

Stanford SOCIAL INNOVATION^{Review}

Supplement
Partnering for Impact
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CASE STUDY **HONG KONG**

Partnering for Impact

A foundation, the government, and academia are working together to nurture social entrepreneurship in Hong Kong.

BY KENNY CHEUNG & YVETTE YEH FUNG

Once a small fishing village, Hong Kong is now a crowded and vibrant commercial metropolis, a crossroads of the East and the West. Despite these accomplishments, Hong Kong remains a tale of two cities. Hong Kong's Gini coefficient (a measure of income inequality) rose from 0.429 in 1976 to 0.537 in 2011, even as per capita GDP rocketed from \$2,850 to \$35,142 during the same period. And according to a 2016 report by the Economic Intelligence Unit, Hong Kong tied for second place among the 10 most expensive cities to live.¹ It is indeed both "the best of times" and "the worst of times" in Hong Kong.

During periods of great social challenge, communities traditionally turn to government and the nonprofit sector for answers. But in Hong Kong, an emerging class of engaged citizens has also taken an increasingly active role in helping the area's most vulnerable populations. These entrepreneurs seek to develop solutions and organizational models that focus on sustainability, scalability, and social impact. They're seen as the heart of a developing ecosystem of support, and stakeholders across sectors are not only taking note, but also looking for ways to collaborate to foster their proliferation and development.

This is the story of one such collaboration, a tripartite partnership between a family foundation, the Hong Kong government, and two universities, formed to educate and support the rising generation of social innovators. The result of the partnership was Nurturing Social Minds (NSM), a program launched in May 2015 that delivers interdisciplinary action-based learning courses on social entrepreneurship and venture philanthropy at the university level.

The courses attract a mix of graduate and undergraduate business students as well as those from other disciplines, including engineering, science, and the social sciences. Al-

though the courses are introductory, students are exposed to a range of industry experts brought in as guest speakers. The students work in teams as consultants for the founders of social enterprises addressing poverty alleviation in Hong Kong. There, students learn firsthand what it takes to be a successful entrepreneur, and the social entrepreneurs benefit from new perspectives and ideas that the students contribute to their business.

The courses address both social entrepreneurship and social finance. As former course instructor Christine Chow says, "Teaching social entrepreneurship without addressing the funding side is like running a race with one leg. You can wave your hands and shout all day about how innovative you are, but if you don't understand the concerns of funders, it will be difficult to succeed." The students develop a personal stake in their social venture partner because they are the ones pitching on behalf of their partner organization for HKD 250,000 (\$32,000) in grant funding provided by The Yeh Family Philanthropy (YFP). The judging panel consists of cross-sector experts along with the students themselves, who account for 50 percent of the winning score. The funder, YFP, plays no part in determining the final grant recipient.

To better understand the cross-sector partnership that gave rise to NSM, it's important to consider each partner in turn and how they worked together to achieve success.

The Foundation

In August 2013, Asia Community Ventures published a report that mapped out the various stakeholder groups within Hong Kong's social ecosystem, identified the weaknesses therein, and offered recommendations on how to address those weaknesses.² Among other issues, the report identified a "gap" in academia, noting, "Despite growing student demand, local universities have been slow to offer courses on topics such as impact investing, venture philanthropy, social entrepreneurship, and social innovation."

In the same year, YFP arrived at the same conclusion after becoming frustrated in its efforts to find social enterprises serving the Hong Kong community that were worthy of investment. YFP decided that "learning by doing" was a good model not only for students but also for the foundation itself. Serendipitously, YFP's chair met a business school student keenly interested in the subject, and together they conceived the prototype for a new course. YFP provided a two-year seed grant to the Hong Kong University of Science and Technology (HKUST) School of Business and Management to launch a pilot course on social entrepreneurship and venture philanthropy. There were no faculty within the university with the relevant expertise to teach the course, so YFP brought in adjunct professors, along with external speakers and panelists with industry experience.

The Government

Meanwhile, in September 2013 (almost at the same time the aforementioned report was issued), the Hong Kong government launched the HKD 500 million (\$64.4 million) Social Innovation and Entrepreneurship Development Fund (SIE Fund) under the Commission on Poverty. The SIE Fund supports collaborative efforts aimed at reducing poverty and social exclusion.

Since its creation, the SIE Fund has acted successfully as a catalyst for social innovation in Hong Kong, facilitating collaboration among a growing number of businesses, NGOs, philanthropists, and the community. From the outset, the SIE Fund focused on partnering with intermediaries (local organizations with experience and networks to help build capacity and identify social entrepreneurs) to help stimulate the ecosystem for social innovation through collaboration and innovation. In February 2014, the SIE Fund announced an invitation for proposals from organizations interested in becoming an intermediary organization that would operate programs in social innovation and work with the SIE Fund to support poverty relief in Hong Kong.

YFP, wanting to utilize the positive feedback received from students in its pilot HKUST courses, saw an opportunity to partner with the Hong Kong government to scale the course across different universities, so that more students and social enterprises alike could benefit from the experience. YFP became one of the four intermediaries selected by the SIE Fund. This funding helped give rise to NSM.

