

For information

**Legislative Council Subcommittee  
to Study the Subject of Combating Poverty**

**Promoting Social Enterprise Development in Hong Kong**

**Introduction**

This paper provides an overview and updates of the various initiatives of the CoP and the Administration to further encourage the development of social enterprises (SEs) in Hong Kong. This also responds to recommendations in the LegCo “Report on Working Poverty” in developing community economy and employment opportunities

**Overview**

2. At the CoP meeting held on 12 September 2005<sup>1</sup>, Members recognized the potential benefits of the development of SEs in assisting the disadvantaged in moving from welfare to self-reliance and agreed to further promote the growth of SEs in Hong Kong. Some key initiatives were announced in the 2006/07 Budget<sup>2</sup>. An action plan on various initiatives is at *Annex I* for ease of reference.

**Updates**

***“Enhancing Self-Reliance Through District Partnership Programme”***

3. As announced in the Budget 2006/07, an additional \$150 was committed over the next five years to strengthen district-based poverty alleviation work, including support for social enterprises. The Home Affairs Department is launching the "Enhancing Self-Reliance Through District Partnership Programme" which promotes sustainable poverty prevention and alleviation efforts at the district level, including providing start-up support to

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<sup>1</sup> Please refer to CoP Paper 22/2005 for details.

<sup>2</sup> Please refer to CoP Paper 6/2006 for details.

sustainable SE initiatives. Members would be updated on the details of the programme separately.

### **Promoting Social Entrepreneurship Training**

4. The CoP recognized the importance of human capital and enterprising spirit in support of sustainable SE development. While the Government should create a facilitating environment and promoting community support for SEs, a social business which is not managed like a business would not be sustainable and scalable in the long run.

5. At the CoP meeting held on 13 June 2006, Members discussed a number of measures in promoting social entrepreneurship training in Hong Kong, which include -

- (i) Organizing social entrepreneurship training in universities;
- (ii) Consolidating resources on social entrepreneurship;
- (iii) Extending the support to small and medium enterprises to SEs;
- (iv) Providing focused training for NGOs and aspiring SEs;
- (v) Enhancing public's awareness of SEs and its potential;  
and
- (vi) Facilitating cross-sectoral collaboration.

6. Further details are set out in **Annex II** for Members' reference. An ad hoc working group has been formed under the CoP to follow-up on the above initiatives. \$9.8 million has been earmarked to support relevant SE initiatives.

Secretariat to the Commission on Poverty  
Financial Secretary's Office  
15 June 2006

**Commission on Poverty**  
**Encouraging Social Enterprise (SE) Development**  
*(Update as at June 2006)*

**Overall objective:** To further encourage the development of social enterprises (SEs) to provide community employment opportunities for the unemployed to integrate into the job market.

Aim	Action
<b>(a) Establish the value and gain public acceptance</b>	
<p>To conduct research on SE development.</p> <p>To organize forums to further the understanding on SE, and to involve the business sector and the wider community in considering the potential of using SE to assist the able-bodied unemployed.</p>	<ul style="list-style-type: none"> <li>➤ Central Policy Unit has commissioned a <i>research on SE development</i> in Hong Kong and one on overseas experience. Preliminary observations have been presented at the SE Conference on 6.4.2006. Reports will be presented in later half of 2006.</li> <li>➤ An introductory lunchtime seminar was held on 1 November 2005 for relevant policy makers and advisory body members.</li> <li>➤ A <i>Conference on SE</i> was held on 6.4.2006 for policy makers, business, academia and others interested in SE development (<a href="http://www.seconference.gov.hk/">http://www.seconference.gov.hk/</a>)</li> <li>➤ A <i>TV series</i> on SE development in Hong Kong and overseas was produced and will be shown from 7 May till 30 July 2006.</li> </ul>
<b>(b) Create an enabling environment</b>	
<p>To promote the concept of SE among those responsible for public procurement at both the central and district level.</p> <p>To consider administrative/policy barriers which hinder the development of SE at the district level and in specific sectors.</p>	<ul style="list-style-type: none"> <li>➤ SHWF reported in November 2005 that the Hospital Authority (HA) has agreed to <i>increase the weighting of employment of disabled persons</i> in awarding contracts from 5% to 10% of the total score, and that the Administration would continue to see if there could be further increases of this weighting in future in HA as well as other public bodies.</li> <li>➤ Exploratory discussions being held on how to <i>make government procurement regime more SE friendly</i>.</li> <li>➤ The requirement of the Enhancing Employment of People with Disabilities through Small Enterprise Project ("Seed Money" Project) to employ more than 60% of disabled people would be <i>relaxed to 50%</i>. This relaxation should enable SE to widen their range of business activities and allow more unemployed and disabled persons to benefit.</li> </ul>

