

# Social Innovation Ecosystem in Hong Kong

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# Outline

- The unique path of innovation ecosystem development;
- Gaps and opportunities in ecosystem building;

# What's Now?

- Major types of actors engaging in social sectors;
  - Government is still the main service provider;
  - The majority of service operators in Hong Kong are nonprofits;
  - There is a fast growing population of social enterprises addressing gaps

# The Path of Ecosystem Development

1960s-1980s

- Deep social issues and riots in 1960s prompted the colonial government to develop social policies;
- The establishment of a societal-corporatist system for welfare provision;
- The rapid growth of the nonprofit sector in 1970s and 1980s;

1990s-2000s

- Neoliberal public-sector reform in 1990s and the marketization of the nonprofit sector since 2001;
- Increased unemployment after SARS and the setup of **the Commission on Poverty** in Feb 2005;
- Development of the policy agenda, institutions and various funds for social enterprises;

2010s till now

- Re-establishment of the Commission on Poverty in Nov 2012;
- The launch of a major ecosystem catalyst--the Social Innovation and Entrepreneurship Development Fund in Sep 2013;
- Maturing intermediary support and fast growing ecosystem for social startups;

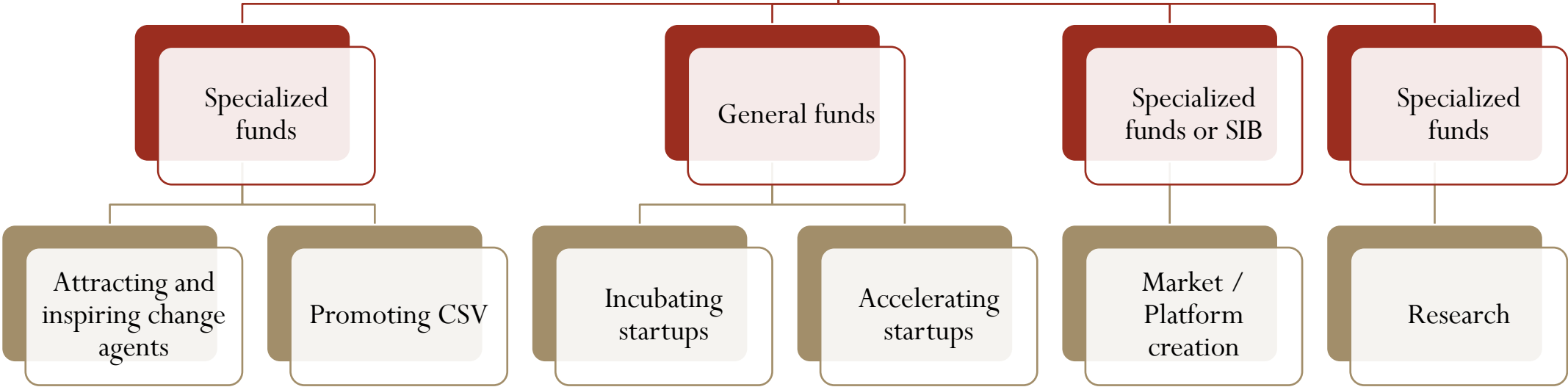
# Government Policies and Funds that Support Social Innovation In the Third Sector

- The Commission on Poverty (CoP) was set up in early 2005 to tackle poverty problems. **A key agenda of the CoP was to consider 'social enterprise' as a possible option** to strengthen employment opportunities for disadvantaged groups.
  - The CoP paper of Sep 2005 was **the first government paper** that clearly stated its position to support social enterprise as a new policy move. The paper was well researched and supported by policy models of other countries such as the UK, Ireland, Germany, Finland and the US.
- Government decided to **first focus on funding the SE projects of NGOs** at the initial stage.
  - A HK\$150million fund was created after the financial secretary's Budget Speech of 2006/07 for *the Enhancing Self-Reliance Through District Partnership Program* (ESR) (Home Affairs Department, 2014).
  - By 2007 more than one policy bureau and/or department became involved in the social enterprise policy.
- The policy initiatives to support the development of social enterprise **clearly put emphasis on poverty alleviation** but represented the beginning of a breakthrough in the traditional 'welfare' and 'service'-oriented delivery model, **a new mindset to dealing with deep-rooted social problems.**
  - Through the setup of few funds, government's policy attempted on the one hand to promote entrepreneurial spirit among the NGOs, and on the other hand to engage business corporations in poverty alleviation, not just by means of philanthropy, but also by means by partnerships.

