

Stanford SOCIAL INNOVATION^{Review}

Supplement
Fashioning New Values in Hong Kong
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OVERVIEW **HONG KONG**

Fashioning New Values in Hong Kong

Social enterprises are tapping into Hong Kong's free market culture to tackle social problems.

BY JANE LEE

The social enterprise sector in Hong Kong constitutes an insignificant part of the economy. At the end of 2015, there were only about 570 social enterprises listed in the Directory of Social Enterprises of the Hong Kong Council of Social Services (HKCSS).¹ This, in an area with more than seven million residents.

Despite the sector's small size, social enterprises in Hong Kong have created tremendous impact not only here, but throughout the

region, particularly in mainland China and Taiwan. That's because Hong Kong's social enterprise movement is one of the few examples of the government effectively partnering with civil society without an overriding political agenda driving and shaping the work.²

One of the key reasons that this partnership has been successful is the way in which public policy and the emergence of civil society have helped social enterprises over the last 10 years. Today, these forces are fueling the gradual growth of social businesses, and they continue to shape the unique characteristics of social innovation in Hong Kong.

Public Policy Development

The terms "social entrepreneurship" and "social innovation" did not gain much attention in Hong Kong until after the new millennium. Even though there were NGOs that were self-financed well before then, those initiatives were not described as social enterprises. Awareness of the term—and the concept—began to take hold during the 2002-2003 recession, after which social enterprise became seen as a way to alleviate unemployment and poverty. Social enterprise in Hong Kong can trace its formal roots to the formation of the city's first Commission on Poverty,³ which was approved by the legislature in part because of the advocacy of several socially oriented legislators.

The commission's first public funding initiative, Enhancing Employment of People with Disabilities through Small Enterprise, tackled the employability of disabled people. Subsequently, the first fund that officially encouraged the use of social enterprises to alleviate unemployment, the Enhancing Self-Reliance through District Partnership Program (ESR), launched in 2006.

These initiatives were critical steps for

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Hong Kong's social movement; however, a few significant challenges became apparent soon after the commission launched ESR. For example, the fund resulted in varied interpretations of the meaning of social enterprise—specifically around whether a social enterprise was a business or a welfare service. Many corporations saw the fund as confirmation that a social enterprise, by definition, was part of the city's poverty alleviation measures and thus not an investment opportunity. (This view explains why, initially, NGOs ran most of the social enterprises in Hong Kong.) Many NGO leaders also thought that a social enterprise had to be part of the city's funding initiative, and others balked at the idea of running a business, or claimed that they did not have the knowledge to do so.

A number of business professionals did offer help by giving pro bono advice to NGOs on running social enterprises. And in 2012, having drawn lessons from the experiences of those first funding efforts, the then-newly appointed chief secretary for administration, Carrie Lam, reformed the Commission of Poverty. Under Lam's leadership, and with the support of CY Leung, the chief executive of the Hong Kong Special Administrative Region government, this commission allocated HKD 500 million (\$64.4 million) to the newly created Social Innovation and Entrepreneurship Development Fund (SIE Fund). The purpose of the fund was to support innovative solutions to deep-seated social problems in Hong Kong, and SIE Fund explicitly encouraged applications from both nonprofit and private corporations as well as from individuals. (Meanwhile, ESR also expanded its mandate to accept applicants from the business sector.)

In 2016, SIE Fund made additional funding available for would-be social innovators to incubate their ideas, testing and refining prototypes before taking the risk of establishing a full-fledged social enterprise.

The Roles of Civil Society

Although social enterprises constitute an insignificant portion of the economy, their existence is having far-reaching influence in Hong Kong, in particular on the formation of new social values in a place that has long been regarded as the haven of capitalism and the ideal free market environment. In large part, these new social values are emerging due to the advocacy efforts of a group of individuals who have been working since 2007 to promote new social values, ideas, and practices.

