



**Awareness and adoption of shared value  
in Hong Kong**

*Landscape report and high level recommendations  
(November 2017)*

Prepared by



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## Executive Summary

The objective of this research, commissioned by the Social Innovation and Entrepreneurship Development Fund (SIE Fund) of the government of the Hong Kong Special Administrative Region (SAR), is to assess ways to increase awareness and adoption of shared value among companies in Hong Kong. Shared value is defined as “creating economic value in a way that also creates value for society by addressing its needs and challenges.” Shared value business models generate business value at the same time as they improve social or environmental conditions, and are therefore inherently more scalable than societal contributions that consume corporate profits. As such, they can play a significant role in reducing poverty and social exclusion in Hong Kong, which is the main mandate of the SIE Fund.

While the concept of shared value has seen widespread adoption globally and offers much promise to tackling the most pressing societal needs at scale, they do not displace the need for companies to continuously improve their standards of operations to diminish negative externalities, or their license to invest philanthropically in their communities. The new agenda for business is indeed threefold: invent profitable models that address social needs, do so in a way that leads to minimal or even zero negative externalities, and contribute financially or in-kind to society beyond taxation if possible.

The following report captures the insights on the current state of awareness and adoption of the shared value concept by companies active in Hong Kong. It is based on the results of a survey that was targeted at a group of 174 companies selected to be representative of Hong Kong’s economic fabric, as well as 12 in-depth interviews with selected survey respondents. Out of 49 respondents, 28 companies identified themselves as practicing shared value in Hong Kong. Another 20 companies manage their social and environmental footprint in the SAR and conduct philanthropic investments. However, these activities were not the focus of this research despite their relevance as stated above.

The objective of the survey was to map companies along the shared value journey, a framework developed by FSG to explain the different stages that companies go through on a multi-year journey from understanding the shared value concept to capturing first shared value opportunities, to fully integrating the shared value approach into strategy.

### Low overall level of awareness and understanding of the shared value concept

The survey results showed that the majority of survey respondents are either not conducting shared value or are in the very early stages of the shared value journey. Most are not familiar with the concept and how it is different from corporate philanthropy and corporate social responsibility (CSR). To increase awareness and improve shared value practices among these companies, targeted promotion and capacity building will be required.

In-depth interviews with companies allowed for the identification of additional nuances to these insights and led to high level recommendations for the SIE Fund:

- **Strengthen the emerging shared value movement:** Overall, there is a need for continued and more targeted promotion of the shared value concept among companies in Hong Kong. Winning prominent companies and CEOs in Hong Kong to promote shared value and drive adoption within their own companies can have a ripple effect across all

business segments in the city. The SIE Fund is particularly well positioned to build this momentum, given its good relationships with the major government bureaus and the Chief Executive's office, and is already doing so with its bi-annual Shared Value Forum. Our recommendation is to focus even more on engaging CEOs that can serve as key opinion leaders in partnership with existing or emerging CEO peer-to-peer exchange platforms.

- **Shared value innovation for Hong Kong:** Business solutions tackling priority issues such as affordable housing, an aging population, waste and pollution or economic opportunity in Hong Kong will be developed by local businesses. Many of the largest Hong Kong companies have the majority of their operations outside of Hong Kong, and therefore have fewer opportunities for local shared value creation. The majority of the small companies, which constitute the majority of local businesses, are too small to develop breakthrough business models at a scale to make a dent into major social or environmental problems. The SIE Fund needs to identify the group of companies that have most possibilities to drive local change at scale on priority issues, engage them around local and international best practices, and co-create an agenda that would help them capture shared value opportunities.

#### **The most promising shared value opportunities require cross-sector partnership**

The survey also showed that there is a discrepancy between the social and environmental problems targeted by companies and those that seem to be obvious shared value opportunities, such as affordable housing or services for the aging population. Around the world, shared value opportunities are blocked by unsupportive policies and regulations, norms and behaviors, or supply chain conditions. Companies need to engage in cross-sector partnerships with NGOs, government bureaus, and others to overcome these systemic barriers to change and shared value creation.

- **Collective impact on 1-2 major issues:** The SIE Fund has the opportunity to initiate and fund 1-2 collective impact initiatives on 1-2 prioritized social and environmental issues in Hong Kong (e.g., affordable housing, elderly care, and/or waste) with the objective of creating the conditions for shared value business model development. The collective impact approach is a proven methodology for making cross-sector partnerships more effective. The SIE Fund is perfectly positioned to convene all relevant actors and invest in the required success factors for collective impact to work. It can play the role of initiator and funder of the process, while promoting a partnership model that allows other government bureaus and local institutions to participate.

This report and the analyses conducted to generate it provide a high level assessment of the state of shared value in Hong Kong. There is undoubtedly real momentum in Hong Kong to redefine the role of companies in addressing social and environmental issues. In order for the SIE Fund to take a leadership role in this transition and provide meaningful support to companies, these recommendations can grow into a deliberate and explicit strategy. The latter is also necessary to formulate targets and measure progress effectively.

# 1. Introduction

## a. Project overview

In June 2017, FSG was hired by the Hong Kong government's Social Innovation and Entrepreneurship Development Fund (SIE Fund) for a project aiming to gauge awareness and practice of the "shared value" approach among companies in Hong Kong, as well as to identify opportunities for the government and other actors to help accelerate the uptake and implementation of shared value.

In their 2011 *Harvard Business Review* article introducing the concept, Mark Kramer and Harvard professor Michael Porter defined shared value as "creating economic value in a way that *also* creates value for society by addressing its needs and challenges."<sup>1</sup> The article identified three sub-types of shared value: reconceiving products and markets to meet unmet societal needs, redefining productivity in the value chain in ways that benefit society, and enabling local cluster development.

These shared value practices are different from "giving back" through philanthropic contributions or corporate social responsibility (CSR) practices, which aim to establish improved standards of operation and generally come as a cost to business. They are developed as *distinctive* strategies which have the potential to both grow the business and/or improve its bottom line, as well as improving social and environmental conditions. As such, they have vast potential for scale and therefore offer a significant business response to Sustainable Development Goals.

A central part of the project was a survey, to be completed by a sample of Hong Kong-based companies, in which respondents provided information about their own shared value practices. The results of that survey, together with follow-up interviews conducted with selected respondents, form the basis for this report.

In order to avoid any confusion that might result from the use of the specific term "shared value," the survey asked instead about "business activities and models that deliver both social benefits and business value." And to clearly distinguish shared value practices from philanthropic and CSR activities, the survey first asked respondents to comment on their efforts in these areas, even though these were not the main focus of study.

## b. The shared value journey

Companies do not become shared value practitioners overnight. Instead, the uptake of shared value is best thought of as a journey through the following four stages:

- **Awareness:** Learning about what shared value is, how it differs from philanthropy and CSR, and how to identify shared value opportunities
- **Readiness:** Developing shared value business models, planning and launching pilots
- **Adoption:** Scaling up and improving pilots in multiple locations based on measurable social and business impacts
- **Expansion:** Replicating the shared value principles throughout the company and infusing it into all aspects of operations

Figure 1 provides further details about common characteristics and activities of companies at each stage:

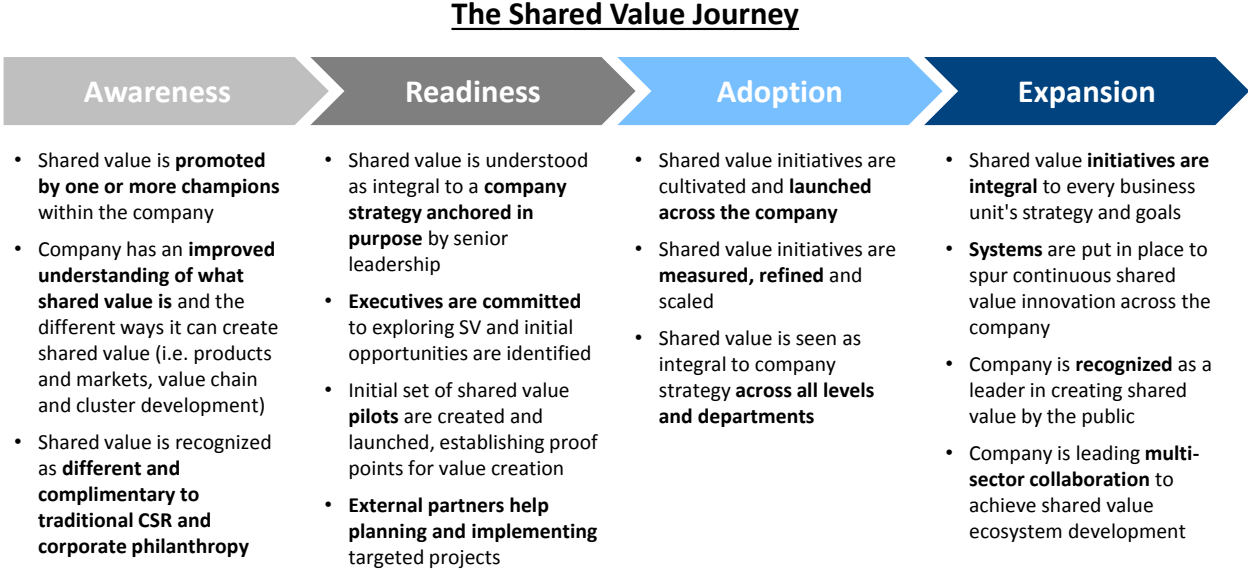


Figure 1: The four stages of the shared value journey

**c. Survey methodology**

In order to gather information from companies, FSG created an online survey, to which companies were invited to submit responses during the month of August 2017. Respondents were invited to provide answers in either Cantonese or English, with Cantonese responses translated into English for analysis.<sup>2</sup>

The survey was originally sent to a sample of 120 companies, to which 54 were added later in an attempt to increase the number of responses received. FSG received invaluable input throughout the process of creating this sample from the Hong Kong Council of Social Services (HKCSS) and the SIE Fund, as well as its other local partner, the Hong Kong General Chamber of Commerce (HKGCC). The three organizations were instrumental not only in selecting the sample of companies, but also in providing contact information and coordinating outreach and follow-up. The total of 174 companies can be broken down as follows:

- **100 companies from the top 400 companies by market capitalization listed on the Hong Kong Stock Exchange.** This group of 100 was selected to be representative of the economic fabric of Hong Kong, reflecting the composition of Hong Kong's GDP and the distribution of employees in Hong Kong. Companies without major operational presences in Hong Kong were excluded from this group of 100. Efforts were also made to populate the sample with companies whose sustainability practices had already received varying degrees of recognition, as measured by inclusion in the Hang Seng Sustainability Index and the FTSE4Good index.
- **20 non-listed companies identified by HKCSS, HKGCC, and the SIE Fund as advanced practitioners of shared value.** Unlike the group of 100 listed companies, this group was selected without regard for their economic sectors. Instead, the goal was to

ensure the inclusion of smaller companies that have established a reputation in their local market for promising practices.

- **54 additional companies added later on.** Most of the members of this group were selected based on their having previously indicated interest in the idea of shared value by registering for the 2017 Shared Value Forum. The remaining companies were suggested by HKCSS and HKGCC based on their instincts about whether they would be likely to respond to the survey. The resulting group contained public as well as private companies from across all industries.

The questions included in the survey itself were crafted in order to enable us to classify respondents along the shared value journey by using the tool shown in Figure 2, below. The tool maps selected survey questions to four dimensions of shared value; answers to the questions correspond to different stages of the journey for that dimension. For example, answering that shared value business models are peripheral to a company’s core business would lead to that company being scored in the Awareness stage for the sub-dimension “relevance and centrality of activities and business models.” By combining companies’ answers with FSG’s own years of experience developing the concept of shared value and helping companies put it into practice, we were able to classify each shared value practitioner—or more precisely, each practitioner’s Hong Kong-focused shared value activities—along the shared value journey.

		Awareness	Readiness	Adoption	Expansion
1	<b>Understanding of the concept and opportunities</b> (Q 14 + sub-question)	<i>Not distinct from problems addressed with philanthropy or CSR</i>	<i>Distinct from philanthropy and CSR, but not yet proven link between societal and business impact</i>	<i>Specific and data-based about the business potential (present or future)</i>	<i>Clear (and somewhat quantifiable) link to current competitive positioning of the business</i>
	<b>Relevance and centrality of activities and business models</b> (Q 19 – 21 + sub-questions)	<i>Peripheral</i>	<i>Innovation opportunities</i>	<i>Specific about future growth opportunities and purpose of the company</i>	<i>Central to today’s business and competitiveness and corporate purpose</i>
2	<b>Management and oversight</b> (Q 16 and 18)	<i>Individual company champion, corporate foundation and/or CSR team</i>	<i>Business unit and corporate leadership</i>	<i>Board and broad company leadership (cross-functional)</i>	<i>Board, broad company leadership and investors (cross-functional)</i>
	<b>Funding sources</b> (Q 17)	<i>Philanthropic funds</i>	<i>Business unit and sustainability funds</i>	<i>Corporate innovation funds</i>	<i>Mix of corporate innovation, business units and external funds</i>
3	<b>Stage of development</b> (Q 22)	<i>Planning</i>	<i>Piloting</i>	<i>Improving and scaling</i>	<i>Replicating</i>
	<b>Measurement business, social and environmental benefits</b> (Q 23 – 25 + sub-questions)	<i>Broad description, assumption</i>	<i>Measurement in progress with specific impact assessment or public data</i>	<i>Specific for single initiatives based on impact assessment</i>	<i>Very specific with company wide measurement framework + incentives</i>
4	<b>Partner involvement</b> (Q 27)	<i>Stakeholder consultation</i>	<i>Planning /Implementation with individual partners</i>	<i>Multiple partners involved (i.e., across value chain)</i>	<i>Ecosystem coalitions</i>

**Figure 2: Shared value journey mapping tool**

This mapping exercise allowed us to shed light on the state of shared value awareness and implementation in Hong Kong. It also led to the development of hypotheses about how to help companies move further along their individual shared value journeys, which were then tested with selected companies in follow-up interviews. These interviews and recommendations are discussed in further detail later in the report.

#### d. Overview of responses

49 of the 174 companies who received the survey completed responses, a response rate of 28%. As shown in Table 1, the respondent pool is largely representative of Hong Kong's economy, even after the addition of 54 companies to the survey sample which were not selected with representativeness in mind. Please note that the total percentage of *Survey Respondents* in Table 1 amounts to more than 100%, due to respondents operating in multiple industries. Of the five most common industries in which respondents operate, four of them are the Hong Kong government's "Four Key Industries": trading/logistics, financial services, professional services, and tourism. The only industry better represented among respondents than the Four Key Industries was the property industry, which is itself a major contributor to the Hong Kong economy.

Industry <sup>3</sup>	% of Survey Respondents (n=49) <sup>4</sup>	% of Value Added in Hong Kong GDP (2015) <sup>5</sup>	% of Total Hong Kong Employees (2015) <sup>5</sup>	% of Top 400 on Hong Kong Stock Exchange
Trading/ Logistics	20%	22%	20%	9%
Financial Services	27%	18%	7%	18%
Property	29%	5%	3%	19%
Professional Services	20%	5%	6%	15%
Retail/Food/ Consumer Goods	14%	6%	13%	14%
Tourism <sup>6</sup>	24%	3%	3%	13%
Manufacturing	4%	4%	1%	13%
Information/ Communications	10%	3%	3%	5%

Table 1: Major industries represented by survey respondents

The respondent pool is well distributed not only with respect to industry, but also the size of the companies. Each respondent was asked to provide information on their company's most recent annual turnover, as well as the percentage of that turnover generated in Hong Kong. In addition, they were also asked to give the number of full-time equivalent employees (FTEs) working for their company and the percentage of those FTEs based in Hong Kong. As shown in Tables 2 and 3, the respondent pool<sup>7</sup> contains a good mixture of both small and large companies. Looking at Figure 3, we see that disproportionately large numbers of respondents stated that they earn 81% or more of their turnover in Hong Kong, and/or that 81% or more of their FTEs are based there.