- In view of a lack of awareness of social enterprises in different sectors and in public and the lack of institutional frameworks or support for social enterprises, the members of Legislative Council recommended to **establish a high-level cross-bureau task force to formulate overall strategies for developing social enterprise and designate a bureau/department to be responsible for overseeing and promoting the development of and providing assistance to the social enterprise sector** (Subcommittee to the Study of Combating Poverty, 2008).
- Ultimately, the HAB was asked to be the main policy bureau responsible for setting out the direction of social enterprise policy and the Social Enterprise Advisory Committee (SEAC) was ultimately established in 2010 with members coming from different sectors.
- Following the decision of the then Poverty Commission, various efforts have been made by government to generate discussions, training and incubation relating to social entrepreneurship. These efforts included
  - The organization of the Social Enterprise Summit by the HAB in 2007;
  - The set up of the Social Enterprise and Business Center (SEBC) under the HKCSS in 2008; and
  - The establishment of the Social Innovation and Entrepreneurship Fund (the SIE Fund) in 2012;

# The Social Innovation and Entrepreneurship Fund

- With the objective to further nurture social entrepreneurship and innovation in Hong Kong, **the Social Innovation and Entrepreneurship Development Fund (SIE Fund)** was announced in late 2012. A task force has been set up under the Commission on Poverty to oversee how the \$500 million fund is used.
- **The Fund's objective:** to establish and support schemes and experiments with a view to attracting, inspiring or nurturing social entrepreneurship to develop innovations that aim at creating social impact and build social capital for supporting poverty relief in HK.
  - Covering alleviation and prevention of poverty, prevention of social exclusion, enhancement of the overall well-being of the beneficiaries, and facilitation of social cohesion.
  - Ultimate goal: to foster an ecosystem where social entrepreneurs can thrive and creative innovative ideas, products and services.
  - Ultimate beneficiaries: members of the public in HK who are generally residents in HK.





