.

Percentage distribution of companies with employees outside Hong Kong by number employed

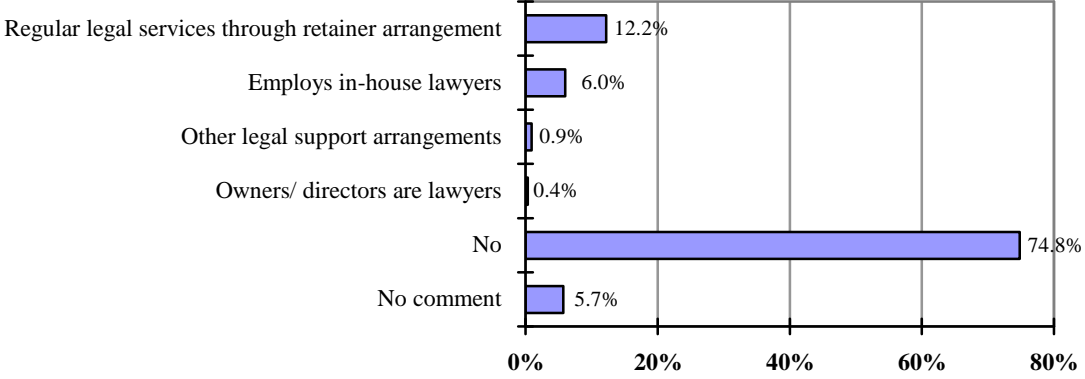


(Base: 437)

Legal support within the company

3.4 The majority (75%) of companies did not have any legal support from in-house lawyers or through other legal support arrangements. About 6% had in-house lawyers and a further 12% had access to regular legal services through retainer arrangements.

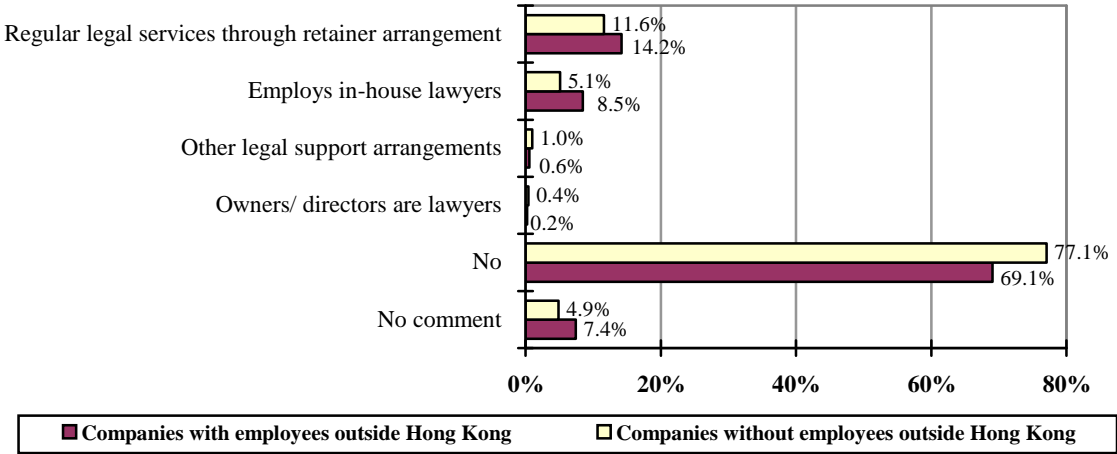
Percentage distribution of companies by whether had in-house or legal support arrangements



(Base: 1,813)

3.5 When analysed by whether the companies had employees outside Hong Kong, it may be seen from the chart below that a slightly higher proportion of companies with employees outside Hong Kong had in-house lawyers or had regular access to legal services through a retainer arrangement.

Percentage distribution of companies by legal support arrangements for companies with or without employees outside Hong Kong

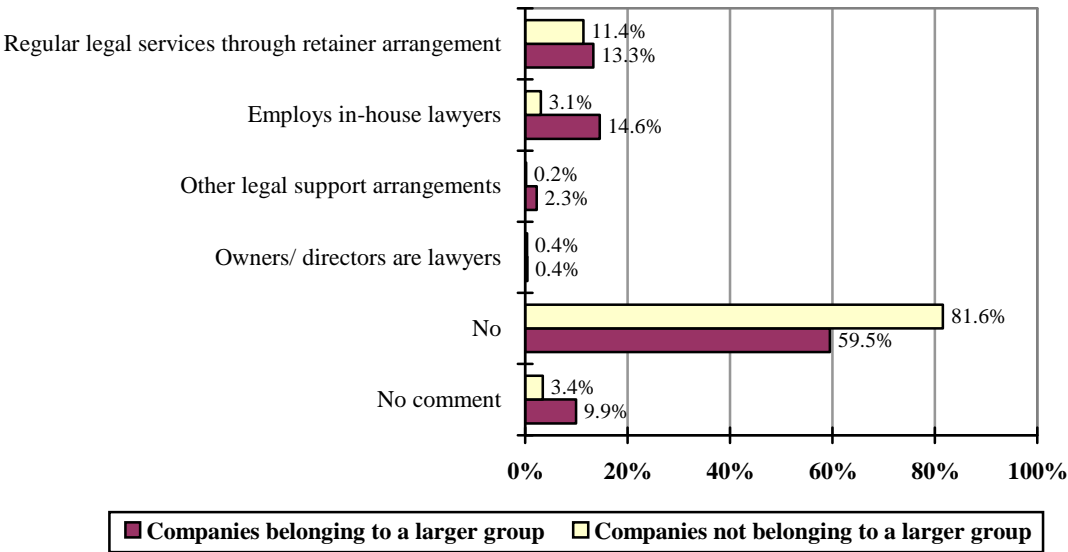


(Base: 437)

(1,368)

3.6 A higher proportion of companies which belonged to a larger group had in-house lawyers (15%) compared with those which were not similarly related (3%). The percentage with regular access to legal services through a retainer arrangement was also slightly higher for companies belonging to a larger group, 13% compared to 11%.

Percentage distribution of companies by legal support arrangements for companies whether belonging to a larger group



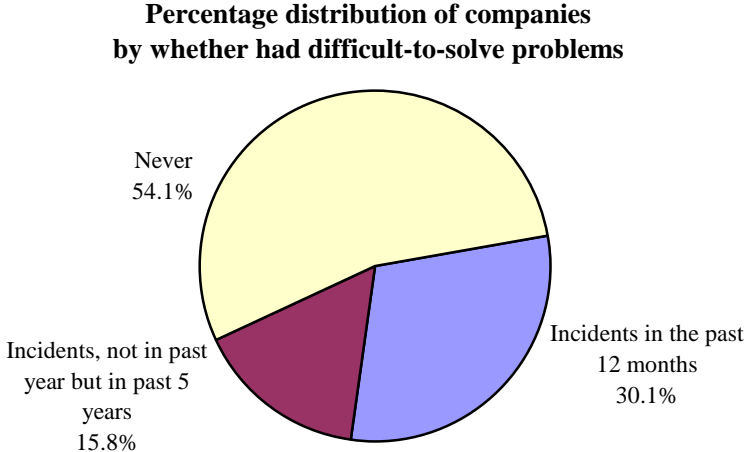
(Base: 453)

(1,309)

4. Nature of Difficult-to-solve Problems or Disputes

Overview

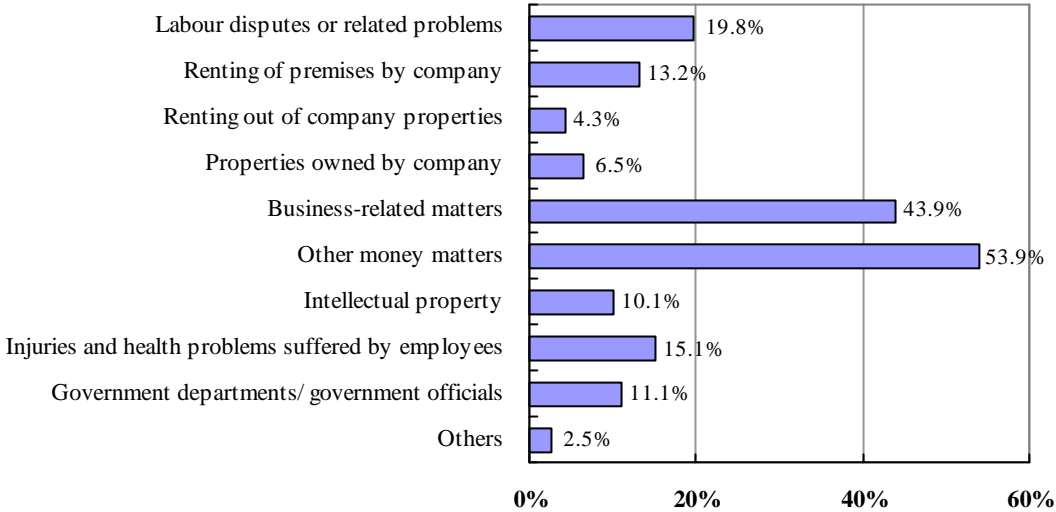
4.1 About 30% of companies indicated that they had experienced difficult-to-solve problems or disputes that either occurred in Hong Kong or had a significant connection with Hong Kong in the past 12 months. A further 16% had such problems in the last 5 years but not in the past 12 months. 54% of companies did not experience any such problems.



(Base: 1,813)

4.2 Overall, a higher proportion of companies had experienced incidents related to other money matters (54%) or business related matters (44%). The percentage was lower for incidents related to renting out of company properties (4%), properties owned by company (7%), intellectual property (10%) and government departments/government officials (11%).

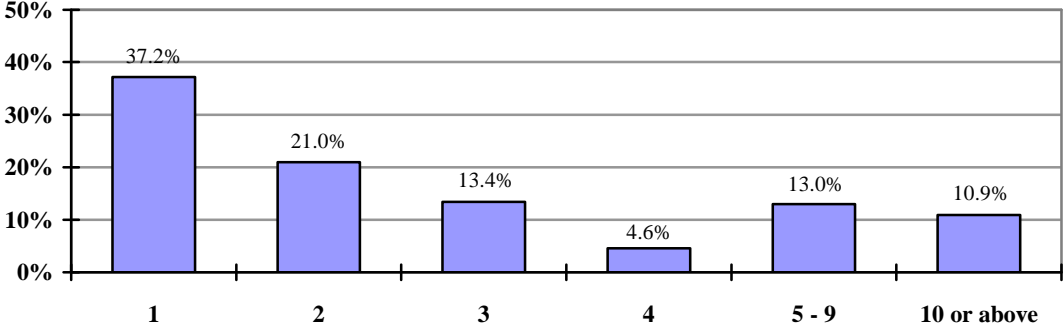
Percentage of companies with difficult-to-solve problems by main categories



(Multiple response; Base: 881)

4.3 Among companies that had ever experienced an incident prior to enumeration, about 37% had experienced only one incident, and a further 21% had two. On the other hand, 13% of companies had experienced 5-9 incidents and for a further 11%, 10 or more. The average number of incidents was 4.7 per company with incidents.

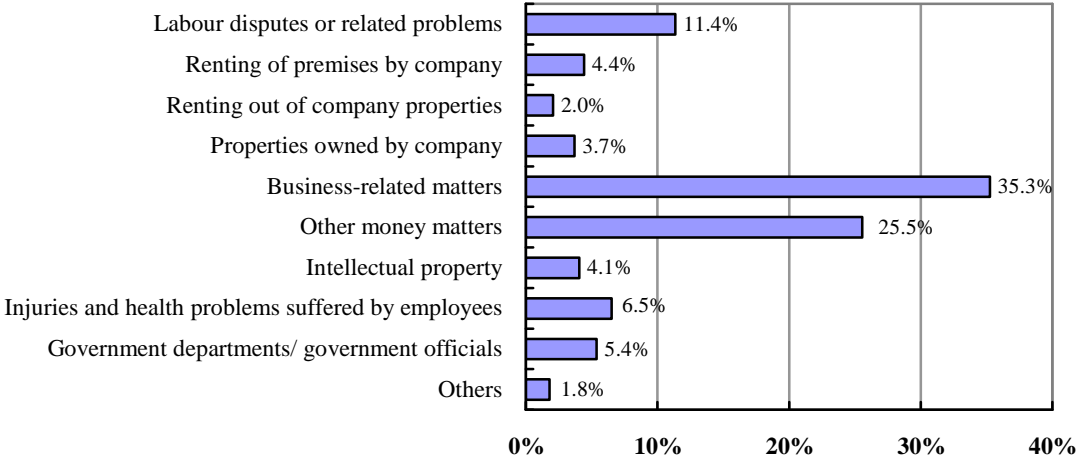
Percentage distribution of companies by number of incidents of difficult-to-solve problems



(Base: 881)

4.4 Of the incidents that ever happened, 35% were business related incidents and a further 26% were incidents related to other money matters. The proportion was lower for incidents related to renting out of company properties (2%), properties owned by company (4%) and intellectual property (4%)

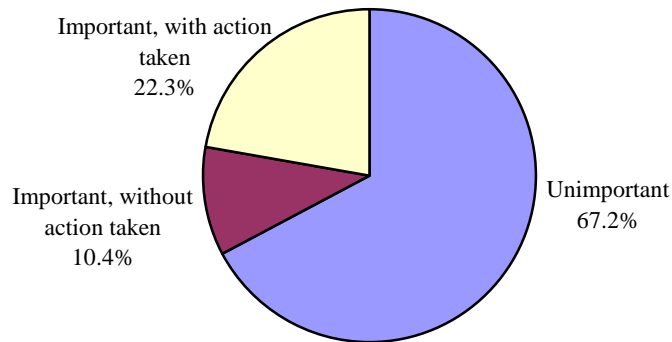
Percentage distribution of all incidents of difficult-to-solve problems by main categories



(Base: 4,311)

4.5 About 67% of the incidents were considered by the respondents as unimportant. About 22% were considered important with actions taken. The remaining 10% were also considered important but no action was taken.