Annual Turnover (HKD)	# of Respondents
0-500M	10
500M-5B	7
5B-20B	12
20B-50B	8
50B or more	7

Table 2: Survey respondents by annual turnover

Number of FTEs Employed	# of Respondents
0-100	9
101-1,000	5
1,001-5,000	7
5,001-20,000	6
20,001 or more	10

Table 3: Survey respondents by number of FTEs

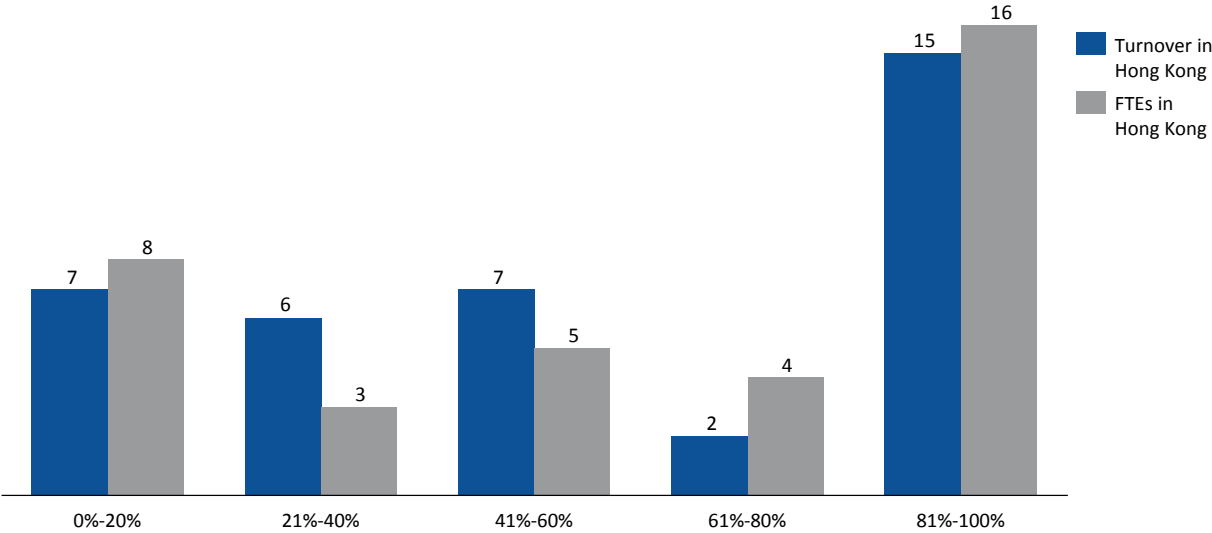


Figure 3: Respondents by share of turnover generated, and FTEs based, in Hong Kong

## 2. Mapping of Hong Kong companies on the shared value journey<sup>8</sup>

As mentioned above, 28 of the 49 survey respondents reported conducting shared value activities in Hong Kong; of these 28, all but one provided sufficient information in their survey responses to enable classification in one of the four stages of the shared value journey. Figure 4 shows the distribution of those 27 companies across the journey, highlighting the fact that most respondents are still in the early stages of the shared value journey. Indeed, over half (16/27, 59%) fall into the *Awareness* stage, with the remaining 11 split nearly evenly between the *Readiness* and *Adoption* stages. While the lack of any respondents in the *Expansion* stage may seem like an indictment of the state of shared value in Hong Kong, it is important to remember that relatively few companies anywhere in the world would fall into that category.

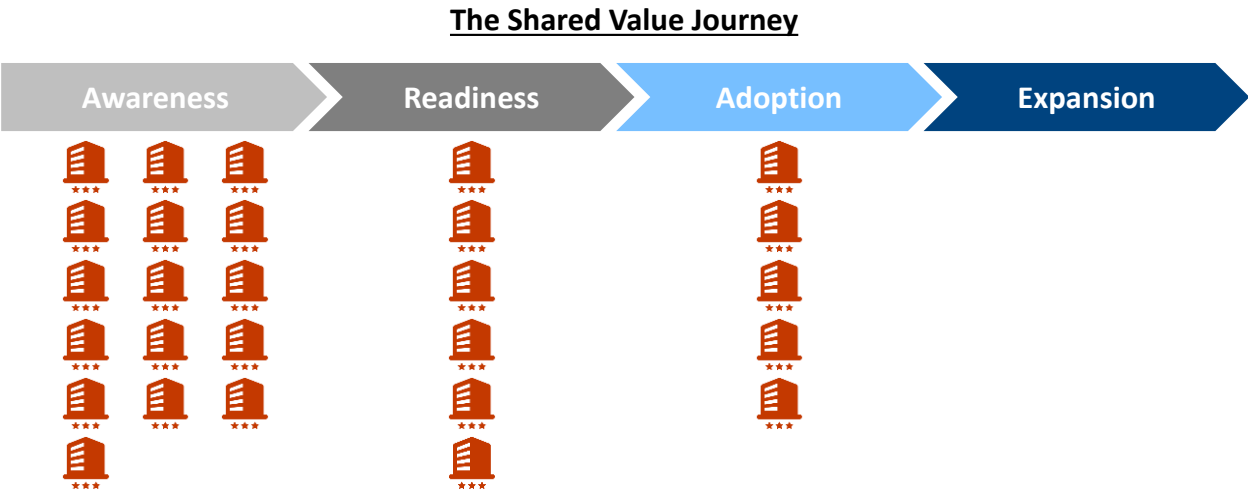


Figure 4: Distribution of shared value practitioners along the shared value journey

In order to better illustrate what these stages mean in the specific context of Hong Kong, the following sections present some illustrative responses from companies classified in each stage. For each stage, the most important dimension for assessment from the tool described above is highlighted, along with examples from survey results of how companies at that stage tend to perform along the dimension in question. Common contradictions or misunderstandings are also discussed at each stage, along with recommendations for how to help companies at each stage progress to the next step of the shared value journey.

### a. Awareness (16/27 companies)

For companies at the *Awareness* stage, the most important dimension is the first one: understanding the concept of shared value and identifying potential opportunities to put it into practice. Survey respondents at this stage generally displayed a low level of understanding of shared value and how it differs from philanthropy and traditional CSR. For example, one large cross-sector conglomerate cited as its only example of a shared value partnership a scholarship program administered by its corporate foundation, which generates no direct business value. Another common theme across these companies’ responses was the assertion of vague and/or intangible benefits from their shared value activities, with no clear explanation of how such impacts are generated or what they mean for the business. Thus, a financial services company stated only that it provides “life-changing experiences to over 500,000 young people,” while a property company asserted that its activities “will add value

to Hong Kong society as a whole, enhancing social capital and soft power.” A true shared value business model, by contrast, is able to demonstrate concretely and specifically how both business and society will benefit and provide clear and achievable targets, if not yet measurable results, from both sides.

The responses from companies in the *Awareness* stage also frequently display some discrepancies characteristic of this stage of the shared value journey. Several companies in this stage reported that their shared value activities are “central to today’s business.” Despite this, these companies’ other survey responses suggest that the activities in fact occupy a more peripheral positioning. For example, the companies described activities that are clearly in the earliest phases of design or piloting, that lack clear connections to the companies’ core products and services, or that are expected to produce benefits primarily in the form of improved reputation or employee engagement. As the key dimension for *Awareness* group companies centers on understanding shared value and how to identify opportunities, the best way to help them move to the next stage of the shared value journey is executive education and training.

General scholarship programs run by corporate foundations can be good things, as is the ambition to change the lives of hundreds of thousands of young people. But companies that believe that such programs constitute shared value are unlikely to push into the comparatively uncharted waters of true business model innovation. Similarly, the contradictions highlighted above demonstrate misunderstandings of the fundamental nature of shared value: operating business models that unlock business value by addressing significant social problems and/or meeting unmet social needs.