<p>To consider the potentials for SE to help the able-bodied unemployed.</p>	<ul style="list-style-type: none"> <li>➤ HWFB would consider whether there is still a need to amend the Co-operative Societies Ordinance after the enhanced assistance for SE development is in place.</li> <li>➤ HWFB would keep in view SE development and how it may integrate with existing employment assistance programmes.</li> <li>➤ Exploratory discussions being held with ERB on how to promote SE to help the retrainees.</li> </ul>
<b>(c) Business facilitation and support</b>	
<p>To consider funding source in support of start-ups of SE for disadvantaged groups other than the disabled.</p> <p>To empower and motivate social entrepreneurs, including training, facilitating business-mentoring network and sharing of international best practices, etc.</p>	<ul style="list-style-type: none"> <li>➤ The additional \$30 million allocated to the Home Affairs Department for the "<i>Enhancing Self-Reliance Through District Partnership Programme</i>" which promotes sustainable poverty prevention and alleviation efforts at the district level would help start-up funding of sustainable SE initiatives. Projects with a clear employment focus, including SE, would be given priority although district initiatives which can meet other CoP's work objectives will also be considered.</li> <li>➤ Brainstorming session with members of the Small and Medium Enterprises (SME) Committee and CoP members was held on 24 November 2005. An SE/SME seminar was held on 11.2.2006. <i>Existing support to SMEs would be extended to SEs</i> - <ul style="list-style-type: none"> <li>(a) SME Mentorship Programme;</li> <li>(b) "Meet-the-Advisors" Business Advisory Service; and</li> <li>(c) Business information and other activities for SMEs.</li> </ul> </li> <li>➤ \$9.8 million was earmarked for supporting SE initiatives, including nurturing social entrepreneurs and strengthening their <i>training</i>.</li> </ul>

For information on  
13 June 2006

CoP Paper 12/2006

## **Commission on Poverty (CoP)**

### **“From Welfare to Self-Reliance” -**

### **Promoting Social Entrepreneurship Training**

#### **PURPOSE**

This paper updates Members on the various initiatives to further encourage the development of social enterprises (SEs), in particular on the next steps in promoting social entrepreneurship training in Hong Kong.

#### **UPDATE ON PROGRESS**

2. At the Commission meeting held on 12 September 2005<sup>1</sup>, Members agreed to further promote the development of SE. Local and overseas experience indicates we can facilitate work integration of the unemployed through providing them with a real work environment to acquire progressively the necessary skills and work habits. Members were updated on the relevant Budget Initiatives at the 27 March 2006 meeting<sup>2</sup>.

#### **SOCIAL ENTREPRENEURSHIP TRAINING**

3. At the Conference on Social Enterprise held on 6 April 2006, participants noted that just as entrepreneurship has been the engine for economic growth and development in society, social entrepreneurship<sup>3</sup> can also be the engine to create greater social value and impact, including driving SE development, fostering private sector and NGO collaboration as well as helping to alleviate poverty and promote self-reliance. The discussions and overseas experience reaffirmed the critical importance of market sensitivity and enterprising spirit to SE development. While

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<sup>1</sup> Please refer to CoP Paper 22/2005 for details.

<sup>2</sup> CoP Paper 4/2006 refers.