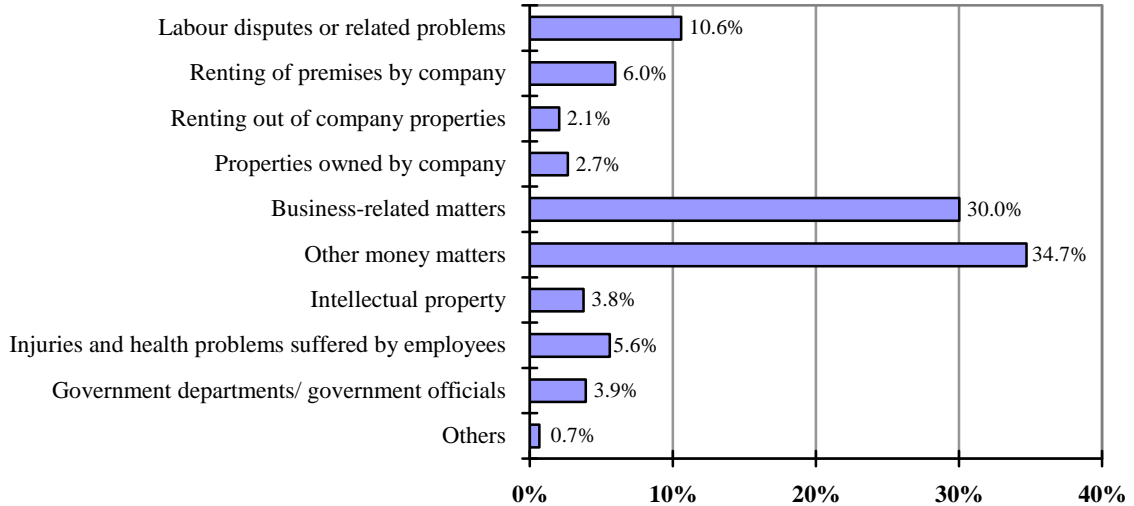
Percentage distribution of all incidents of difficult-to-solve problems or disputes by level of importance



(Base: 4,306)

4.6 For incidents that were important, about 35% were related to other money matters and 30% were business related. Labour disputes or related problems accounted for another 11%. Less common categories of incidents were renting out of company properties (2%), and incidents related to government departments or government officials (4%), intellectual property (4%) and properties owned by company (3%).

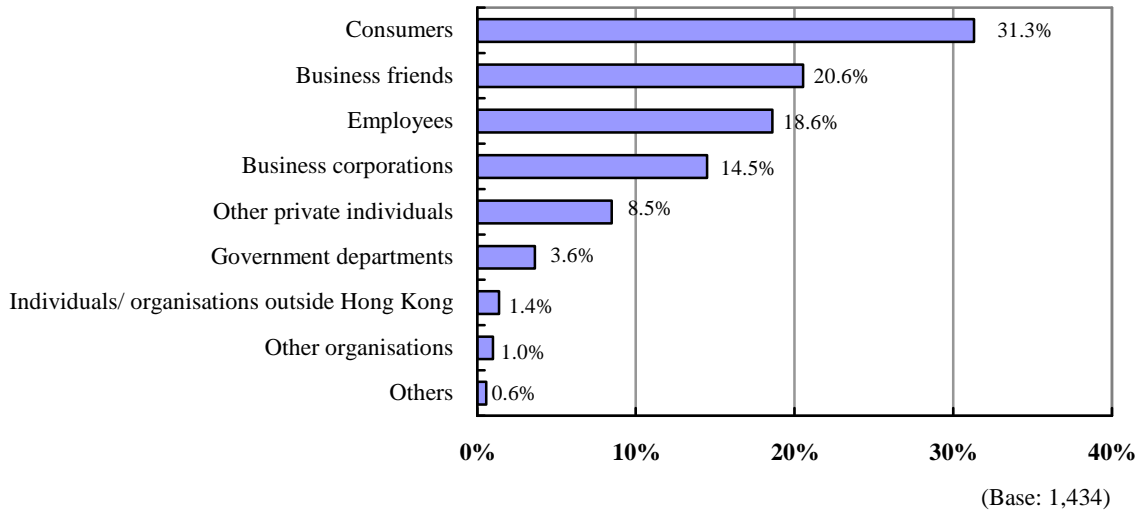
Percentage distribution of incidents that were important by main categories of incidents



(Base: 1,452)

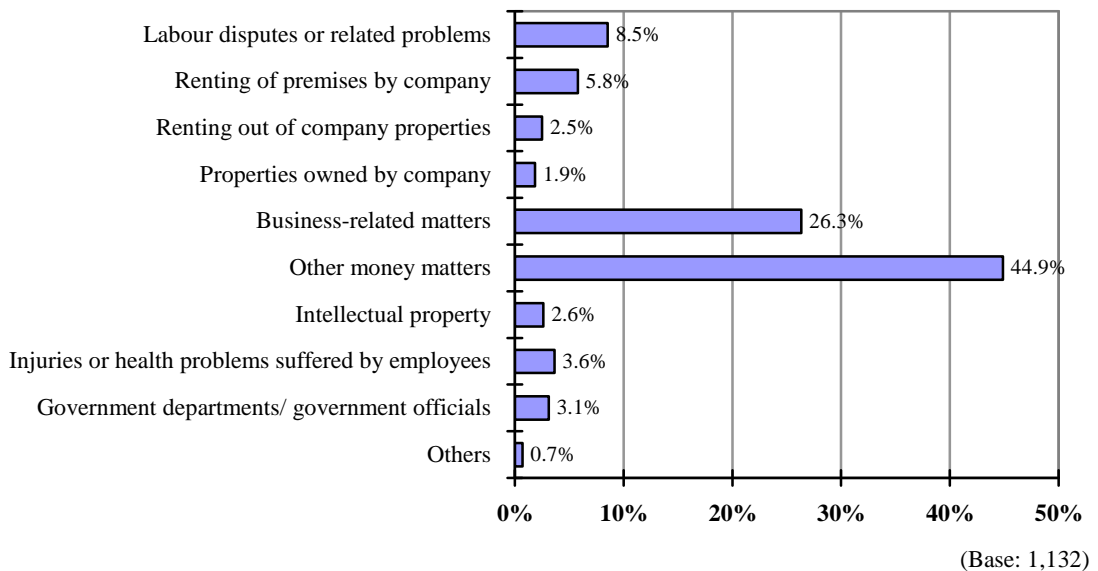
4.7 Slightly less than one third (31%) of the difficult-to-solve problems that were important involved consumers of the companies concerned, and a further 21% involved business friends. Employees accounted for 19% and business corporations, 15%. Only a small proportion of incidents involved government departments (4%) or individuals or organisations outside Hong Kong (1%). It should be noted that only incidents that occurred in Hong Kong or had significant connection with Hong Kong were included.

Percentage distribution of all incidents that were important by parties involved



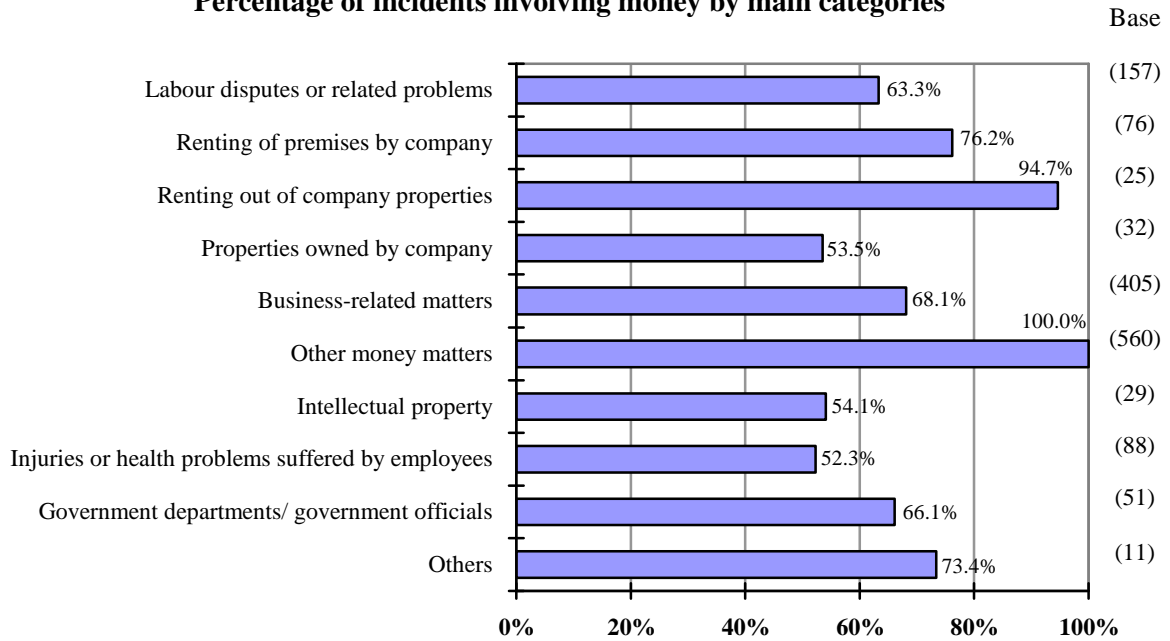
4.8 More than three quarters (78%) of the problems that were important involved money. For these incidents, about 45% were related to other money matters and 26% were business related. Labour disputes or related problems accounted for another 9%. Less common categories of incidents were properties owned by company (2%), renting out of company properties (3%), and intellectual property (3%).

Percentage distribution of incidents that were important and involving money by main categories



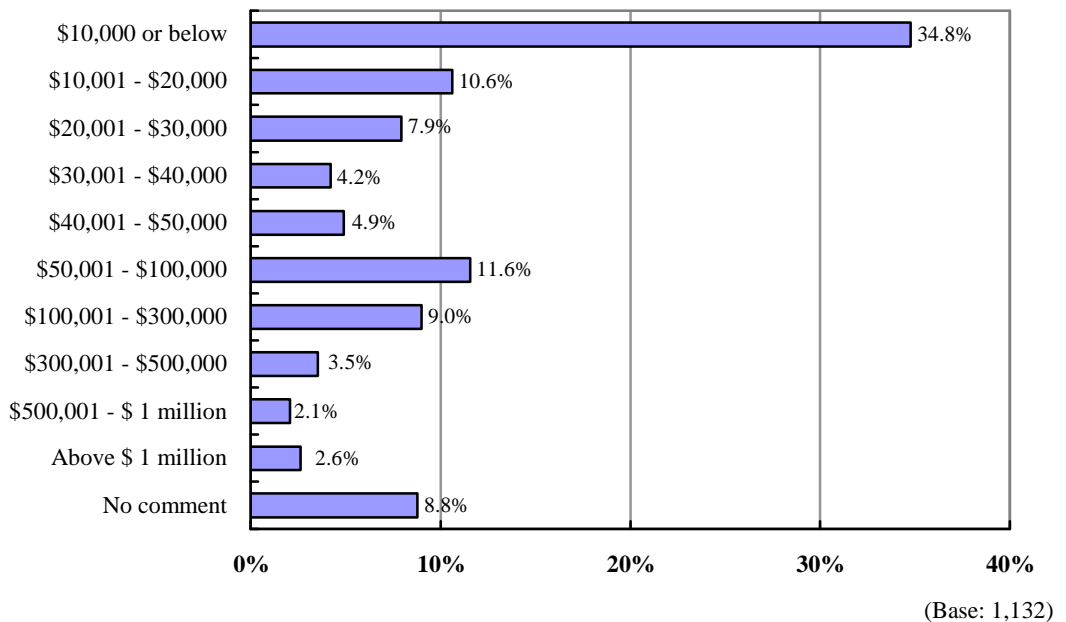
4.9 The percentage was highest for incidents related to other money matters (100%), which is obvious, renting out of company properties (95%) and renting of premises by company (76%), and was lower for incidents related to injuries or health problems suffered by employees (52%), properties owned by company (54%) and intellectual property (54%).

Percentage of incidents involving money by main categories



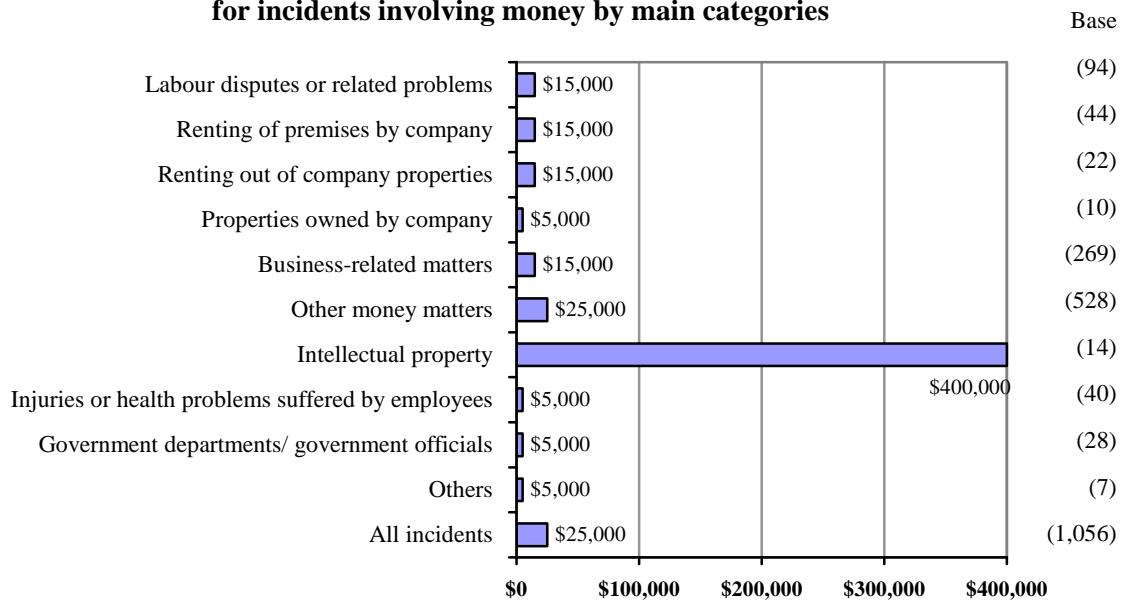
4.10 For incidents involving money, slightly more than one third (35%) involved \$10,000 or less, 27% involved \$10,001-\$50,000 and a further 12% involved \$50,001-\$100,000. Incidents involving more than \$100,000 accounted for 17%.