As such, the best way to help companies advance out of the *Awareness* stage is to help them understand what shared value truly is—and is not—and what implications that has for their industry and their specific situation. The more specific and targeted these trainings are, and the more detailed the real-world examples used as case studies are, the more valuable they are likely to be.

## **b. Readiness (6/27 companies)**

The key piece that differentiates companies at the *Readiness* stage from those at the *Awareness* stage is that the former have identified one or more specific shared value business models, which they are beginning to develop and pilot. It is because of the importance of developing and piloting new business models that the second dimension—measurement—is most important for *Readiness* companies. In some cases, *Readiness* group survey respondents plan to make these models quite central to the business, but the process of going from idea to activity remains in its early phases—as with a professional services company which seeks to better understand the needs of the elderly in order to help clients better serve that market segment. Other companies in this group are more advanced in terms of rolling out and piloting shared value activities, but those activities remain confined to only a particular segment of the company. Examples of the latter include a property company considering entering the elderly care market, and a manufacturing and electronics company with a unit focused on e-learning.

Companies at the *Readiness* stage are beginning to develop a more sophisticated understanding of shared value, but they still display some gaps, particularly in the area of measurement. None of the six companies in the *Readiness* stage provided any specific

evidence of the benefits being produced by their shared value activities, despite the fact that three of the six companies stated that they are in the process of replicating their business models. Even in cases where the business models were clearly at a more nascent stage, and therefore unlikely to have produced measurable results at this point, there were no clear articulations of how such results would be measured in the future.

Increased investment in and emphasis on measurement is crucial for the transition from *Readiness* to *Adoption*. A good idea and solid partner relationships may be sufficient for the first phases of the journey. But if a company hopes to make its shared value activities profitable in the long run—an essential part of the definition of shared value—the decision to scale and replicate *must* be informed by hard data.

### c. Adoption (5/27 companies)

The five respondents at the *Adoption* stage are the most advanced of the shared value practitioners in the survey; for them, the key dimension is the fourth one, which focuses on partnership. One, a social enterprise which operates in the healthcare industry, centers its entire business model, from service offerings to hiring practices, around addressing a clear unmet social need. Another, a large telecommunications company, has a subsidiary that is rolling out multiple shared value business models leveraging its core competencies, including a health data platform that leverages input from connected devices and a joint venture to install electric vehicle charging stations throughout Hong Kong. A third company, in the utilities sector, has developed the technological capacity to use certain types of waste as the raw material to create cleaner energy and is already rolling it out on a commercial basis.

Despite the fact that the *Adoption* companies have the most advanced understanding of shared value, they, too, displayed some inconsistencies in their responses. This was especially true when it comes to the role of partners. Of the five companies at the *Adoption* stage, three of them involve partners only as stakeholders to be consulted for suggestions or advice, rather than as significant contributors to a joint venture or coalition. A fourth company does not involve any partners at all, as its efforts to date have primarily focused on redesigning its own internal value chain and manufacturing processes. Such work is undeniably valuable—indeed, it is a prime example of one of the three original pillars of shared value. Nevertheless, the company in question is not large enough to create truly widespread change without being part of a broader coalition focused on systems change.

Just as the idea of partnership connects the major inconsistencies seen at the *Adoption* stage, it also is central to the steps that can be taken to help companies progress out of that stage. Shared value activities can only be conducted successfully if done collaboratively. The most advanced shared value practitioners see themselves as but one actor in a larger ecosystem comprising consumers, governments, civil society, and other companies.<sup>9</sup>

In order to facilitate such partnerships, companies should try to sharpen the linkage between the social value and the business value created by the shared value initiative(s) in question. Doing so can serve a dual purpose. Internally, it can act as a forcing function to keep both types of value creation firmly in mind as the company moves forward. Externally, a crisp description of the connection between business and social value creation can be invaluable in recruiting partners from outside the private sector to commit to the initiative, particularly those who may initially be skeptical of the shared value concept.

#### d. Beyond the shared value journey: missed opportunities?

The second major finding from the survey data is that there seem to be some missed opportunities for shared value activities in Hong Kong. Hong Kong has, of course, a wide variety of societal needs, but some are widely believed to be more acute than others. The following high-level data points should serve to illustrate the scale of four of the most pressing areas of need:

1. **Affordable housing:** As of May 2017, the waiting list for public housing in Hong Kong had 282,300 people on it, and the average waiting time was 4.7 years.<sup>10</sup> In the private housing market, the key concern is more often price: a 2017 survey found that the average apartment in Hong Kong costs 18.1 times the median gross annual income, by far the highest such ratio in the world.<sup>11</sup>
2. **Population aging:** According to the Hong Kong Development Bureau's *Hong Kong 2030+* review, the proportion of Hong Kong residents aged 65+ is expected to increase from 15% in 2014 to 30% in 2034.<sup>12</sup> Demand for care services for the elderly nearly doubled from 2003 to 2015, increasing from 77,000 to 143,000.<sup>13</sup> In 2015, the average waiting time for a place in a subsidized nursing home was 26 months, and 5,881 people on the waiting list died before receiving a place (up 73% from 2005).<sup>14</sup>
3. **Pollution and waste:** Air pollution is a significant concern in Hong Kong, and has been for quite some time. The city has not met World Health Organization (WHO) air-quality standards for over 15 years, and there were an estimated 300,000 doctor visits in Hong Kong in January 2017 alone linked to smog.<sup>15</sup> Solid waste is also a serious concern. Hong Kong's three landfills are full nearly to capacity, and in 2015 the city produced 3.7 million tons of waste, the highest figure in five years.<sup>16</sup> The city has extremely limited recycling capacity—only 0.5% of plastic waste was recycled locally in 2011—and a 2013 crackdown by China on the export of recyclable waste to the mainland only highlighted the need to further develop the city's recycling facilities.<sup>17</sup>
4. **Economic opportunity and inequality:** In 2017, economic inequality in Hong Kong hit its highest level ever: the richest 10% of households now earn 44 times more than the poorest 10%, a greater disparity than in any city in the world except New York City.<sup>18</sup> Ethnic minorities are particularly disadvantaged, particularly those from South Asia. In 2014, the estimated poverty rate among South Asian (Indian, Pakistani, Nepali, Sri Lankan, and Bangladeshi) households in Hong Kong was nearly 31%, compared to a citywide average of just over 16%.<sup>19</sup> Women also face notable difficulties in the job market. In 2016, the gender pay gap for poor Hong Kong residents was 39%, compared to 33% in 2001 and 24% globally.<sup>20</sup>

These four highlighted issues are not the only societal issues that represent shared value opportunities. **Education and health** are two other issues that could be stated here. Going forward, it will be important to assess and prioritize the different societal issues in Hong Kong as per their opportunities for shared value.

It would, of course, be unreasonable to assume that every company in Hong Kong should try to address all of these issues. Nevertheless, we would expect to see some concerted movement from Hong Kong's shared value practitioners to address them. In particular, there are certain industries which seem particularly well-positioned to launch shared value

initiatives targeting each issue. As Table 4 shows, of the four major issue areas, only pollution and waste was selected as a shared value target area by even 30% of respondents in the relevant key industries.

<b>Selection of major social and environmental issues in Hong Kong</b>	<b>Industries with high potential for shared value</b>	<b># of key industry respondents</b>	<b># of key industry respondents addressing issue with SV</b>
<b>Pollution and waste</b>	<i>Trading/logistics, manufacturing, retail/food/consumer goods, property, utilities</i>	<b>28</b>	<b>15 (54%)<sup>21</sup></b>
<b>Economic opportunity</b>	<i>Tourism, trading/logistics, professional services, financial services</i>	<b>33</b>	<b>9 (27%)</b>
<b>Aging population</b>	<i>Healthcare, financial services, property, retail/food/consumer goods</i>	<b>32</b>	<b>5 (16%)</b>
<b>Affordable housing</b>	<i>Property, financial services, utilities</i>	<b>26</b>	<b>2 (8%)</b>

**Table 4: Key social and environmental issues in Hong Kong, and share of companies from key industries targeting these issues with shared value activities**

It should be noted that most of these issues, particularly affordable housing, do have certain legal and regulatory barriers to entry that may make them harder for companies to address than other issue areas. Furthermore, shared value business models contribute to addressing social and environmental issues at scale, but they rarely represent the entire solutions to the problem. For example, they can help reduce population and companies’ pollution and waste footprint. But ultimately, it will be the interplay of adoption of shared value and CSR practices, behavior change and effective government regulation and enforcement that will really allow progress on the issue (see section 3.c.).