# Latest progress as at June 2020



**1,600+**  
Innovative ideas



**\$371 million**  
Funding commitment



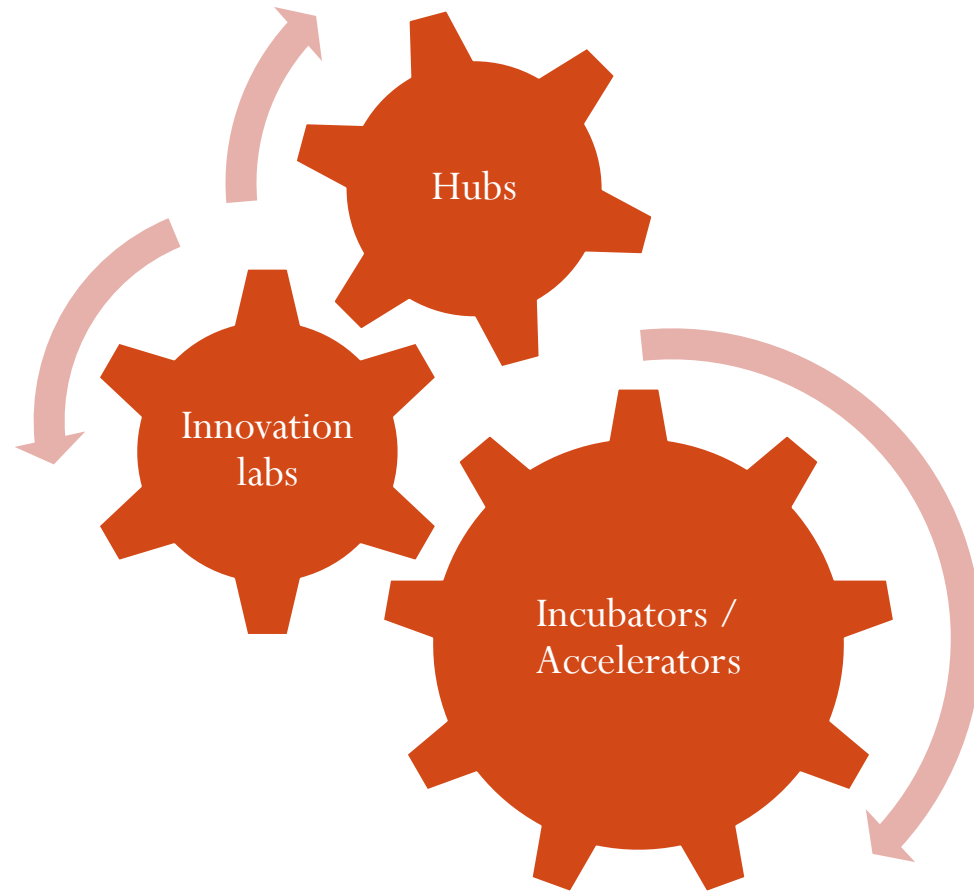
**4,600+**  
Social entrepreneurs



**240 000+**  
People in need

# Maturing intermediary support

- Hubs
- Social innovation labs
- Incubators
- Accelerators



Intermediaries (and counting)	Hubs/networking	Labs	Early-stage incubators	Accelerators
Government			<ul style="list-style-type: none"> <li>•The SIE Fund</li> <li>•Cyberport incubation programme</li> <li>•HK Science and Technology Parks incubation programme</li> <li>•Hong Kong Design Centre</li> </ul>	
University	POLYU Jockey Club Design Institute for Social Innovation	HKU Sustainability Lab (supported by HSBC)	<ul style="list-style-type: none"> <li>•Good SEED (PolyU)</li> <li>•CUHK Pre-incubation Centre (Pi Centre)</li> <li>•CUHK Centre for Entrepreneurship</li> <li>•CUHK Yunus Social Business Centre</li> </ul>	Micro Fund (PolyU IoE)
Nonprofit	<ul style="list-style-type: none"> <li>•Dream Impact</li> <li>•Whub</li> </ul>	<ul style="list-style-type: none"> <li>•Good Lab</li> <li>•HK Federation of Youth Groups JC Social Innovation Centre</li> </ul>	<ul style="list-style-type: none"> <li>•BEHub (by the Society of Rehab and Crime Prevention)</li> <li>•StartLab- pre-incubation (by the Internet Society together with Cyberport and HKSTP)</li> </ul>	Impact Incubator (HKCSS Social Enterprise Business Centre) (supported by HSBC)
Philanthropists		<ul style="list-style-type: none"> <li>•JC CarbonCare Open Innovation Lab</li> </ul>	<ul style="list-style-type: none"> <li>•Nurturing Social Minds (by the Yeh Family Philanthropy Ltd)</li> </ul>	<ul style="list-style-type: none"> <li>•Social Ventures HK</li> <li>•Sow Asia</li> <li>•RS Group</li> </ul>
Financial Institutions			DBS Foundation	DBS Incubator Nest (Fintech accelerator)
Corporations	<ul style="list-style-type: none"> <li>•Shared Value project Hong Kong</li> </ul>		<ul style="list-style-type: none"> <li>•The HK Social Enterprise Incubation Centre (HKSEIC)</li> <li>•Innovator Farm (by Fullness Social Enterprises Society)</li> <li>•Education for Good (B Corp)</li> <li>•New World</li> <li>•SITE by Wofoo</li> <li>•So In So Good</li> </ul>	

# What are the gaps and opportunities in ecosystem building?

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Next

# Gap analysis on ecosystem building

## Lab approach (Zivkovic, 2015, 2017,2018)

- Social innovation labs, living labs
  - Service design methods
- Systemic innovation lab
  - Systemic design methods

The remaining gap is that which conditions of solution ecosystems can enable the emergence or systems changes at the macro level.

## Business incubation approach (Bruneel et al., 2012; Pauwels et al., 2016)

- Administrative and legal support
- Service / product innovation
- Business coaching
- Providing access to networks and investments

The major issues with this approach are that it emphasizes service/product innovation and it relies a lot on pitch competition which not only discourage collaboration but also force social entrepreneurs to regard social problems as discrete problematic situations.

# The Issue Field Perspective

- Organizational field has been a very useful level of analysis in studying institutional change (Scott, 2014; Wooten & Hoffman, 2017)
  - Earlier research on organizational field primarily focused on **stable fields** typically consisting of populations of **organizations in the same industry or profession**, and the **homogeneity among organizational actors** was emphasized, each behaving according to a 'social script' defined as a coherent set of 'desired principles and values' (Dimaggio & Powell, 1983)
  - Recent research on organizational field focuses on **issue fields which forms around a central issue**(Hoffman, 1999). **The formation of issue fields are key to the emergence of new markets or professions, change of industrial practices and other field-level changes** (Maguire, Hardy, & Lawrence, 2004; Zietsma et al., 2017).

# Therefore,

- Research objectives:
  - To identify issue fields and understand emergence of systems change (as indicated by the survival rates of social startups addressing a particular type of issues);
  - To identify the gap and opportunities for ecosystem building;

# Methods

## Step One

- *We mapped 268 social startup proposals (submitted the Good SEED program between 2015 and 2018) in terms of target beneficiaries and pain points;*
- *Proposed interventions and revenue models were also coded;*

## Step Two

- *We checked the current status of the 268 social startups, 71 survived, and conducted 33 follow-up interviews with founders to collect critical incidents in their scaling processes.*



# Why Good SEED?

- Most social startups in Hong Kong had or have participated in the Good Seed program as it is one of the earliest seed funding programs for early-stage social startups in Hong Kong since 2015.
- Good Seed is funded by the Social Innovation and Entrepreneurship Development Fund (the SIE fund) set up by the government of Hong Kong SAR to tackle poverty-related issues.