Percentage distribution of incidents involving money by amount involved



4.11 The median amount of money involved was around \$25,000. The amount involved was highest for incidents related to intellectual property, with a median amount of around \$400,000, followed by incidents related to other money matters (\$25,000) and incidents related to labour disputes or related problems, renting of premises by company and renting out of company properties (\$15,000).

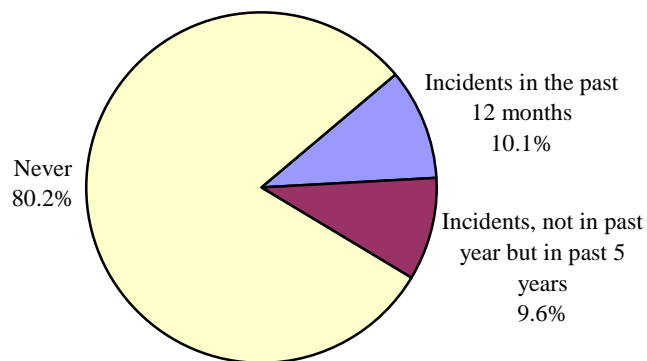
**Median amount of money involved
for incidents involving money by main categories**



Labour disputes or related problems

4.12 For companies that had experienced difficult-to-solve problems, about 10% had incidents of labour disputes or related problems in the last 12 months, and another 10% experienced these in the last 5 years excluding the past 12 months. The majority (80%) did not have such incidents.

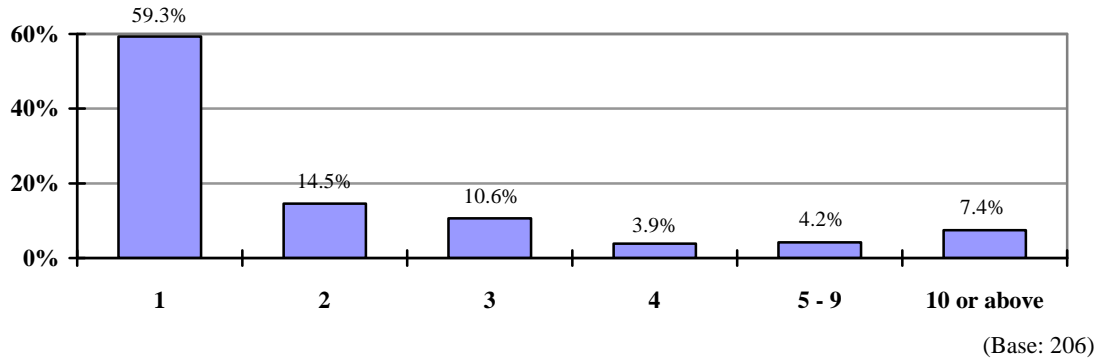
**Percentage distribution of companies that
had experienced problems by whether had labour related incidents**



(Base: 881)

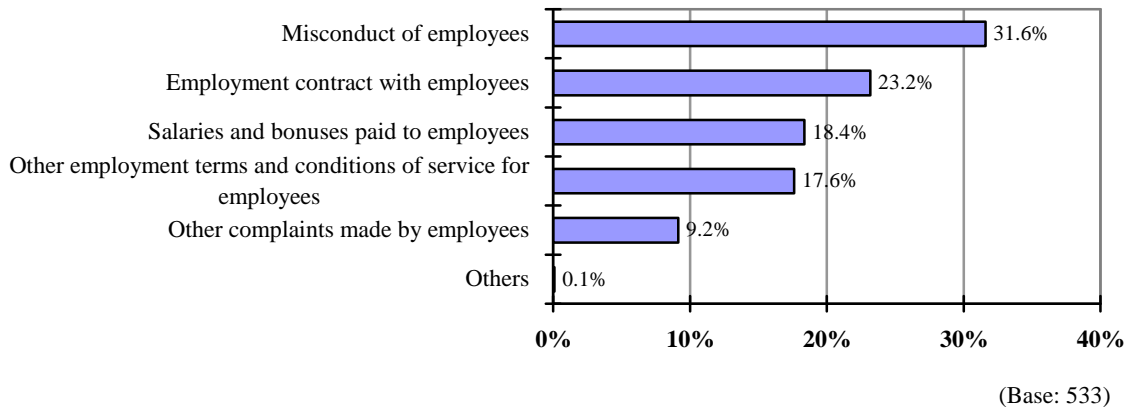
4.13 For those companies that had ever experienced labour disputes or related problems, about 59% had only one incident and another 15% had two. About 7% on the other hand had 10 or more. The average per company was 2.7 incidents.

Percentage distribution of companies with incidents related to labour problems by number of incidents



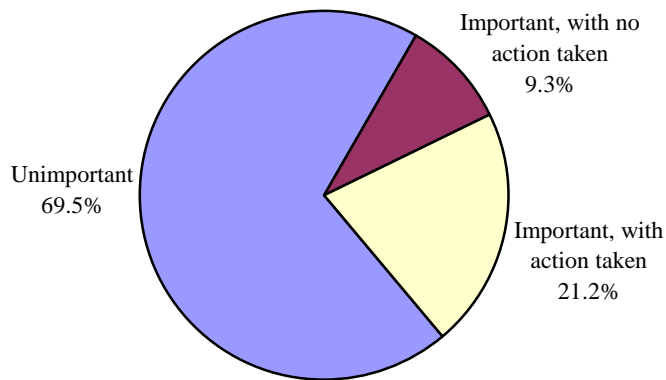
4.14 About 32% of these incidents that ever happened were related to misconduct of employees. Incidents related to employment contracts, salaries and bonuses, and other employment terms and conditions of service of employees accounted for another 59%, and a further 9% were related to other employee complaints.

Percentage distribution of incidents related to labour problems by types



4.15 More than half (70%) of the incidents related to labour problems were considered unimportant. Another 21% were considered important and actions were taken. For the remaining 9%, they were also considered important but with no action taken.

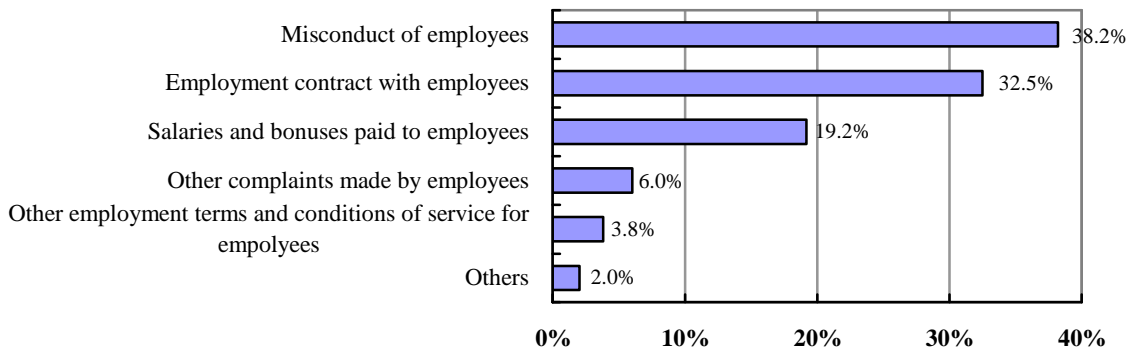
Percentage distribution of incidents related to labour problems by level of importance



(Base: 533)

4.16 For those incidents considered important, about 38% were related to misconduct of employees, and a further 33% to employment contract with employees. Salaries and bonuses paid to employees accounted for 19% of these incidents, and for other complaints made by employees, 6%.

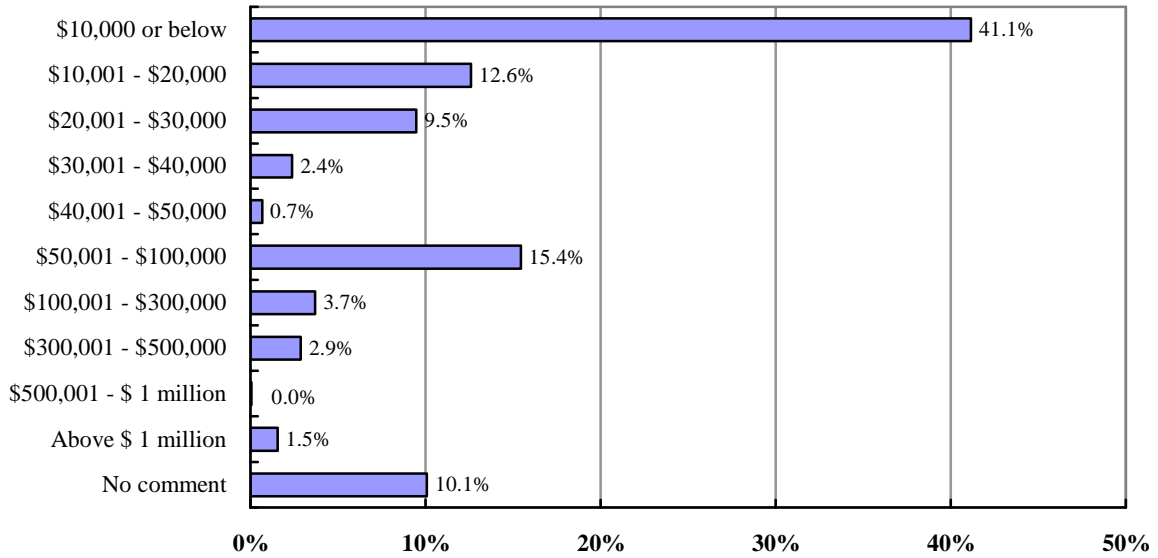
Percentage distribution of incidents related to labour problems that were important by types



(Base: 160)

4.17 About 63% of the important incidents involved money. For these, about 41% involved \$10,000 or less and 25% involved \$10,001-\$50,000. A further 15% involved \$50,001-\$100,000.

Percentage distribution of important labour related to incidents involving money by amount involved

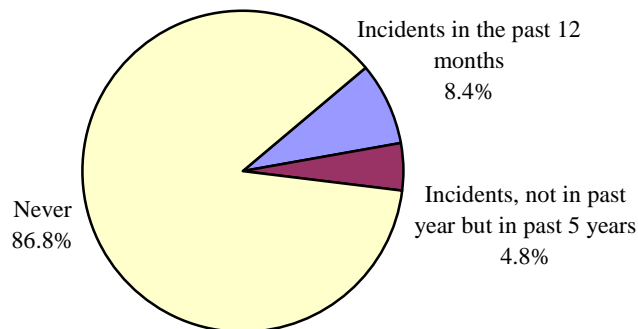


(Base: 101)

Problems related to renting of premises by company

4.18 Among companies that had difficult-to-solve problems, only about 8% had incidents related to renting of premises by their companies in the last 12 months, and a further 5% experienced these in the last 5 years excluding the past 12 months. The great majority (87%) did not have such incidents.

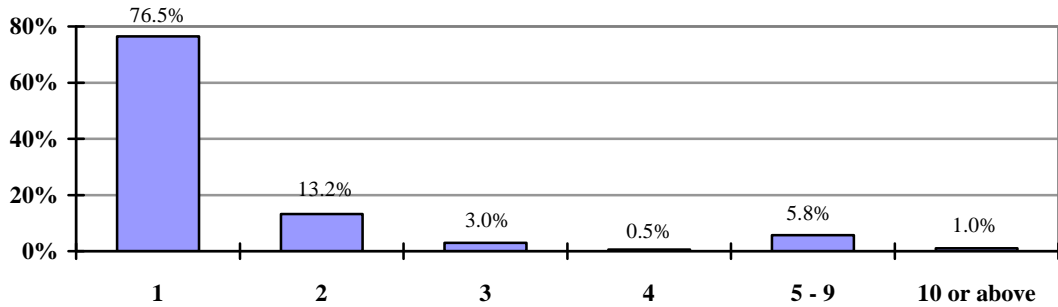
Percentage distribution of companies with incidents related to renting of premises by company



(Base: 881)

4.19 For those companies that had ever experienced such incidents, 77% had only one incident during the period and a further 13% had two incidents. About 7% on the other hand had experienced 5 or more such incidents. The overall average for these companies was 1.6 incidents.