Nevertheless, the lack of alignment between companies’ shared value activities and the major social and environmental issues in Hong Kong is striking, although the fact that the overall respondent pool comprised only 49 companies may have contributed to this result. It is also further evidence of the generally low level of shared value awareness among Hong Kong companies.

Going forward, it will be important to research and highlight shared value success stories within prioritized issue areas in Hong Kong. This will help increasing awareness about possible shared value opportunities for specific issues and industries. The following box includes a small number of shared value examples addressing the above mentioned issues from Hong Kong.

## *Shared value examples*

### **Case study: HKT – Improving health outcomes through digital health monitoring**

Hong Kong's population is aging rapidly and will continue to do so. This means that the city is facing an increase in chronic conditions that require patients to maintain compliance with what are often extensive, and potentially confusing, treatment regimes. Patient compliance is especially difficult for the elderly, who are prone to forgetting medications or accident-related injuries.

In order to address these concerns, HKT has launched eSmartHealth, an online platform to monitor health and treatment compliance. HKT partners with medical device companies and elder-care community organizations to provide real-time monitoring of weight, blood pressure, blood oxygen, body temperature, and glucose levels. Interlinked cameras and motion sensors installed in the home enable the addition of data on activity levels. The data, which is stored on the online platform, is accessible by patients, families, and their doctors, enabling the latter to modify treatment regimens or otherwise intervene if necessary.

The eSmartHealth platform is a clear example of shared value creation. HKT has seen significant improvements in treatment compliance among users, particularly the elderly, which both improves patients' quality of life and reduces the burden on the health system. Integrating many types of data into a single platform means that users can stay better informed about their health, and the platform's informational content provides suggestions about healthier lifestyle choices. For HKT, eSmartHealth represents an opportunity to deepen the services it provides to its broadband customers and healthcare professionals, as well as a way to differentiate and distinguish itself from its competitors.

### **Case study: Hong Kong and China Gas Company (Towngas) – Reducing food waste through conversion to biogas**

Hong Kong's waste problem is growing more and more urgent. Waste production has increased by 80% in the last 30 years, far surpassing the 34% growth in population over that time span.<sup>22</sup> With space being at a premium in the SAR, simply creating new landfills is not a viable long-term solution. As much as 40% of the solid waste that the city produces is food waste, nearly all of which ends up in the landfills.

Towngas has recently begun to commercialize new technology that allows for the conversion of food waste into a biogas product. This biogas can in turn be used as the raw material to produce town gas, which can be distributed to consumers for use in homes and businesses. The company's first such plant is currently operational in mainland China, and it is actively exploring the possibility of building another plant in Hong Kong.

Towngas's conversion plant is an excellent example of a shared value business model. The societal impact is clear: the conversion process reduces the waste mass by around 90%, and the remaining 10% can be turned into fertilizer. Scaling up the conversion process could therefore significantly reduce Hong Kong's waste management burden. The fact that the process can be used to produce Towngas's key product offering—town gas for residential and commercial customers—means that the business value case is equally clear. By combining social benefits with the commercialization of a brand-new technology, Towngas's

shared value business model also serves to differentiate the company from its competitors, as in the case of HKT.

### **Case study: MTR Corporation – Investing in vocational training to build the next generation workforce**

Hong Kong faces a problematic mismatch of skills in the supply and demand of young local talents. 26% of students who obtained degrees between 2008 and 2015 found jobs as clerical workers or other positions requiring less professional knowledge; between 1994 and 2001, that figure was only 12%.<sup>23</sup> The story is the same when viewed from the corporate perspective. A 2015 study found that 65% of Hong Kong employers reported having difficulty filling job vacancies because of talent shortages, an increase of 9% compared to the previous year.<sup>24</sup>

MTR Corporation, one of Hong Kong's largest employers, has decided to try to address this mismatch by investing in a range vocational and on-the-job training programs. The Apprentice Training Scheme, for example, has trained over 1,500 Hong Kong youth since its establishment in 1978. More recently, in 2015 MTR launched the Pathways to Employment Program, which aims to "facilitate the business and social sectors working together to bridge the gap between the skills and ambitions of Hong Kong's youth and the demands of an evolving economy."<sup>25</sup> The program has already sponsored a cross-sector summit to develop ideas for how to work with and engage young people, with the most promising ideas receiving funding and other support from MTR.

Once again, the shared value lens of MTR's work is clear. Whether by providing training in the skills that it really needs from its employees or by thinking about how to better communicate and engage with young people, MTR's efforts are increasing the likelihood that Hong Kong youth will find good jobs in which they can utilize their skills effectively. Doing so successfully would address a key need, especially in the context of Hong Kong's growing income inequality. On the business side, MTR's investments are increasing the likelihood that it can find the employees it needs, and that it can do so locally—both of which contribute to higher operating efficiency and lower recruitment and overhead costs.



### 3. Enhancing shared value awareness and adoption in Hong Kong

All 28 companies reporting in the survey that they conduct shared value activities were consulted on the main challenges encountered when planning and executing shared value. The survey also asked about outside support that would help companies overcome some of these challenges. The survey responses served as the basis for a number of initial hypotheses that were tested during 12 in-depth interviews with selected respondents. Interviewees were selected at companies represented at the three stages in the shared value journey and to allow for different company sizes, including small, mid-cap, and large companies. Sectors represented by interviewees included trading/logistics, financial services, property, professional services, retail/food/consumer goods, tourism, and manufacturing.

The interviews were focused on two objectives:

1. Gaining a better understanding of the challenges encountered by each company when planning and executing shared value.
2. Inquiring about opportunities for the SIE Fund to support the company in engaging in or improving existing shared value practices.

This process surfaced three themes that also represent high level recommendations on how the SIE Fund can enhance shared value awareness and adoption, in line with its mission to reduce poverty and social exclusion in Hong Kong.

#### a. Strengthen the emerging shared value movement

The overall survey results, as well as the mapping of Hong Kong companies on the shared value journey, highlighted that the majority of companies do not have a sufficient understanding of the shared value concept and how it is different from philanthropy and traditional CSR. Insufficient knowledge of profitable business activities and models with social and environmental benefits was selected as one of the most-encountered challenges, and best practice examples, case studies and learning from others were among the most-cited types of support required.

The in-depth interviews with companies added another level of nuance to these hypotheses. They suggested that the biggest priority should be CEO engagement to create a real movement led by the most prominent companies and their CEOs, which will accelerate overall awareness across companies in Hong Kong.

*“The key challenge for us will be to convince our executive team to look into shared value opportunities. They are still very much in the traditional mindset where they don’t consider social problems as business opportunities.”*

*“CEO engagement on SV is critical. The SIE Fund is in the right position to convene a CEO roundtable. It will need to ensure the presence of the specific government bureaus. This will make it attractive and distinctive from all the other CEO roundtables.”*

CEO leadership on business model innovation is instrumental to the adoption of shared value throughout the company. Most companies on the 2017 Fortune “Change the World” list have CEOs who are leading the shared value agenda such as Paul Polman of Unilever or Ken Frazier of Merck.<sup>26</sup>

Survey responses suggest that in most companies, leadership is somewhat involved in shared value activities. However, given their position in the early stages in the shared value journey, it is likely that there is an opportunity to increase the emphasis on the potential for business value creation via shared value investments. It will be critical to choose the right communication channels and media partners, particularly when attempting to engage CEOs and senior executives.