This movement began formally with the

founding of three organizations in 2008: the Social Entrepreneurship Forum, the Hong Kong General Chamber of Social Enterprises, and Social Ventures Hong Kong. That year also saw the first Social Enterprise Summit, at which sector leaders worked together to define the characteristics of social entrepreneurship in Hong Kong as innovation, entrepreneurship, and impact. They also agreed that the term “nongovernment” (*min-jan*) would be deliberately highlighted in the Chinese name of the summit, to differentiate it from any government-led activity.

The government, however, responded positively to these civic efforts and has since sponsored subsequent summit programs; the summit has become the key platform in Hong Kong for exchanging concepts, ideas, and good practices from within the city and beyond. Summit events now take many forms, including symposiums, workshops, dialogues, dinners, book sales, bazaars, exhibitions, awards, and competitions.

Over time, summit leaders (this author included) began to articulate the belief that social innovation and entrepreneurship should not be the responsibility of any single sector or group of people. Rather, doing good as well as doing well should be a core value for everybody in Hong Kong. The development of cross-sector partnerships, they realized, would be the key to developing an environment in which social innovation and entrepreneurship could succeed over the long term.

Opportunities to advance this view arose when Hong Kong's tertiary and secondary education systems strengthened their liberal education components in 2011 and 2012. Teachers and student affairs officers alike welcomed new social enterprise courses and activities. Concurrently, public awareness of the potential of social enterprise increased substantially.

New Value Creation

The social business landscape has made substantial gains in the past 10 years amid Hong Kong's continuing commitment to a free market economy. Business leaders representing all types of entities, including Bernard Chan from the insurance sector; David Fong from a family business; Alan Cheung, a Young Industrialist Awardee; and Simon Wong, who operates restaurant services, have been very supportive of social innovation and the social entrepreneurship movement.

Many members of the younger generations of multinational family businesses are also drawn to the idea of addressing social

challenges through social enterprise. They find Michael Porter's concept of “shared value” and his efforts to persuade global businesses to create social value through enterprise (as well as through philanthropic and social responsibility activities) compelling. The “blended value” concept proposed by Jed Emerson has been taken up by at least one prominent Hong Kong philanthropist, Annie Chen, who has been advocating for family businesses to engage in social investments.⁴ These new concepts are also being introduced through the joint efforts of civic groups and complemented by new courses offered by schools and universities. And more research reports are being published to provide updated analyses of these trends.

But the social innovation movement still has a long way to go, and it must continue to work hard to promote supportive mindsets and to clarify government roles, identify optimal impact assessment measures, and improve governance and accountability structures and standards.⁵ And there remains a critical need to convince more organizations that cross-sector collaboration can be both socially beneficial and economically rewarding.

Although social enterprise has yet to form a significant part of the Hong Kong economy, the emergence of this new landscape should be evaluated not only on the number of social enterprises created but also on the increasing wealth of new concepts being discussed and the new efforts being introduced to offer solutions to Hong Kong's social problems.

Looking ahead, it will be important to have more corporations participate in the social enterprise sector and genuinely integrate social objectives into their mission. With the increased level of acceptance of the concept that we're seeing now, it is possible to envision the blurring of the boundary between NGOs and business in the foreseeable future, and to see significant progress toward solving Hong Kong's social challenges. ■

NOTES

- 1 <http://www.socialenterprise.org.hk/en/sedirectory>
- 2 Jane C. Y. Lee, “Social Innovation and Entrepreneurship in Hong Kong. A Public Policy Dimension,” in Yanto Chandra and Linda Wong, eds., *Social Entrepreneurship in the Greater China Region, Policy and Cases*, London and New York: Routledge, 2016, pp. 35-38.
- 3 *From Welfare to Self-Reliance: Social Enterprise Development*, Commission on Poverty, Hong Kong: HKSAR Government, 2005, p.1.
- 4 Good, RS Group, May 2016.
- 5 Philo Alto and P. Ming Wong, *Mind the Gap: Lessons and Findings from EngageHK*, Hong Kong: Asia Community Ventures, 2013.