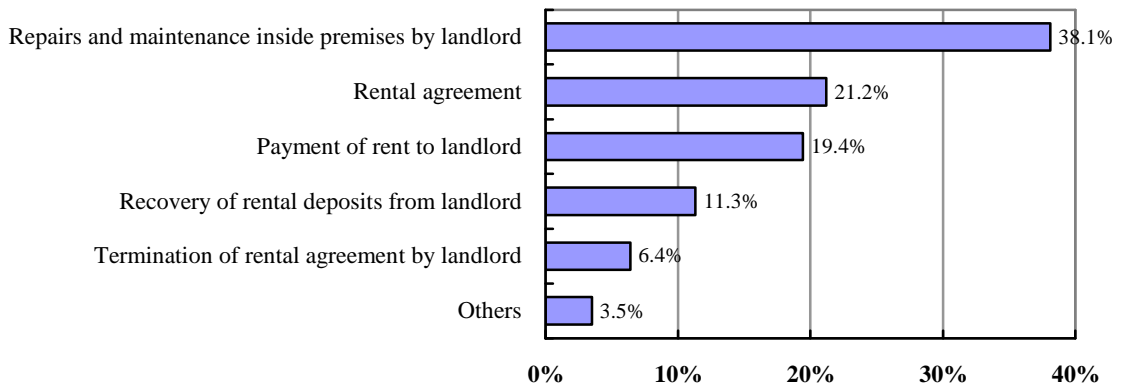
Percentage distribution of companies by number of incidents related to renting of premises by company



(Base: 110)

4.20 About 38% of these incidents were related to repairs and maintenance inside premises by landlord. Incidents related to rental agreement, rent payment, recovery of rental deposits and termination of rental agreement accounted for another 58%.

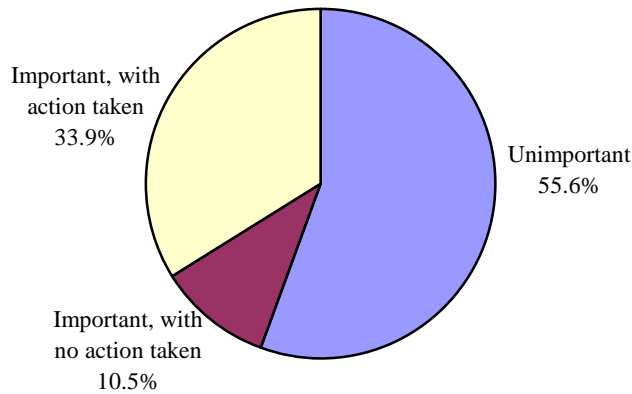
Percentage distribution of incidents related to renting of premises by company by types



(Base: 174)

4.21 More than half (56%) of these incidents were considered unimportant. About 34% were considered important with actions taken. For the remaining 11%, they were also considered important but no action was taken.

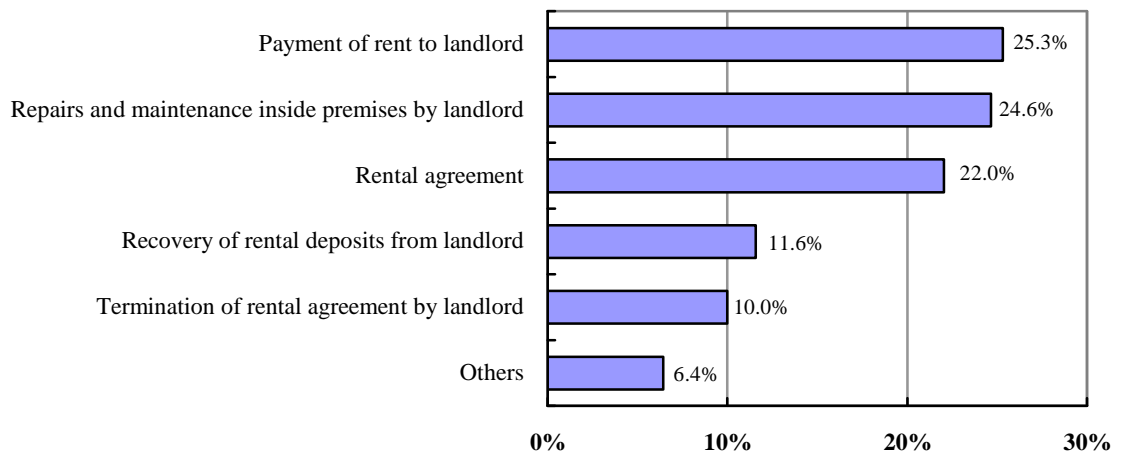
Percentage distribution of incidents related to renting of premises by company by level of importance



(Base: 174)

4.22 For incidents that were considered important, about 25% were related to the payment of rent to landlord, 25% to repairs and maintenance inside premises by landlord, and a further 22% related to rental agreement. Recovery of rental deposits from landlord accounted for 12% of incidents, and for termination of rental agreement by landlord, 10%.

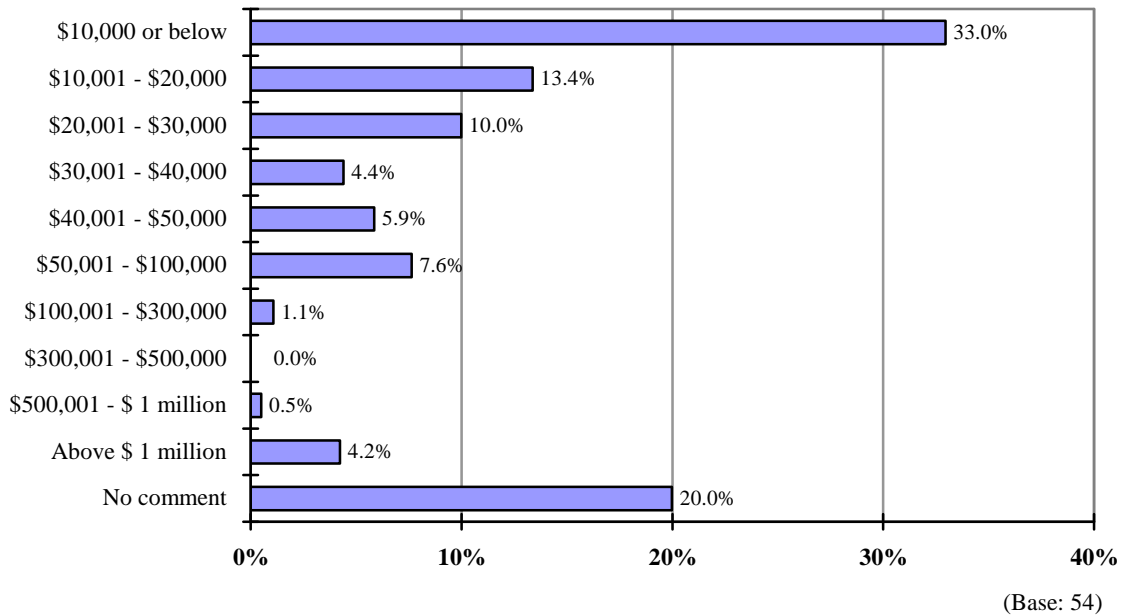
Percentage distribution of important incidents related to renting of premises by company by types



(Base: 77)

4.23 About 76% of such important incidents involved money. For these, about 33% involved \$10,000 or less, and 34% involved \$10,001-\$50,000. Another 8% involved \$50,001-\$100,000, and for 6%, more than \$100,000.

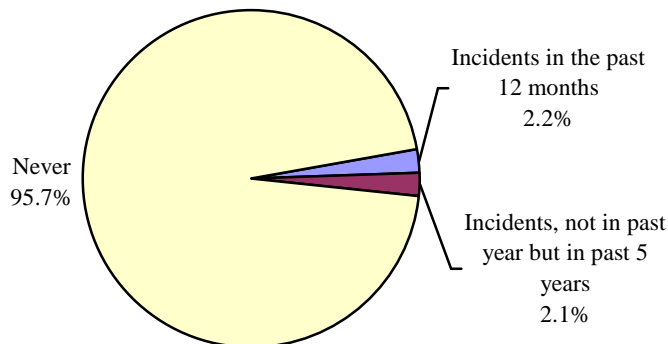
Percentage distribution of important incidents related to renting of premises by company involving money by amount involved



Problems related to renting out of company properties

4.24 Among companies that had experienced difficult-to-solve problems, only about 2% had incidents related to the renting out of company properties in the last 12 months, and another 2% experienced these incidents in the last 5 years but excluding the past 12 months. The great majority (96%) of companies did not experience such problems.

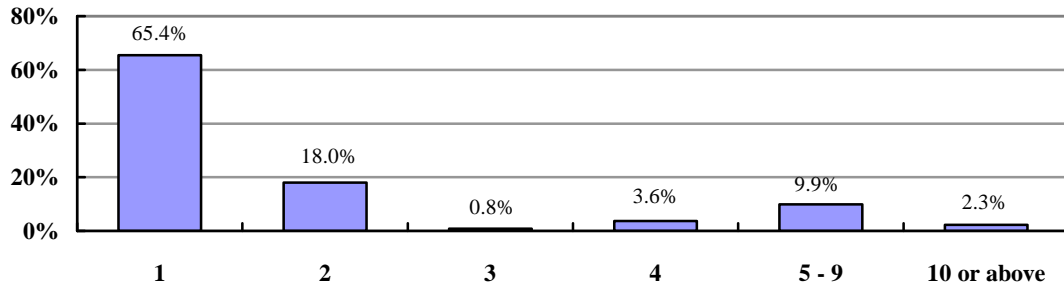
Percentage distribution of companies with incidents related to renting out of company properties



(Base: 881)

4.25 For those companies that had ever experienced such incidents, 66% had only one incident and 18% had two. About 12% on the other hand had 5 or more such incidents. The average for these companies was 2.2 incidents.

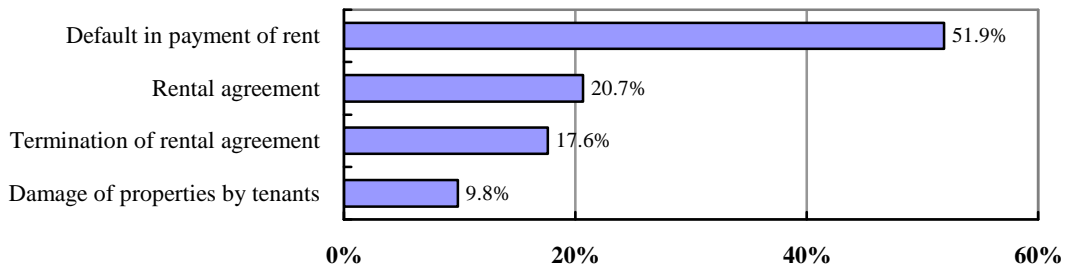
Percentage distribution of companies by number of incidents related to renting out of company properties



(Base: 32)

4.26 About 52% of the incidents were related to default of payment by rent, and a further 38% to rental agreement. Incidents related to damage of properties by tenants accounted for another 10%.

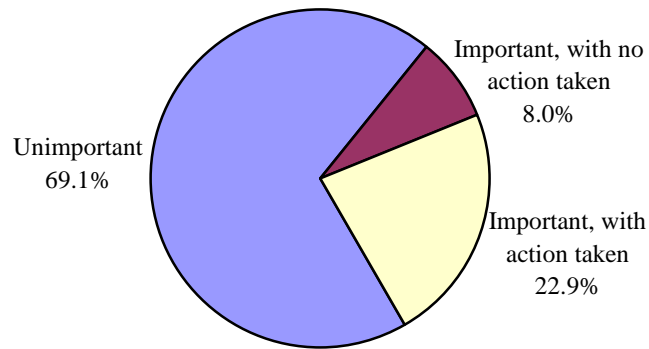
Percentage distribution of incidents related to renting out of company properties by types



(Base: 80)

4.27 More than two third (69%) of the incidents related to renting out of company premises were considered unimportant. Another 23% were considered important with actions taken, and the remaining 8% were also considered important but no action was taken.

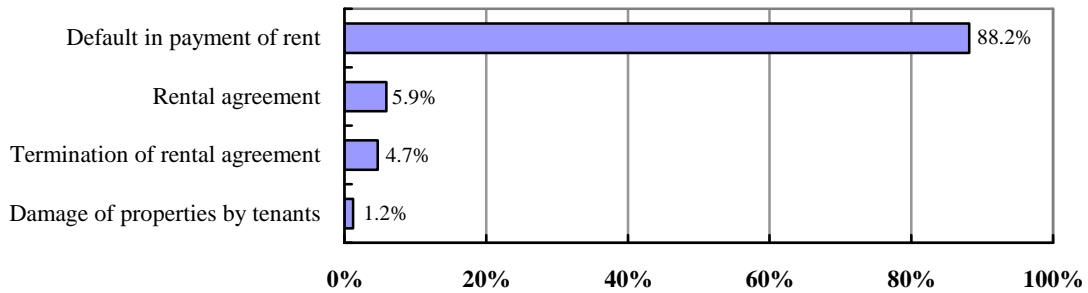
Percentage distribution of incidents related to renting out of company properties by level of importance



(Base: 80)

4.28 For incidents considered important, the great majority (88%) were related to default in payment of rents. Incidents related to rental agreements accounted for another 10%.

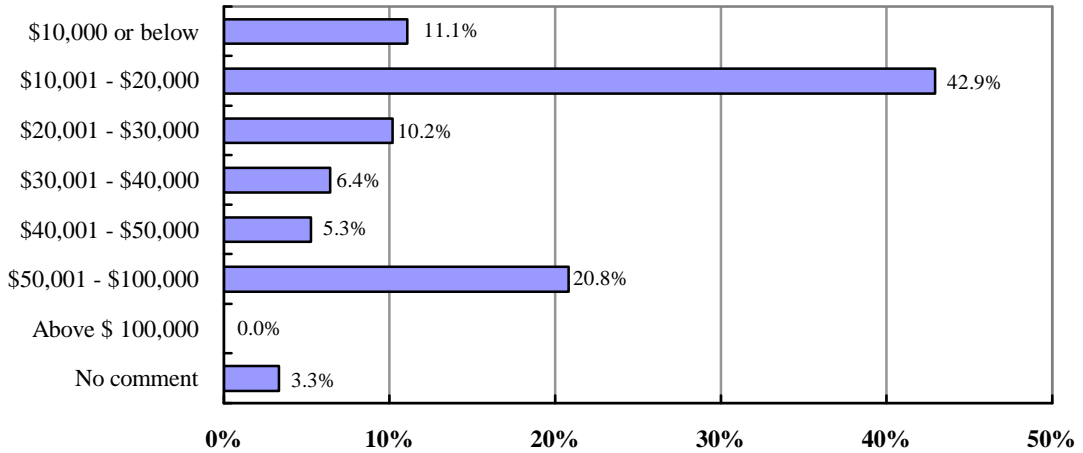
Percentage distribution of incidents related to renting out of company properties that were important by types



(Base: 25)

4.29 About 95% of these important incidents involved money, of which about 11% involved \$10,000 or less, and another 65% involved \$10,001-\$50,000. A further 21% involved \$50,001-\$100,000.