Building on suggestions from companies as well as FSG's own experience, we recommend the following:

**The SIE Fund can strengthen the emerging shared value movement by specifically targeting the CEOs of the most prominent companies in Hong Kong.**

Rationale: Bringing the most prominent CEOs in Hong Kong on board to embrace and promote the shared value approach as a critical tool for increasing long term competitiveness and company growth will spill over to most businesses in Hong Kong.

- Map existing CEO peer-to-peer exchange platforms such as the “*Business for Social Good*” platform of the Our Hong Kong Foundation or the emerging Shared Value Project HK to understand how to align efforts to engage the most prominent CEOs on the topic of shared value.
- Develop a set of powerful case studies that highlight how Hong Kong companies have outperformed their competition or achieved significant business growth through shared value investments.
- Develop a set of international case studies that highlight how companies have addressed the major social and environmental issues in Hong Kong (e.g., affordable housing and aging population).
- Invest in a media campaign promoting shared value champions in Hong Kong.
- Invite CEOs to a Shared Value Executive’s Club or Roundtable on specific shared value opportunities, including relevant government leaders and bureaus.
- Consider a “Hong Kong Shared Value Award” or “Best in Class” media partnership.

## **b. Invest in shared value innovation for Hong Kong**

Leveraging shared value creation to realize its objectives, the SIE Fund will need to put a particular emphasis on companies who can generate business value and enhance their competitive positioning by addressing social and environmental problems in Hong Kong. Many of Hong Kong’s large companies, however, generate most of their business outside the SAR. While they are most likely able to pursue shared value opportunities elsewhere, doing so will not necessarily have an impact in Hong Kong, although it may address problems such as rural poverty in mainland China or workforce development in the Philippines.

98% of Hong Kong’s businesses are qualified as small and medium-sized companies (SMEs), defined as manufacturing companies with fewer than 100 employees and non-manufacturing companies with less than 50 employees. These companies provide job opportunities to 1.3 million people, representing 46% of total employment in Hong Kong.<sup>27</sup> In-depth interviews

with SMEs suggested, however, that small companies are particularly unlikely to have the resources necessary to identify opportunities and generate shared value, given the significant business model innovation required to do so. Furthermore, if they do create shared value, it remains at a limited scale.

Nonetheless, significant progress on the social and environmental issues in Hong Kong is unlikely without shared value creation on the part of Hong Kong's local businesses. The main challenge for the SIE Fund will lie in understanding which businesses to target with what type of capacity building, funding for social innovation, and policy support, in order to trigger company-specific and *distinctive* shared value practices at a large scale around social and environmental problems in Hong Kong. As a first step, it will be important to prioritize the social and environmental issues in Hong Kong with the greatest potential for shared value creation. As a next step, the SIE Fund will need to define criteria to select the company target group. It should include, for example, companies with business strongly rooted in the local economy (i.e., >50% of activities and revenue generation in Hong Kong); companies whose business models are linked to the prioritized societal challenges in Hong Kong (e.g., property, transport, healthcare and financial services); companies with new leadership or generational ownership transfer; and companies with the required size of operations to achieve large scale impact.

The SIE Fund should also build on existing experiences from various actors in Hong Kong in supporting companies to adopt shared value practices. The Federation of Hong Kong Industries "Industry Cares" award and HKCSS' "Caring Company" scheme for example have certainly relevant experiences to inform company selection criteria. It will also be important to better understand how to leverage today's population of social enterprises in Hong Kong for companies' business model innovation processes.

**The SIE Fund has the opportunity to develop highly targeted shared value support for specific local business segments in order to address poverty and social exclusion in Hong Kong most effectively.**

Rationale: Understanding how to catalyze shared value adoption most effectively among local businesses in Hong Kong will be critical for tackling the city's major issues. Innovative approaches and insights generated from this process will also be relevant for many other mega-cities around the world, and will ensure a leadership role on this topic for Hong Kong.

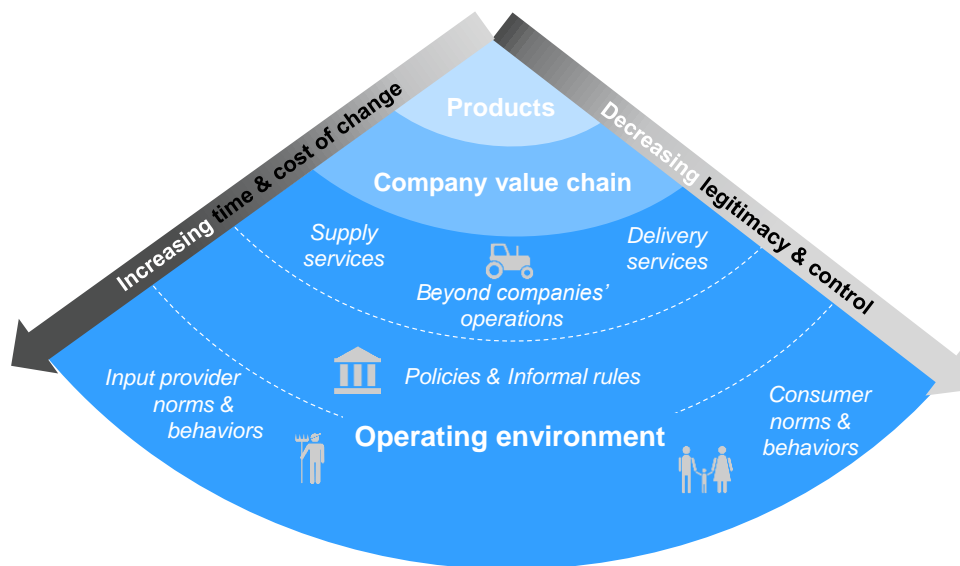
- Research and prioritize major social and environmental issues in Hong Kong by shared value opportunities and identify related business segments and target companies.
- Develop and test awareness, capacity building, and business model innovation support programs (e.g., challenge funds and professional service provision) with target companies.
- Provide seed capital, co-investments and policy support (including regulatory conditions) for the most promising shared value business models.

### c. Initiate collective impact initiatives on 1-2 major issues in Hong Kong

*“The great advantage of the SIE Fund is that they have a relationship to major government bureaus and civil society actors. The success of our shared value business models will depend on changes in regulations and a commitment by the most relevant actors not to launch subsidized models that we cannot compete with as a business.”*

As mentioned previously, the most pressing social and environmental problems in Hong Kong are also likely to be the largest shared value opportunities. Seeing so few companies targeting issues such as affordable housing and services for the aging population is an indication that shared value opportunities are most likely restricted by more complex and systemic barriers, such as regulation, norms and behaviors, and supply services, etc. Companies do not operate in isolation. Figure 5 shows the ecosystem dimensions that can influence business opportunities. Changing most of these dimensions surpasses the legitimacy and resources of a single company and requires partnerships with governments, NGOs and sometimes even peers.

*“As a construction company, we won’t be able to convene developers and the Transport and Housing Bureau for examples to discuss the public housing issue. We may have business solutions for this, but we need the land to build them, which the government or developers need to provide.”*



**Figure 5: The ecosystem of shared value, showing the dimensions that can hinder or unlock shared value creation**

Survey respondents asked for more government support, and in-depth interviews revealed specific requests around the government’s role in affordable housing and elderly care that would make shared value business models more feasible. The interviews also underlined the potential convening and advocacy role of the SIE Fund on most of these major issues.

To overcome systemic barriers to shared value creation, companies, NGOs, governments, and foundations need to work together using collective impact. Collective impact is based on the commitment of a group of relevant actors from different sectors to a common agenda for solving a specific social problem at scale. It has proven to be a successful model for cross-

sector coalitions emphasizing five success conditions: a common agenda, shared measurement, mutually reinforcing activities, communication and a dedicated backbone support.

The SIE Fund has already initiated collective impact initiatives on early childhood education and transitional housing. These initiatives, however, have primarily focused on the coordination of philanthropic and government investments, with social enterprises and NGOs as implementers.