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The Universities

The NSM program will deliver nine cohorts of the course on social entrepreneurship and venture philanthropy over a three-and-a-half-year period at HKUST and at the Chinese University of Hong Kong (CUHK) Business School. Under the partnership, the SIE Fund provides funding for the operating costs of the program, while YFP continues to provide the HKD 250,000 in grant funding to the winning social enterprise of each cohort. This arrangement allows YFP to scale up its program and reach more social entrepreneurs and students, while the SIE Fund is able to engage firsthand with bright young students and budding social entrepreneurs and achieve its objective of developing the ecosystem and building a community of enthusiastic young professionals eager to contribute to Hong Kong and globally.

Both HKUST and CUHK have embraced the concepts of social innovation and social entrepreneurship, incorporating new introductory courses on the topics into their undergraduate curriculum. In turn, NSM has now evolved into an advanced-level course aimed primarily at graduate students.

Lessons Learned

In a project of this nature, the learning curve is steep and continuous. Some of the lessons that were learned in the process of creating NSM may prove useful to other organizations and agencies forging collaborative relationships to drive social change.

Learn by doing | Personal experience is the best teacher. NSM's students are encouraged to learn by doing. The program's philosophy is that the only way to know what it's really like to be a social entrepreneur is to work with one and think like one. Similarly, YFP did not begin with any idealized vision of the program or wait for the perfect one to be developed by a university. Believing in the power of entrepreneurship and its mission of "building capacity in promising young minds," YFP instead took the plunge of working with HKUST (and its enterprising students) to create, design, and fund the course from scratch. Although much has been learned since that first day in April 2013, new lessons emerge with every cohort, and much can still be done to improve the student learning experience.

Great artists steal | One of the key takeaways for the students from the course is that solutions to many social problems already exist in other parts of the world. That is, you

don't need to reinvent the wheel to be innovative. Often, taking an existing solution and adapting it for a local context is more effective and efficient than coming up with a unique solution for the sake of innovating. In designing the original pilot course, for example, YFP borrowed ideas from innovative courses on other subjects. Even the idea of a student-directed venture philanthropy fund was adopted from business courses teaching investing, whose instructors had found that when real money was on the line, students took the process much more seriously than they did when it was not.

Iterate with an open mind | Just as the social entrepreneurs achieving the most success in the program have kept an open mind in working with the students and incorporating their recommendations, so the course managers have kept an open mind in order to deliver the best instruction possible. As a result, the course has evolved over time, with an eye toward continuous improvement as lessons from failures and stakeholder feedback are incorporated into the next iteration of the course. Details such as the number of credits offered for the course, the framework for student assessment, and the level of content covered have all been scrutinized and adjusted. New elements have been introduced to enhance the course, such as extra pitch training from investment banks, modules in design thinking, and guidelines to help the students transition into their roles as consultants for social enterprises.

Value the unique attributes of each partner organization | One of the great strengths of the course has been its focus on interdisciplinary learning—the commitment to bringing together students from different backgrounds to work for a common cause. This is considered a critical element for student learning because in the real world, social entrepreneurs emerge from every sector and background. It's important to be able to communicate effectively and find common ground on which to build, as quickly as possible. Similarly, cross-sector collaboration involves working with people from different backgrounds and institutions that have (sometimes drastically) different organizational cultures and hierarchies.

Align stakeholders | In a typical university course, students need only worry about writing a good paper or being well prepared for an exam. With NSM, they must balance the academic demands of the course with the demands imposed by their

social enterprise partner. Often, after visiting the ultimate beneficiaries of the social enterprise (whether people with disabilities, low-income students, or ethnic minorities), students find themselves compelled to balance the needs of the beneficiaries as well. Cross-sector collaboration also requires a fair amount of finesse. Government and universities naturally work within a certain level of bureaucracy and dispersed decision making. Understanding and empathizing with the motivations and incentives of various stakeholders has been paramount to engendering trust among partners and, ultimately, the program's success.

Communication and transparency are critical | The one thing that successful social enterprises and social entrepreneurs have in common—as exemplars and partners in the courses—is that they provide an extraordinary level of transparency into their operations and thought processes to the students. They know that the more time and effort they put into communicating with their student teams, seeing them as true partners, the greater their chances of realizing a "win-win" outcome. The best partnerships occur when there is two-way learning. Some relationships have become so well established during the course that students continue to work with their social enterprise partner long after the formal instruction has ended.

The Intangible Reward

Within the short history of the program, students have gone on to do incredible things. At the time of this writing, NSM alumni have founded five social enterprises and one NGO; others have redirected their careers to focus on social finance. One student organized a Startup Weekend Social Innovation, and another established a student organization promoting social entrepreneurship. Sean Ferguson, associate dean and director of MBA programs at HKUST Business School, is a staunch supporter of the program. "As a university, we are preparing students so that they can go out into society and make a difference in the future," he says. "The beauty of this course is that they get the opportunity to make a difference, now." ■

NOTES

- 1 Nick Timiraos, "The Most Expensive Cities in the World to Live," *The Wall Street Journal*, March 10, 2016.
- 2 Philo Alto and P. Ming Wong, *Mind the Gap: Lessons and Findings from EngageHK*, Hong Kong: Asia Community Ventures, 2013.