Percentage distribution of important incidents related to renting out of company properties involving money by amount involved

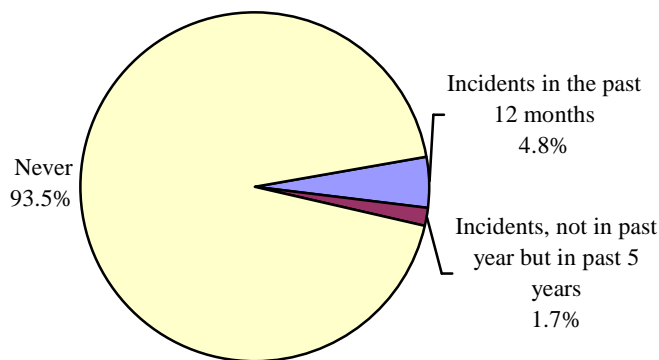


(Base: 23)

Problems related to properties owned by the companies

4.30 Among companies that had experienced difficult-to-solve problems, only about 5% had incidents related to company owned properties in the past 12 months, and a further 2% had these in the last 5 years excluding the past 12 months. The great majority (94%) of them did not experience such problems.

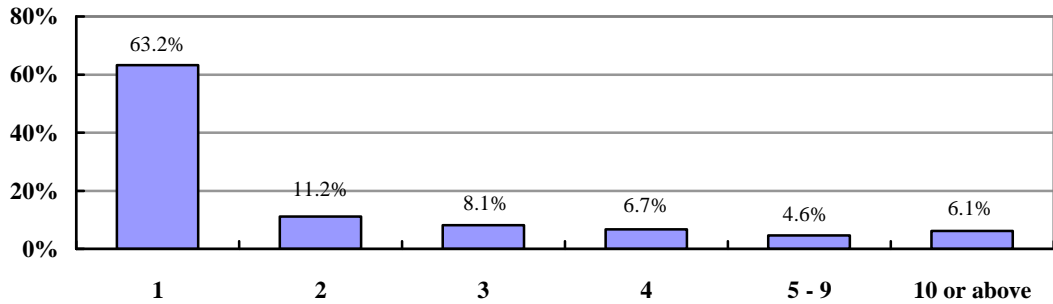
Percentage distribution of companies with incidents related to company owned properties



(Base: 881)

4.31 For those companies that had ever experienced problems related to company owned properties, 63% had only one incident, and 11% had two. About 6% on the other hand had experienced 10 or more such incidents. The overall average was 2.6 incidents for these companies.

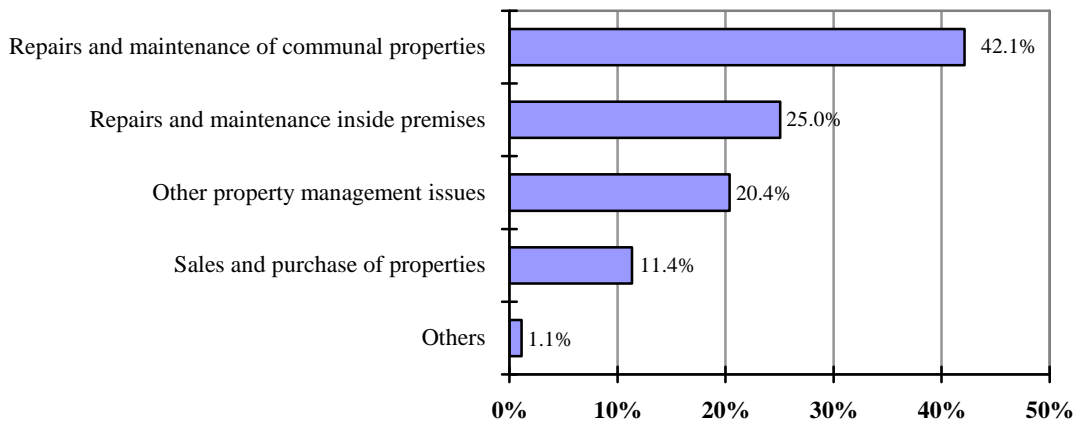
Percentage distribution of companies by number of incidents related to company owned properties



(Base: 57)

4.32 About 42% of the incidents were related to repairs and maintenance of communal properties, and a further 25% related to repairs and maintenance inside premises. Sale and purchase and other property management issues accounted for about 11% and 20% respectively.

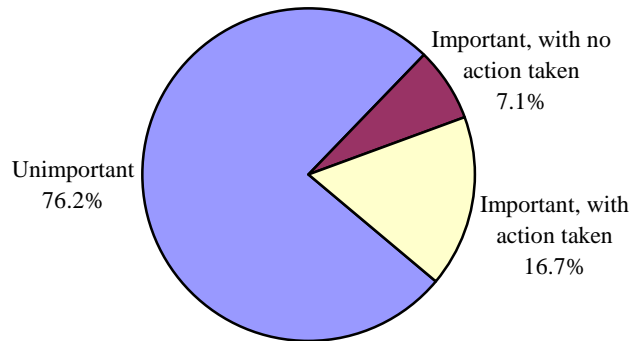
Percentage distribution of incidents related to company owned properties by types



(Base: 161)

4.33 The majority (76%) of the incidents related to company owned properties were considered unimportant. About 17% were considered important and actions were taken. For the remaining 7%, they were also considered important but no action was taken.

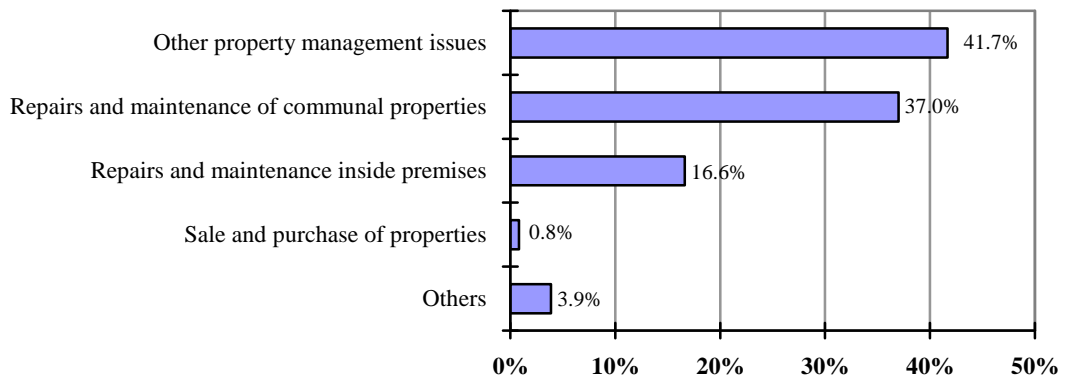
Percentage distribution of incidents related to company owned properties by level of importance



(Base: 161)

4.34 For incidents considered important, about 37% were related to repairs and maintenance of communal properties and 17% to repairs and maintenance inside premises. Another 42% were related to other property management issues.

Percentage distribution of incidents related to company owned properties that were important by types

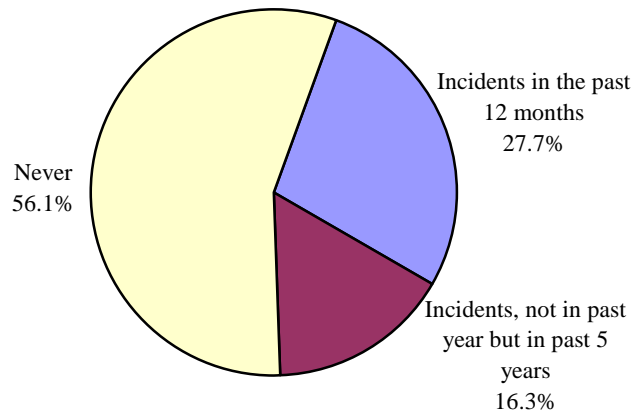


(Base: 33)

Business-related matters

4.35 Among companies that had experienced difficult-to-solve problems, about 28% had experienced incidents related to their business operations in the past 12 months, and a further 16% of had these in the last 5 years excluding the past 12 months. Slightly more than half (56%) did not experience such problems.

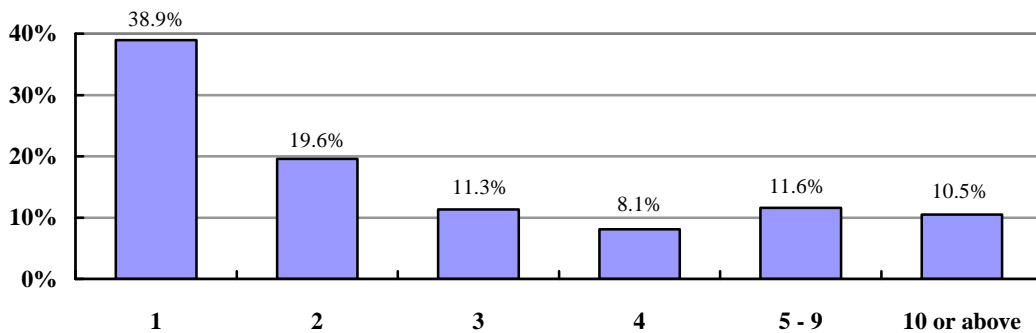
**Percentage distribution of companies
with incidents concerning business-related matters**



(Base: 881)

4.36 For those companies that had ever experienced such incidents, about 39% had only one incident while 20% had two. About 22% on the other hand had experienced 5 or more. On average, these companies had 3.7 such incidents.

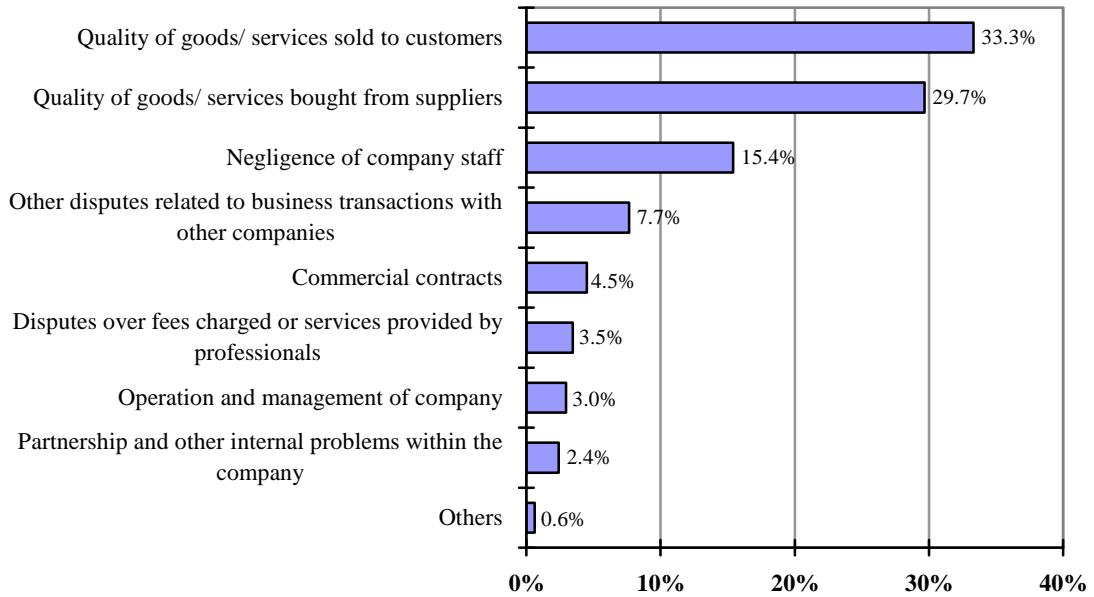
**Percentage distribution of companies by number of incidents
concerning business-related matters**



(Base: 377)

4.37 More than half (63%) of the incidents were related to quality of goods and services sold to customers or bought from suppliers, and a further 15% to negligence of company staff.

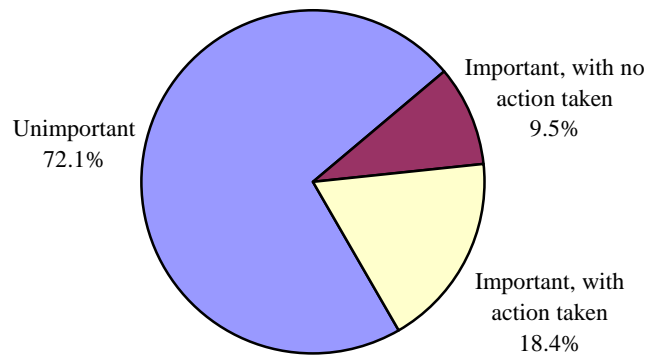
Percentage distribution of incidents concerning business-related matters by types



(Base: 1,393)

4.38 Among incidents concerning business-related matters, the majority (72%) were considered unimportant. About 18% were considered important with actions taken. For the remaining 10% of incidents, they were also considered important but no action was taken.