**The SIE Fund has the opportunity to initiate collective impact on 1-2 major issues in Hong Kong (i.e. waste, housing, and the aging population), set up to first unlock shared value opportunities, enable shared value business models and then leverage them to create impact at scale.**

Rationale: Demonstrating meaningful and visible progress towards more efficient public-private collaboration on one or two major issues in Hong Kong will be critical to ensuring continuous momentum for shared value and creating the conditions for shared value business model investments.

- The SIE Fund should play the role of the initiator and funder of the collective impact process. Its role includes leveraging its network to convene key actors, invest in research, meetings and professional facilitation, fund a neutral and qualified backbone organization and invest in the design of a shared measurement system. Research and prioritize major social issues in Hong Kong to target (building on research conducted in 3.a. and 3.b.), identify relevant champions from across sectors and major systemic barriers to shared value opportunities.
- Convene champions and initiate development of a common agenda (potentially link to CEO Roundtables); identify and set up a backbone organization.
- Guarantee funding for the collective impact process for at least 5 years and deploy targeted capacity building developed in 3.b. to support shared value business cases development.

## 4. Success levers for SIE Fund activities

The process of conducting the landscape survey and mapping companies along the shared value journey, as well as the in-depth interviews, revealed additional insights relevant for successfully enhancing the awareness and adoption of shared value by the SIE Fund.

### a. Clear and transparent strategy for engaging with companies

This landscape study has been positioned as an initial assessment that aims to guide the SIE Fund's future activities to enhance the awareness and adoption of shared value in Hong Kong. A strategy process to design these activities will be a critical step, as currently, companies ask for more clarity on the SIE Fund's overall objectives and how it can become a real partner in business model innovation:

*"Nobody knows exactly what the SIE Fund does. It will be important to be very transparent about their strategy."*

*“Currently the SIE Fund is too focused on social enterprises. (...) There is a need for greater clarity about the SIE Fund’s strategy and long term vision. Currently, to my knowledge, it is a grant making board with a multitude of affiliates.”*

*“The SIE Fund is not very known yet, and people don’t know what exactly it does. It will be important to make it known among CEOs.”*

Survey responses and in-depth interviews provided direction around the three themes mentioned in the previous section. These will need to be turned into an action framework, and, together with the other SIE Fund programs, translated into a coherent strategy. Companies need to be able to understand the SIE Fund’s objective and framework for action with companies, NGOs, social enterprises and government bureaus to reduce poverty and social exclusion in Hong Kong.

While this project produced insights on the overall needs and issues related to shared value awareness and adoption in Hong Kong, it did not focus on understanding the major social and environmental needs in detail, looking into the activities and agendas of other actors (including civil society and the private and public sectors), or assessing the specific distinctive resources and expertise of the SIE Fund. All of these should be considered important inputs influencing the SIE Fund’s strategy going forward. For example, in terms of the business sector, to effectively formulate Shared Value business plans with a view to addressing social and environmental issues as relevant to their core business and at scale, companies need to consider all material social and environmental impacts of their business activities holistically, in consultation with their stakeholders. Hence, while CEO promotion and cross-sector partnership are important drivers of the Shared Value movement in Hong Kong, they would not be effective without stakeholder engagement/consultation on the part of individual companies.

## **b. Targeted measurement of progress**

The framework of the shared value journey is helpful for mapping the awareness and adoption of shared value in Hong Kong. The four dimensions—understanding the concept and identifying opportunities, positioning within the business, implementation, and partnership—should guide capacity building and the measurement of its effectiveness.

An important insight from the survey process is that self-reported answers in the absence of a minimum understanding of the shared value concept are not necessarily reliable, as outlined in Section 2. Answers required follow-up or in-depth analyses of text answers and identification of contradictions. It seems much more efficient to conduct individual interviews with companies from the outset. Interviewers will be able to qualify answers on the spot, and thus better understand the company’s progress on the shared value journey.

Measurement of progress could also be customized to specific cohorts of companies, such as those that receive specific capacity building or the CEOs invited to a roundtable. Insights generated from that process will provide clear guidance on the effectiveness of the capacity building programs and allow adjusting and improving them accordingly.

Going forward, the SIE Fund has the opportunity to develop clear objectives and milestones for the different interventions identified through a thorough strategy process. The shared

value journey can be used as overall guidance for measurement, but progress should be primarily assessed at the initiative level.

# Appendix

## Philanthropy and externality management

Of the 49 companies that responded to the survey, the vast majority (48/49, or 98%) stated that they invest in and conduct activities that address social and environmental problems in Hong Kong. Figure 6, below, displays the number of companies active in Hong Kong who reported targeting social and environmental problems through each of the three main categories of activities:

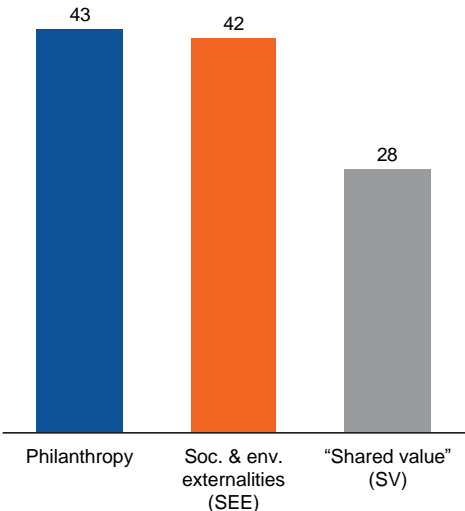


Figure 6: Number of respondents practicing each category of activity

In Figures 7 and 8 below, we see the five issue groups most commonly targeted by companies with philanthropic (N=43) and externality-management (N=34<sup>28</sup>) activities, respectively.

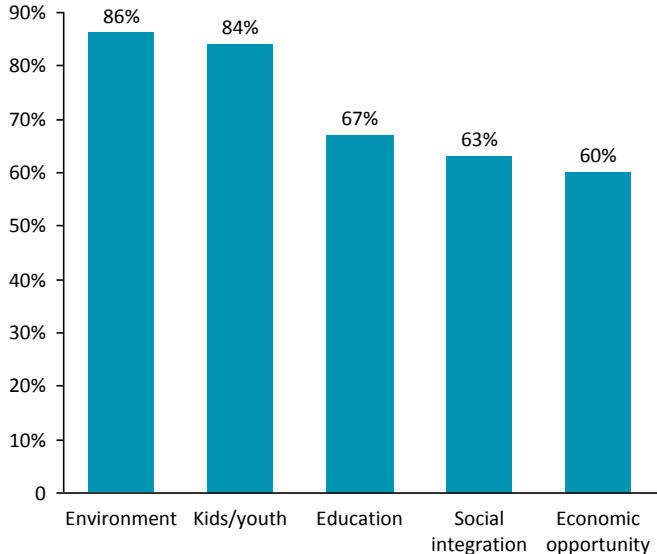
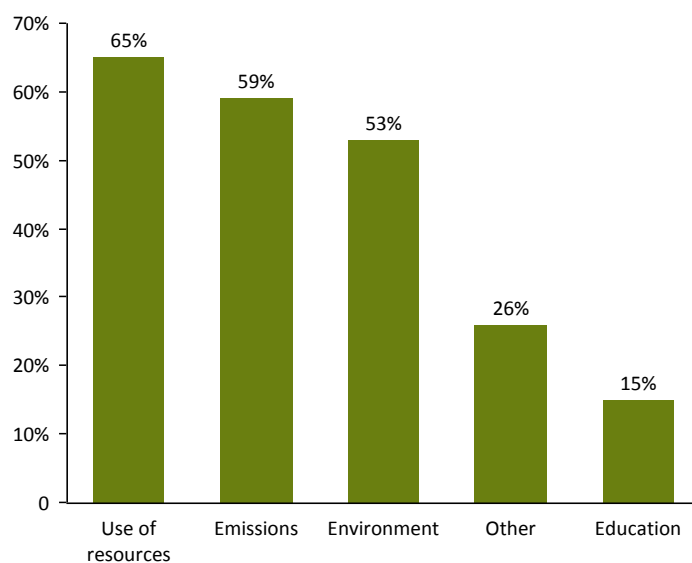


Figure 7: Share of companies selecting the 5 most common issues addressed by philanthropic activities





**Figure 8: Share of companies selecting the 5 most common externality-management issues.**

Two points stand out when considering Figures 7 and 8. First, only two issue areas overlap between the two lists: environment and education. The externality-management list is dominated by three characteristic types of externalities: resource use, emissions, and environmental protection, which align with some of the standard environmental, social, and governance (ESG) investment criteria. It is interesting to note that the environmental part of the ESG criteria is so heavily emphasized by respondents, even to the detriment of other classic ESG targets, such as workplace safety.<sup>29</sup> This may be at least in part a reflection of the concerns that Hong Kong faces regarding waste and air pollution, as noted above.