<sup>3</sup> While social entrepreneurship provides an invaluable driving force to SE development, the concept is not limited to SEs, and should be understood more broadly as a means of producing social value by mobilising resources in innovative ways and entrepreneurial manner.

the Government should create a facilitating environment and promoting community support for SEs, a social business which is not managed like a business would not be sustainable and scalable in the long run.

4. Recognising the importance of human capital in support of sustainable SE development, a number of informal brainstorming sessions with the universities/skills training institutes/private sector and non-governmental organisations have been held to explore possible models to promote social entrepreneurship training in Hong Kong. The following are some of the key observations -

- (a) Importance of a mindset change: while enhancing training on the operational knowledge of running a business is important, the crux of social entrepreneurship training involves mindset change, viz. the commitment to combine social mission with a readiness to embrace uncertainties, innovation and calculated risk-taking associated with doing business;
- (b) Multi-sector collaboration: while many NGOs have social purpose and the potential to embrace social entrepreneurship in their operations, there is a lack of personnel with business mindset, contacts and professional expertise/experience. Collaboration with people with business/professional background is thus essential to promoting social entrepreneurship training and SE. Complementing this are also successful examples of traditional for-profit businesses working with the Third Sector and/or embracing social purposes in their operations; and
- (c) Inter-disciplinary collaboration: universities can act as an important bridge between the social sector and the private sector, by promoting the concept of corporate social responsibility and social entrepreneurship among students who may work with SE/NGOs or businesses willing to partner with SEs in the future, and by providing training for mid-careers from the private sector and NGOs. It is important to encourage joint initiatives between the business schools and other relevant disciplines (e.g. faculty of social sciences) to promote social entrepreneurship training.

## NEXT STEPS

5. Taking into consideration the observations above, the following steps are being explored to further promote social entrepreneurship training -

- (a) Social entrepreneurship training initiatives in universities: business schools and relevant faculties are exploring how to further promote social entrepreneurship training in universities. Some universities are also in discussion with institutions in other places experienced in the area of social entrepreneurship with a view to developing suitable courses/programmes for inclusion in the curriculum;
- (b) Consolidating resources on social entrepreneurship: the development of courses/programmes and relevant case studies in (a) would help build up resources and information on social entrepreneurship, SEs and innovative practices in delivering social missions in Hong Kong and overseas;
- (c) SME support to SE: given SE is after all one form of small-medium enterprises, extension of existing support of SMEs to SE (through mentorship, business advisory service; business information and other activities for SMEs but with appropriate modifications to suit the needs and situation of potential SEs), would be helpful to fill the business knowledge gaps of potential social entrepreneurs. We are glad to report that the Trade and Industry Department and its SME Committee are supportive;
- (d) Focused training for NGOs and aspiring SEs: in order to fill the more immediate knowledge gap of some NGOs in running businesses, we would work with the Hong Kong Council of Social Services (HKCSS), the SME Committee, the Advisory Committee on Social Work Training and Manpower Planning as well as the universities to identify needs of aspiring SEs and NGOs involved/interested in SE development in order to facilitate the design of training that helps address such needs;
- (e) Awareness promotion: Awareness of SE and its potential is prerequisite to community support. With effect from 7 May till 30 July 2006, ATV has started running a documentary series of 13 episodes on SE development locally and overseas, examining the potential, success factors and varieties of SEs. Forums, dialogue with major newspapers and opinion formers is part of the ongoing work; and
- (f) Other collaborations: We are also exploring with relevant parties the feasibility of launching a Hong Kong-wide Social Enterprise Challenge to

encourage collaboration between aspiring business executives and organizations delivering social goals with a view to seeking the former's input in enhancing the viability and sustainability of the business models of the latter in helping the disadvantaged. In this connection, we shall also explore collaborations with the new Advisory Committee for the "Enhancing Self-Reliance Through District Partnership Programme" which would vet applications for \$30 million funding for district employment initiatives, including SE.

6. We have earmarked \$9.8 million for supporting SE initiatives, including nurturing social entrepreneurs and strengthening their training.
7. Members are invited to comment on the next steps.

Commission Secretariat

June 2006