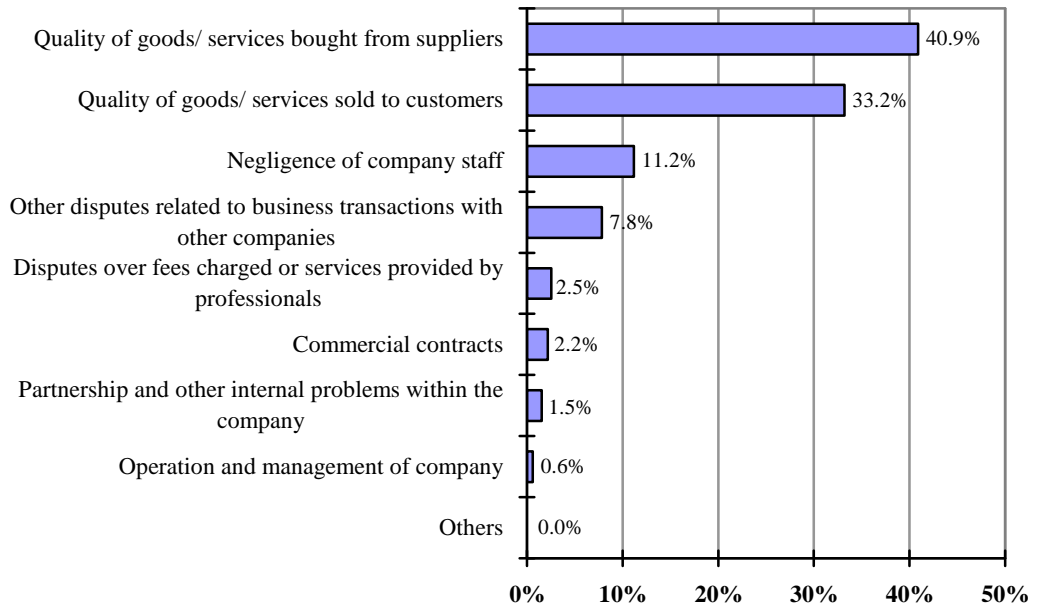
Percentage distribution of incidents concerning business-related matters by level of importance



(Base: 1,393)

4.39 For incidents considered important, about 41% were related to quality of goods or services bought from suppliers and a further 33% to quality of goods or services sold to customers. Negligence of company staff accounted for 11% of incidents, and for other disputes related to business transactions with companies, another 8%.

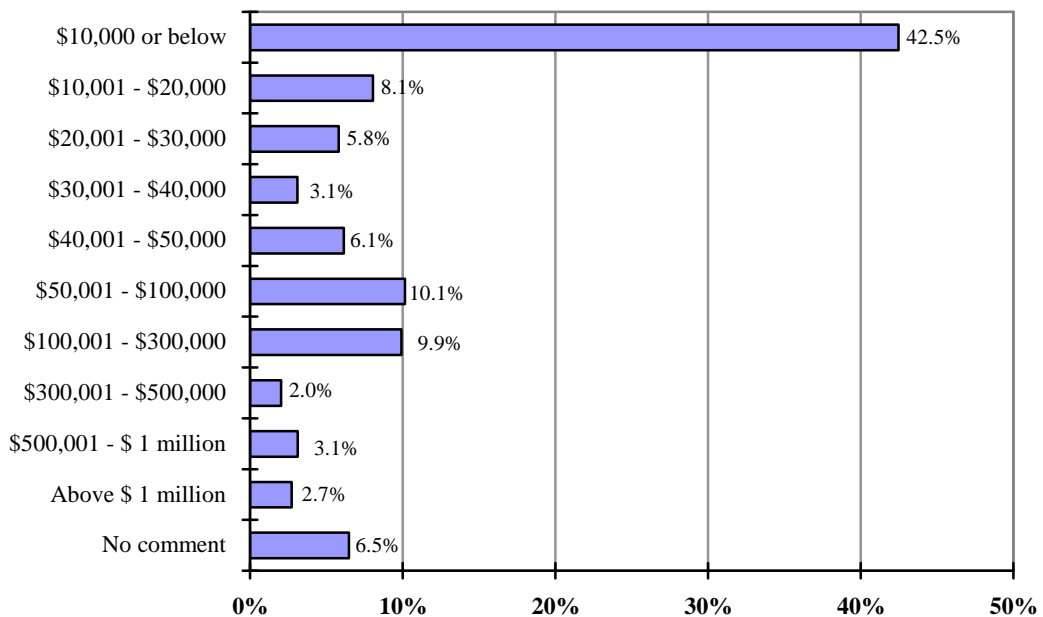
Percentage distribution of incidents concerning business-related matters that were important by types



(Base: 413)

4.40 About 68% of the incidents concerning business-related matters that were important involved money. For these incidents, about 43% involved \$10,000 or less, and 23% involved \$10,001-\$50,000. A further 10% involved \$50,001-\$100,000, and for another 18%, more than \$100,000.

Percentage distribution of important incidents concerning business-related matters involving money by amount involved

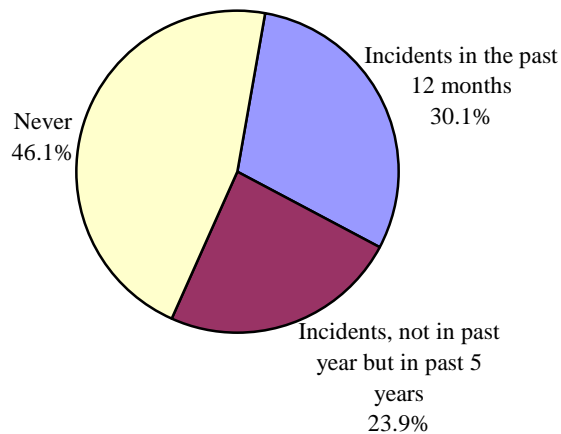


(Base: 281)

Other money matters

4.41 Among companies that had experienced difficult-to-solve problems, about 30% had incidents related to other money matters in the past 12 months, and a further 24% experienced these incidents in the past 5 years excluding the last 12 months. Less than half (46%) never had such experience.

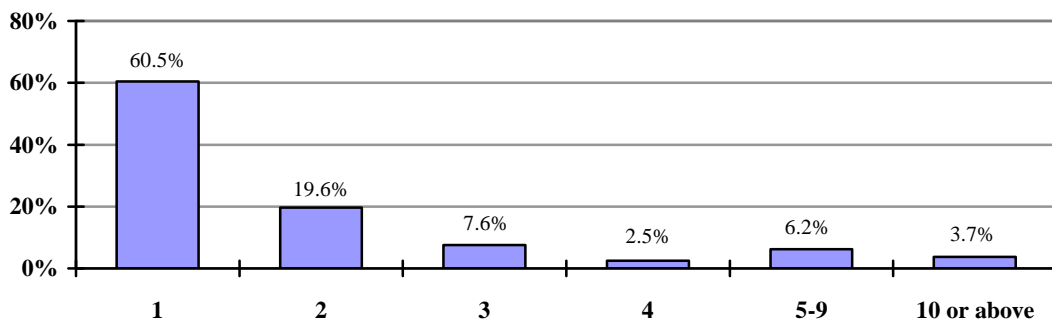
Percentage distribution of companies with incidents related to other money matters



(Base: 881)

4.42 For those companies that ever had such experience, more than half (61%) had only one incident, while 20% had two. About 10% on the other hand had experienced five or more such incidents. The overall average was 2.2 incidents.

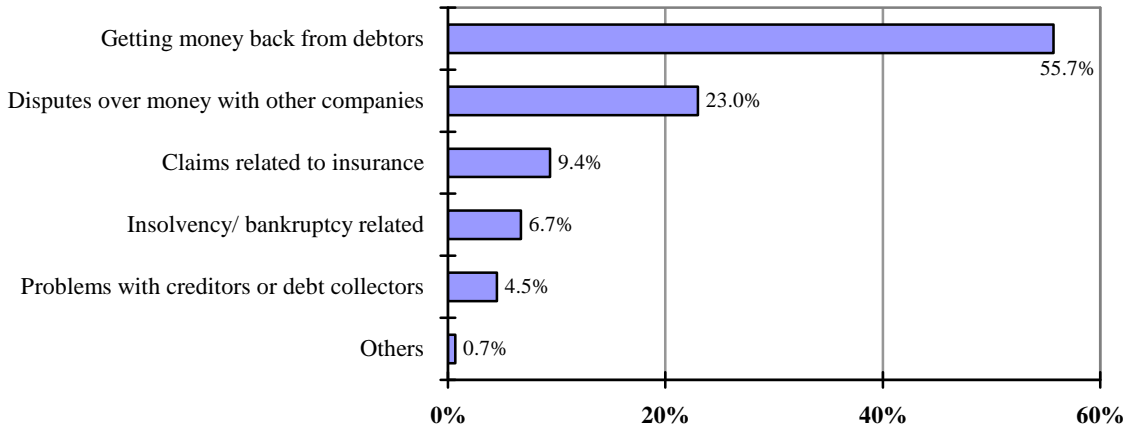
Percentage distribution of companies by number of incidents related to other money matters



(Base: 502)

4.43 More than half (56%) of the incidents were related to getting money back from debtors, and a further 23% to disputes over money with other companies. About 9% were related to insurance claims.

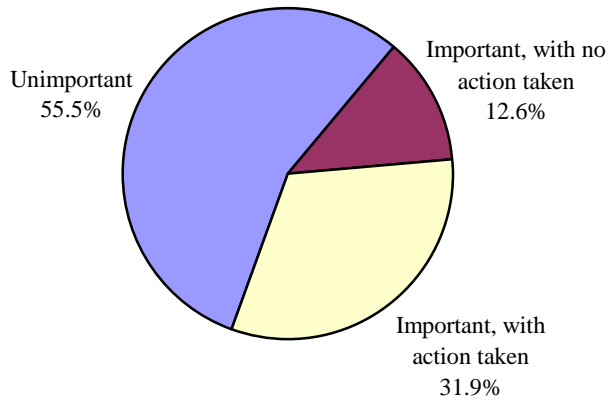
Percentage distribution of incidents related to other money matters by types



(Base: 1,188)

4.44 More than half (56%) of the incidents related to other money matters were considered unimportant. About 32% were considered important with actions taken. For the remaining 13%, they were also considered important but no action was taken.

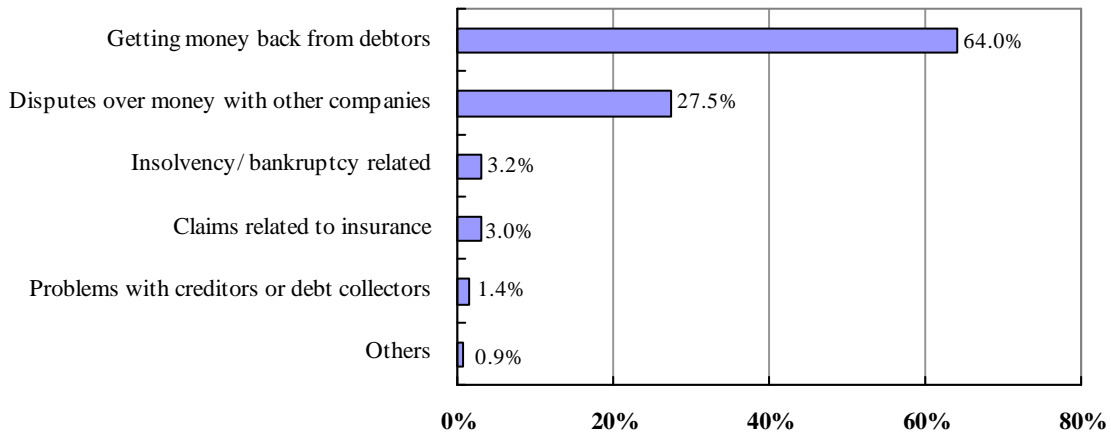
Percentage distribution of incidents related to other money matters by level of importance



(Base: 1,188)

4.45 For those incidents that were considered important, about 64% were related to getting money back from debtors and 27% to disputes over money with other companies. Insolvency or bankruptcy related problems accounted for 3%, and for claims related to insurance, a further 3%.

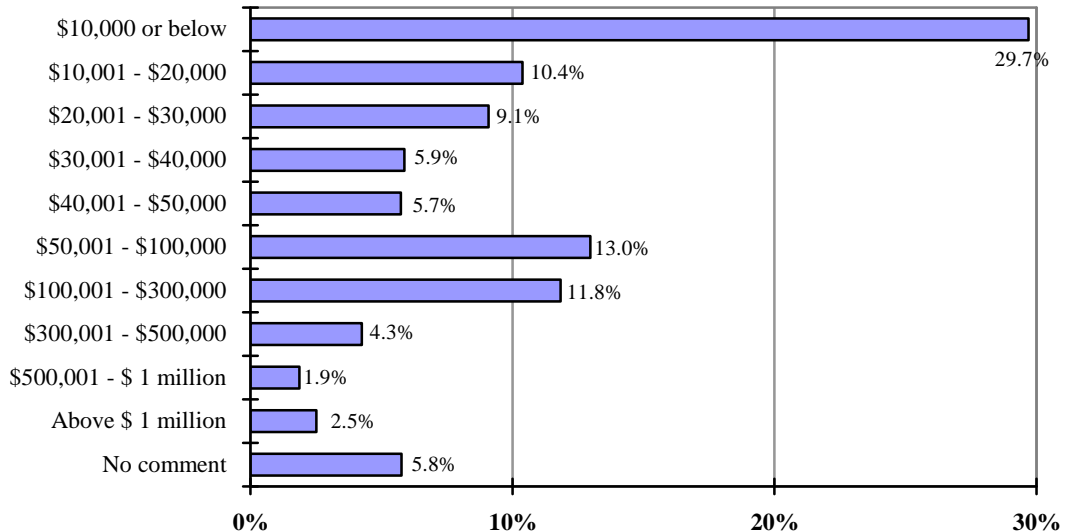
**Percentage distribution of incidents
related to other money matters that were important by types**



(Base: 561)

4.46 Among the incidents considered important, about 30% involved \$10,000 or less, and 31% involved \$10,001- \$50,000. Another 13% involved \$50,001-\$100,000, and for a further 21%, more than \$100,000.