The second interesting point is the comparatively even distribution of issues targeted by philanthropic activities. Companies could report philanthropic activities targeting any of 12 different issue areas (not including an “other” choice). All but two of these 12 areas were chosen by a majority of the 43 companies who reported conducting philanthropic activities—the only issue areas not selected by a majority were health (18/43, 42%) and housing (1/43, 2%). Such a broad distribution of activities, combined with the fairly low average philanthropic expenditure per company (see box), raises questions about how strategic these activities are in terms of pursuing specific change objectives.

#### **Philanthropic expenditure**

26 of the 43 companies active in philanthropic activities reported their most recent annual expenditure totals for their philanthropic activities. On average, these companies spent HK\$53.8M (US\$6.9M) in the reporting year, or the equivalent of **0.54% of their average turnover**.

## Endnotes

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- <sup>1</sup> Michael Porter and Mark Kramer, "Creating Shared Value," *Harvard Business Review*, January-February 2011.
- <sup>2</sup> The full English- and Cantonese-language texts of the survey questions can be found in the appendix.
- <sup>3</sup> In addition to the industries listed in the table, respondents also represent the infrastructure, utilities, education, and healthcare industries.
- <sup>4</sup> Percentages add up to more than 100%, as many companies are active in more than one economic sector.
- <sup>5</sup> Data from the Hong Kong Census and Statistics Department
- <sup>6</sup> "Tourism" here includes hotels and hotel management, but excludes retail and food.
- <sup>7</sup> 44 of the 49 respondents provided figures for annual turnover, of whom 37 provided the share of that turnover generated in Hong Kong. Regarding FTEs, 37 of 49 respondents provided the total number of FTEs their companies employ, of whom 36 provided the number of Hong Kong-based FTEs.
- <sup>8</sup> This section focuses exclusively on shared value-related findings, as the focus of the survey was on shared value. A brief overview of the issues targeted by companies' philanthropic and CSR activities can be found in the appendix.
- <sup>9</sup> Mark Kramer and Marc Pfitzer, "The Ecosystem of Shared Value," *Harvard Business Review*, October 2016.
- <sup>10</sup> Associated Press, "Hong Kong housing crisis: shoebox and 'coffin homes' a challenge for city's new leader," *The National* (United Arab Emirates), 10 May 2017, <https://www.thenational.ae/world/hong-kong-housing-crisis-shoebox-and-coffin-homes-a-challenge-for-city-s-new-leader-1.32235>.
- <sup>11</sup> Uptin Saiidi, "Here's why Hong Kong's housing market is so expensive," CNBC, 9 April 2017, <https://www.cnbc.com/2017/04/09/heres-why-hong-kong-housing-is-so-expensive.html>.
- <sup>12</sup> Hong Kong Special Administrative Region Planning Department, *Baseline Review: Population, Housing, Economy and Spatial Development Pattern*, November 2016.
- <sup>13</sup> Jeffie Lam and Ernest Kao, "Hong Kong's ageing time bomb a cause for concern," *South China Morning Post*, 27 June 2017, <http://www.scmp.com/news/hong-kong/health-environment/article/2099749/hong-kongs-ageing-time-bomb-cause-concern>.
- <sup>14</sup> Jennifer Ngo, "One in three elderly Hongkongers living in poverty despite slight overall drop in number of poor," *South China Morning Post*, 10 October 2015, <http://www.scmp.com/news/hong-kong/economy/article/1866074/more-elderly-people-hong-kong-living-below-poverty-line>.
- <sup>15</sup> Benjamin Haas, "Where the wind blows: how China's dirty air becomes Hong Kong's problem," *The Guardian*, 18 February 2017, <https://www.theguardian.com/cities/2017/feb/16/hong-kong-death-trap-dirty-air-pollution-china>.
- <sup>16</sup> David Robson, "Hong Kong has a monumental waste problem," *BBC Future*, 27 April 2017, <http://www.bbc.com/future/story/20170427-hong-kong-has-a-monumental-waste-problem>.
- <sup>17</sup> Elaine Yau, "Hong Kong's recycling firms struggle with plastic peril," *South China Morning Post*, 20 August 2013, <http://www.scmp.com/lifestyle/health/article/1297795/hong-kongs-recycling-firms-struggle-plastic-peril>.
- <sup>18</sup> Cannix Yau and Viola Zhou, "What hope for the poorest? Hong Kong wealth gap hits record high," *South China Morning Post*, 9 June 2017, <http://www.scmp.com/news/hong-kong/economy/article/2097715/what-hope-poorest-hong-kong-wealth-gap-hits-record-high>.
- <sup>19</sup> Oxfam Hong Kong, *Survey on the Enhanced Chinese Learning and Teaching Support For Non-Chinese-Speaking Students in Primary and Secondary Schools*, January 2016, [http://www.oxfam.org.hk/content/98/content\\_24743en.pdf](http://www.oxfam.org.hk/content/98/content_24743en.pdf).
- <sup>20</sup> Oxfam Hong Kong, *Report on Women and Poverty (2001-2015)*, September 2016, [http://www.oxfam.org.hk/content/98/content\\_31064en.pdf](http://www.oxfam.org.hk/content/98/content_31064en.pdf).
- <sup>21</sup> Companies were counted as targeting "pollution and waste" if they reported shared value activities targeting the "emissions," "use of resources," or "environmental protection" problem areas.
- <sup>22</sup> Ernest Kao, "Hong Kong prepares for the next battle in its war on waste," *South China Morning Post*, 28 April 2017, <http://www.scmp.com/news/hong-kong/health-environment/article/2091181/hong-kong-prepares-next-battle-its-war-waste>.
- <sup>23</sup> Hong Kong Legislative Council Research Office, *Challenges of manpower adjustment in Hong Kong*, Research Brief Issue No. 4, June 2016, <http://www.legco.gov.hk/research-publications/english/1516rb04-challenges-of-manpower-adjustment-in-hong-kong-20160607-e.pdf>.
- <sup>24</sup> Alex Lo, "Young people need the right skills to ensure Hong Kong's future," *South China Morning Post*, 5 August 2015, <http://www.scmp.com/comment/insight-opinion/article/1846581/young-people-need-right-skills-ensure-hong-kongs-future>.

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<sup>25</sup> MTR Corporation, *The City Unlimited: Sustainability Report 2016*, May 2017, <https://www.mtr.com.hk/en/corporate/sustainability/2016rpt/pdf/mtrfull2016.pdf>.

<sup>26</sup> <http://fortune.com/2017/09/07/change-the-world-social-impact/>

<sup>27</sup> [https://www.success.tid.gov.hk/english/aboutus/sme/service\\_detail\\_6863.html](https://www.success.tid.gov.hk/english/aboutus/sme/service_detail_6863.html)

<sup>28</sup> Although 42 companies reported conducting externality-management activities, only 34 of them listed one or more specific issue areas. Please also note that companies were allowed to choose a maximum of three target areas for externality management, while they could select as many as desired for philanthropic activities.

<sup>29</sup> Workplace safety was only identified as an externality-management focus by two respondents, and is included under “Other” in Figure 8.