**Percentage distribution of important incidents related to
other money matters involving money by amount involved**

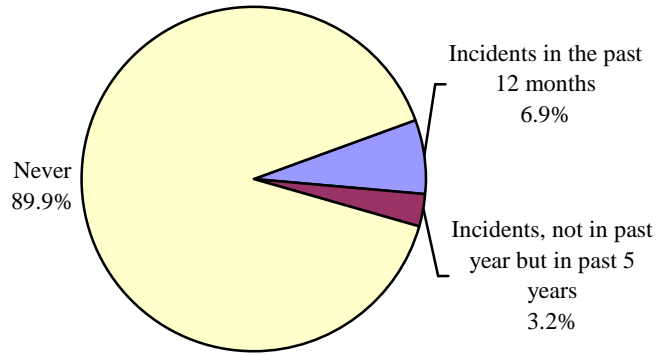


(Base: 560)

Intellectual property

4.47 Among companies that had experienced difficult-to-solve problems, about 7% had incidents related to intellectual property (including patents, trademarks, service marks and copyright) in the past 12 months. A further 3% of them experienced these incidents in the past 5 years excluding the last 12 months. The great majority (90%) never had such problems.

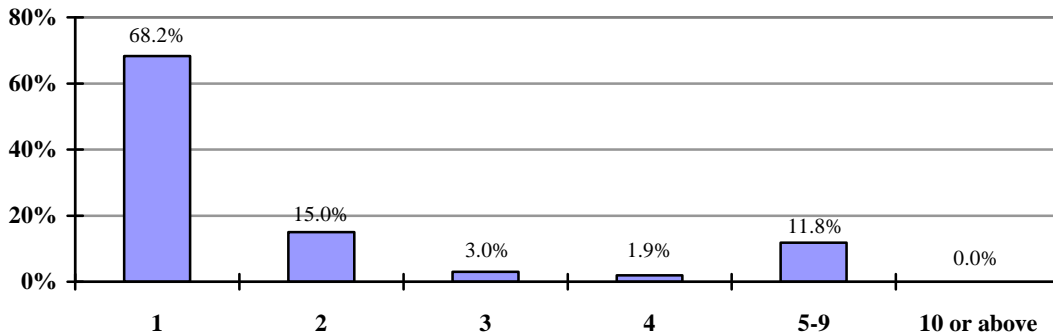
Percentage distribution of companies with incidents related to intellectual property



(Base: 881)

4.48 More than two third (68%) of the companies that had ever experienced incidents related to intellectual property had only one incident, and 15% had two. About 12% on the other hand had experienced 5 or more. The overall average for these companies was 1.9 such incidents.

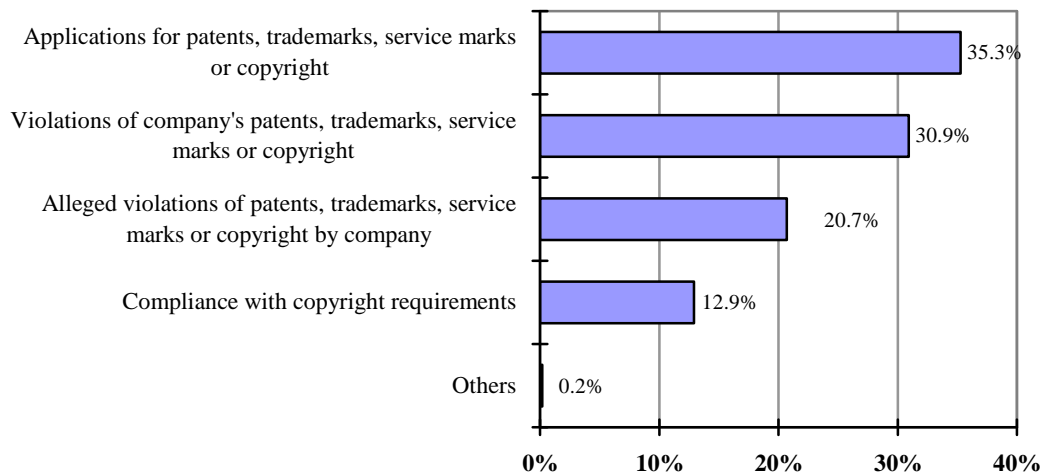
Percentage distribution of companies by number of incidents related to intellectual property



(Base: 63)

4.49 About 35% of these incidents were related to applications for patents, trademarks, service marks or copyright. 52% were related to violations or alleged violations, while a further 13% to compliance with copyright requirements.

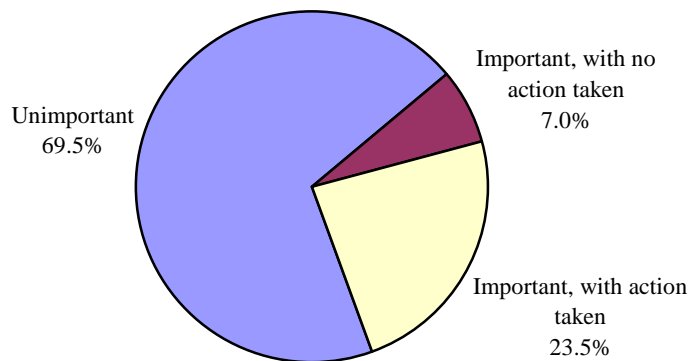
Percentage distribution of incidents related to intellectual property by types



(Base: 141)

4.50 About 70% of the incidents related to intellectual property were considered unimportant, and another 24% were considered important with actions taken. The remaining 7% of the incidents were also considered important but no action was taken.

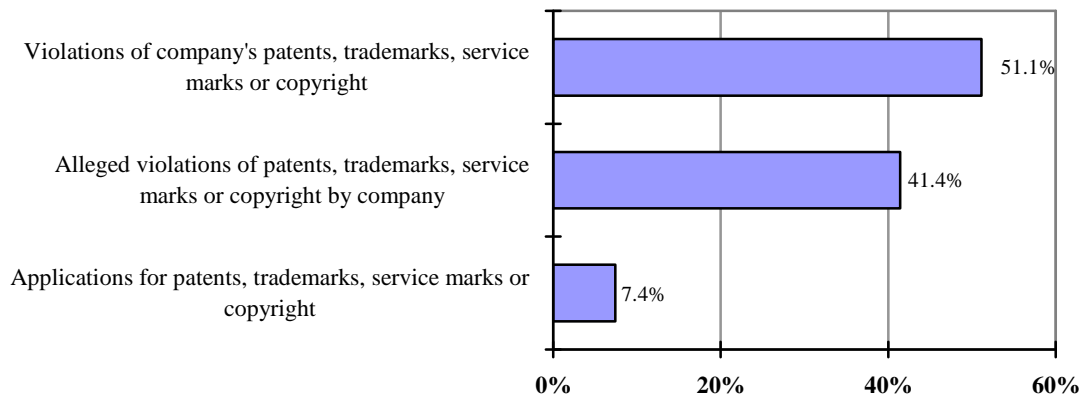
Percentage distribution of incidents related to intellectual property by level of importance



(Base: 141)

4.51 For incidents that were considered important, about 51% were violations of company's patents, trademarks, service marks or copyright and a further 41% were alleged violations.

Percentage distribution of incidents related to intellectual property that were important by types

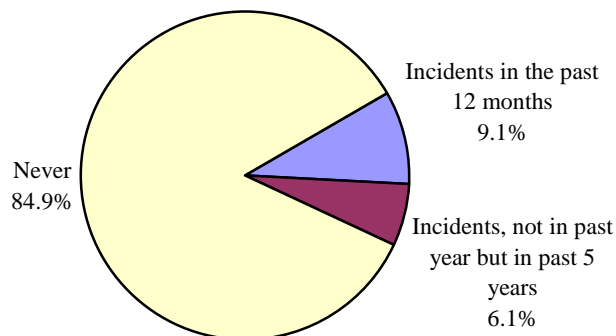


(Base: 29)

Problems related to injuries or health problems suffered by employees

4.52 Among companies that had experienced difficult-to-solve problems, about 9% had incidents related to injuries or health problems suffered by employees in the past 12 months, and a further 6% experienced these incidents in the past 5 years excluding the last 12 months. The great majority (85%) did not have such incidents.

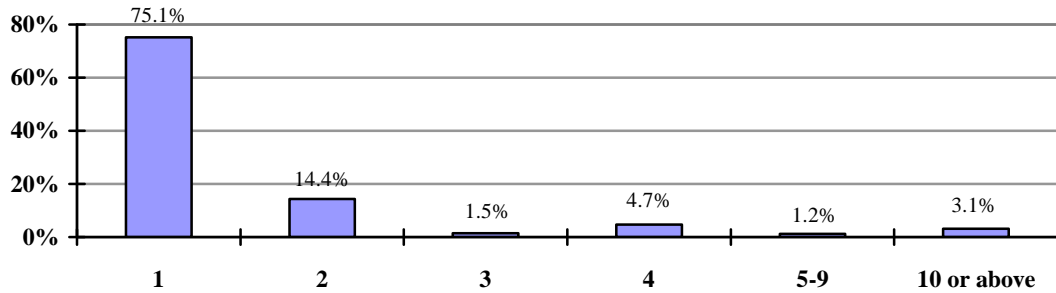
Percentage distribution of companies with incidents related to employee injuries or health problems



(Base: 881)

4.53 For companies that had ever experienced these incidents, the majority (75%) had only one incident and 14% had two. About 3% on the other hand had experienced 10 or more such incidents. The overall average for these companies was 2 incidents.

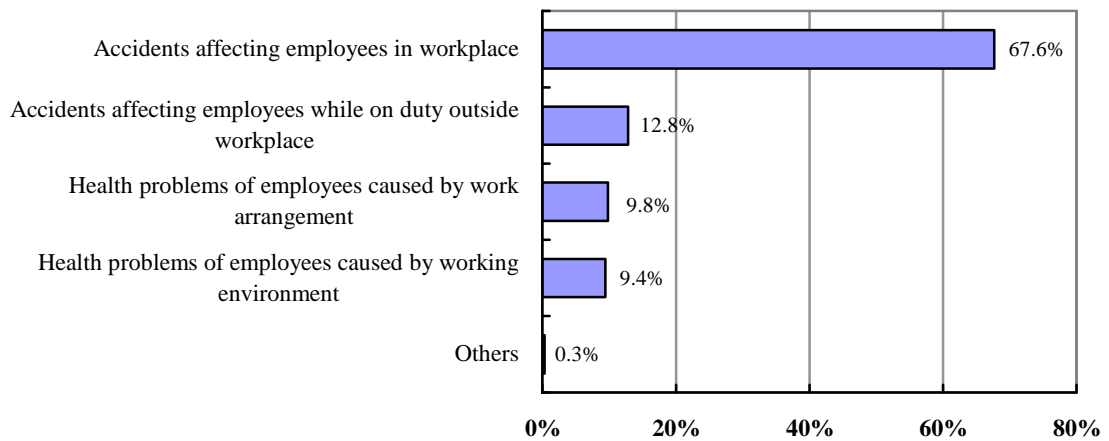
Percentage distribution of companies by number of incidents related to employee injuries or health problems



(Base: 157)

4.54 About two third (68%) of the incidents were related to accidents in the workplace, 13% to accidents while on duty outside, and a further 19% to health problems caused by the work environment or work arrangement.

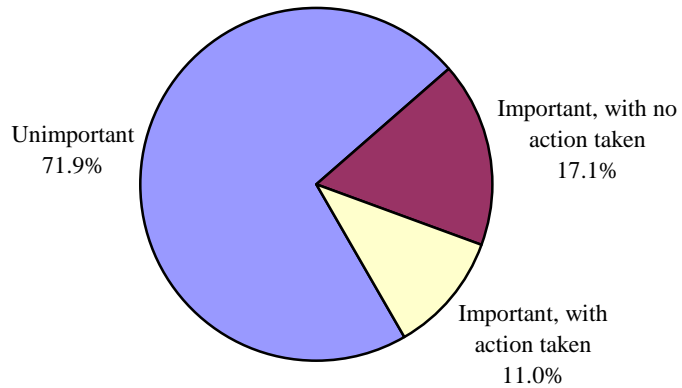
Percentage distribution of incidents related to employee injuries or health problems by types



(Base: 307)

4.55 The majority (72%) of the incidents related to employee injuries or health problems were considered unimportant. Another 11% were considered important with actions taken. For the remaining 17%, they were also considered important but no action was taken.

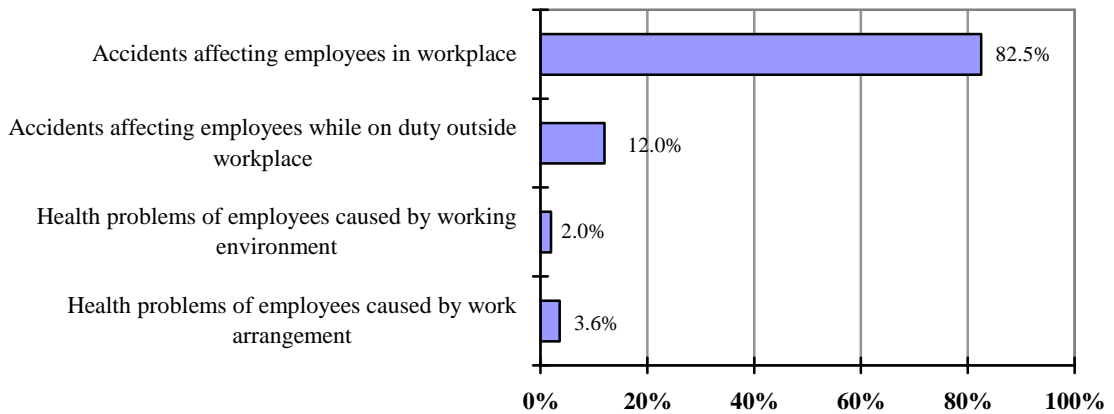
Percentage distribution of incidents related to employee injuries or health problems by level of importance



(Base: 307)

4.56 For incidents considered important, the majority (83%) were related to accidents in the workplace, and a further 12% to accidents while on duty outside the workplace.

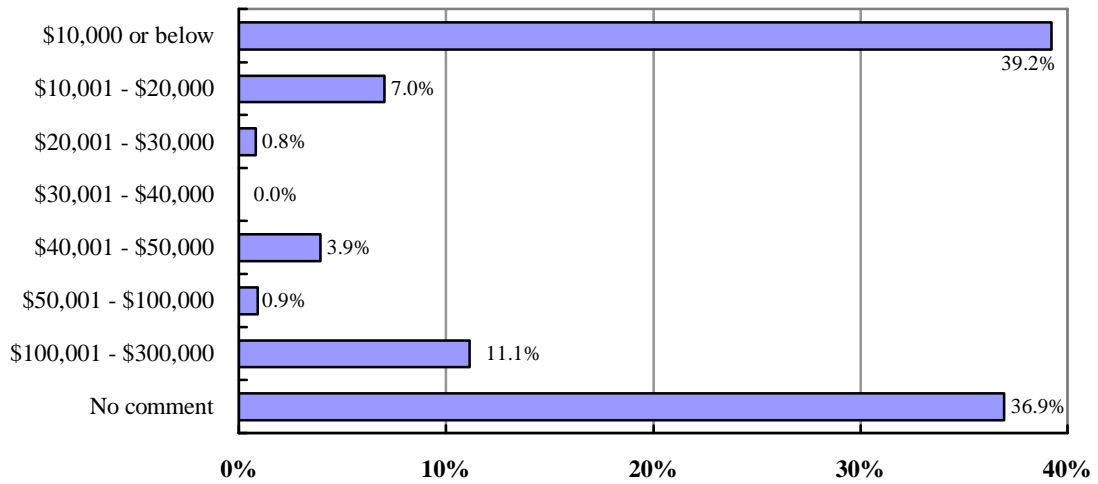
Percentage distribution of incidents related to employee injuries or health problems that were important by types



(Base: 90)

4.57 About 52% of the incidents that were important involved money. For these incidents, about 39% involved \$10,000 or less, and another 12% involved \$10,001-\$50,000. The percentage of incidents involving over \$100,000 was 11%.

Percentage distribution of incidents related to employee injuries or health problems involving money by amount involved

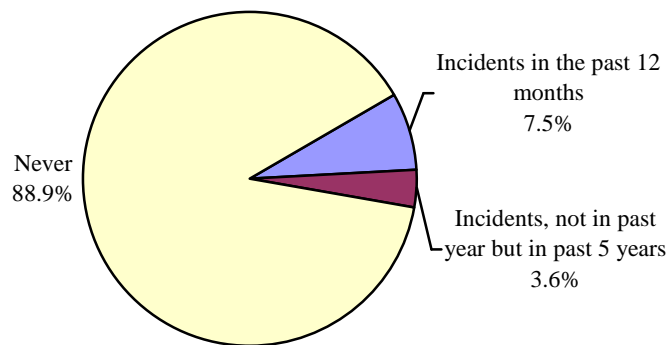


(Base: 49)

Problems related to government departments or government officials

4.58 Among companies that had experienced difficult-to-solve problems, about 8% had incidents related to government departments or government officials in the past 12 months, and a further 4% experienced these incidents in the past 5 years excluding the last 12 months. The great majority (89%) never had such experience.

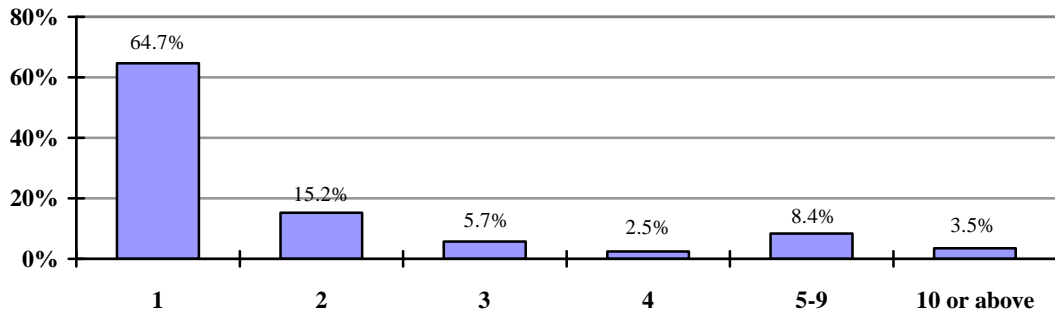
Percentage distribution of companies with incidents related to government departments/ government officials



(Base: 881)

4.59 For those companies that had ever experienced such incidents, more than half (65%) had only one incident, and another 15% had two. About 12% on the other hand had experienced 5 or more such incidents. The average was 2.3 incidents for these companies.

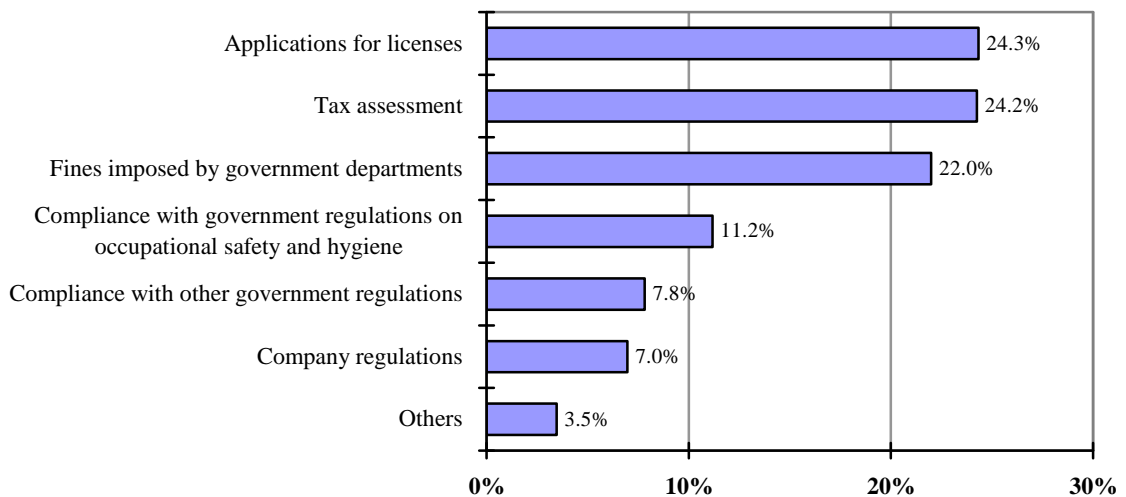
Percentage distribution of companies by number of incidents related to government departments/ government officials



(Base: 107)

4.60 About 24% of the incidents were related to applications for licenses, and a further 22% to fines imposed by government departments. Tax assessment accounted for another 24% and for compliance with government regulations on occupational safety and hygiene, 11%.

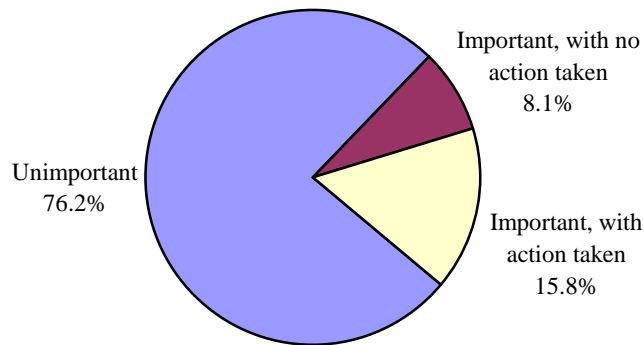
Percentage distribution of incidents related to government departments/ government officials by types



(Base: 249)

4.61 About three quarter (76%) of the incidents related to government departments or government officials were considered unimportant. About 16% were considered important with actions taken. For the remaining 8%, they were also considered important but no action was taken.

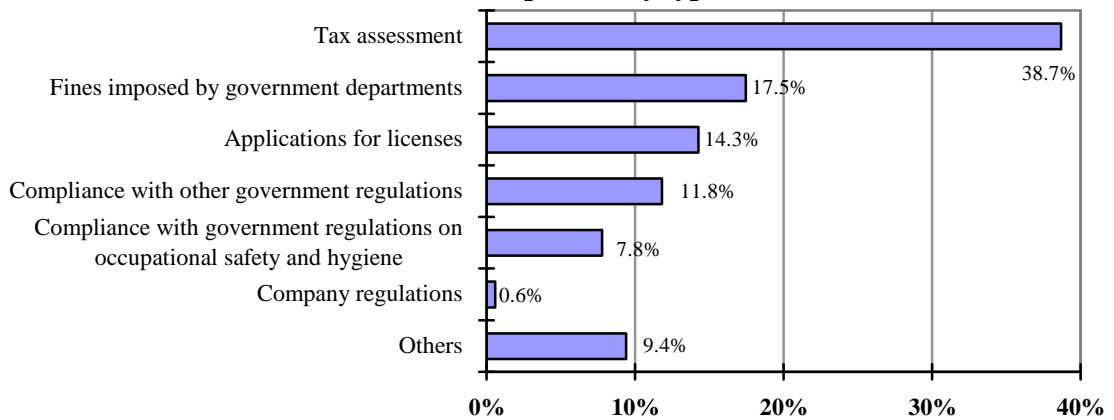
Percentage distribution of incidents related to government departments/ government officials by level of importance



(Base: 249)

4.62 For incidents that were important, about 39% were related to tax assessment, 18% to fines imposed by government departments and a further 14% to applications for licenses. Compliance with government regulations on occupational safety and hygiene accounted for another 8% and compliance with other government regulations, 12%.

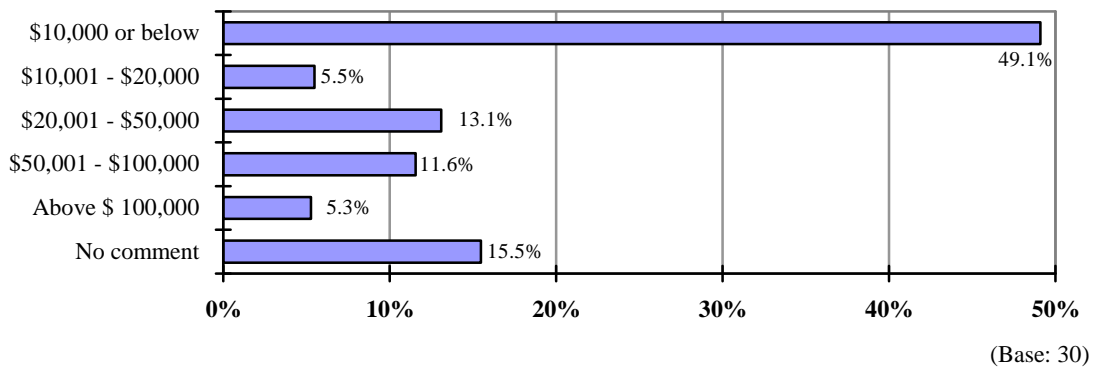
Percentage distribution of incidents related to government departments/ government officials that were important by types



(Base: 54)

4.63 About 66% of the incidents that were important involved money. For these incidents, about half (49%) involved \$10,000 or less, and 19% involved \$10,001-\$50,000. Another 12% involved \$50,001-\$100,000, while a further 5% involved more than \$100,000.

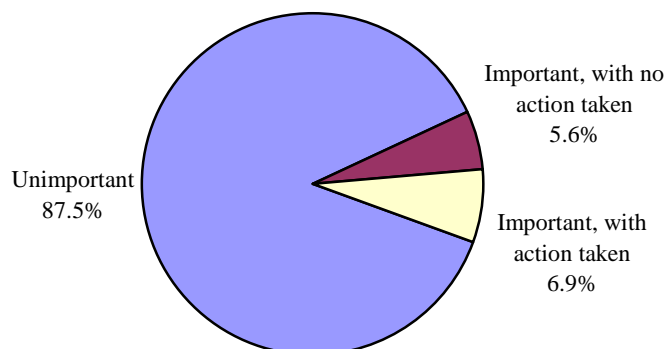
**Percentage distribution of important incidents
related to government departments/ government officials
involving money by amount involved**



Other difficult-to-solve problems or disputes

- 4.64 Among companies that had experienced difficult-to-solve problems, only about 0.7% had incidents in the past 12 months related to defamation, hire of foreign workers, burglaries, or others problems such as damage of company assets. Another 0.4% experienced these incidents in the past 5 years excluding the last 12 months. The great majority (99%) never had such incidents. For companies that ever had such incidents, about 58% had only one such incident. The overall average was 3.3 incidents.
- 4.65 About 8% of the incidents were related to defamation, 15% to hire of foreign workers, 54% to burglary and the remaining 26% to the other problems. The majority (87%) of the incidents were considered unimportant. About 7% were considered important with actions taken. For the remaining 6%, they were also considered important but no action was taken.

**Percentage distribution of incidents related to defamation,
hire of foreign workers, burglaries and others
by level of importance**



(Base: 85)

For incidents that were important, 35% were related to defamation, 23% to hire of foreign workers and 42% to others. Most of these incidents involved money.