# Stage One: Findings

## Children & Youth (n=55)

Children

Youth

## The elderly (n=55)

The elderly

The elderly in poverty

## Marginalized groups (n=52)

Low-income individuals and families

Women

Immigrants and ethnic minorities

## Community & healthcare (n=48)

Community

Local small producers

Community health

## People with disabilities (n=58)

People with physical disabilities

People with SENs

People with visual impairments

People with hearing impairments

People with mental illnesses

# Stage Two: Survived social startups

## Children & Youth (n=15/55)

Children

Youth

## The elderly (n=11/55)

The elderly

The elderly in poverty

## Marginalized groups (n=13/52)

Low-income individuals and families

Women

Immigrants and ethnic minorities

## Community & healthcare (n=13/48)

Community

Local small producers

Community health

## People with disabilities (n=19/58)

People with physical disabilities

People with SENs

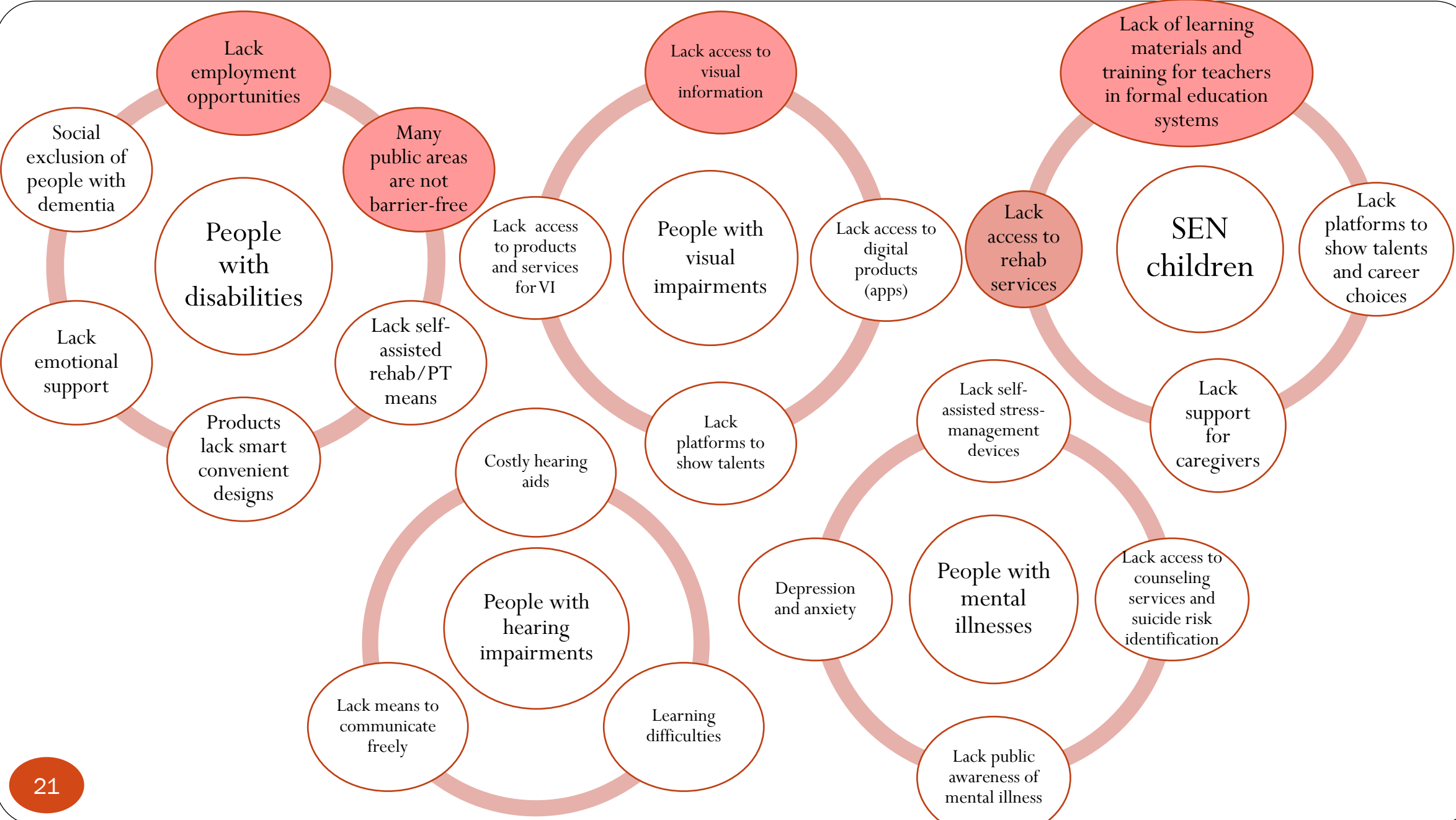
People with visual impairments

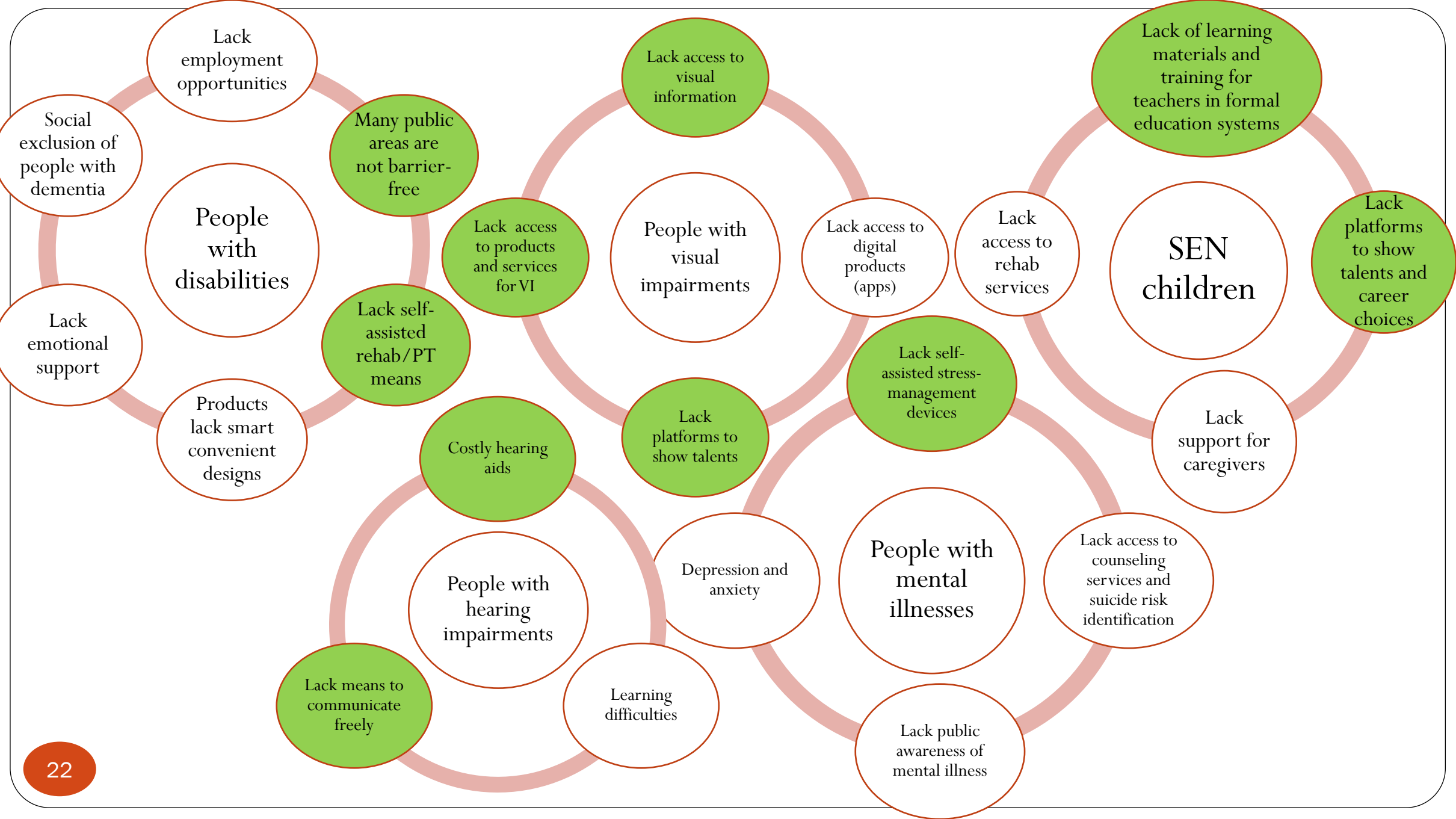
People with hearing impairments

People with mental illnesses

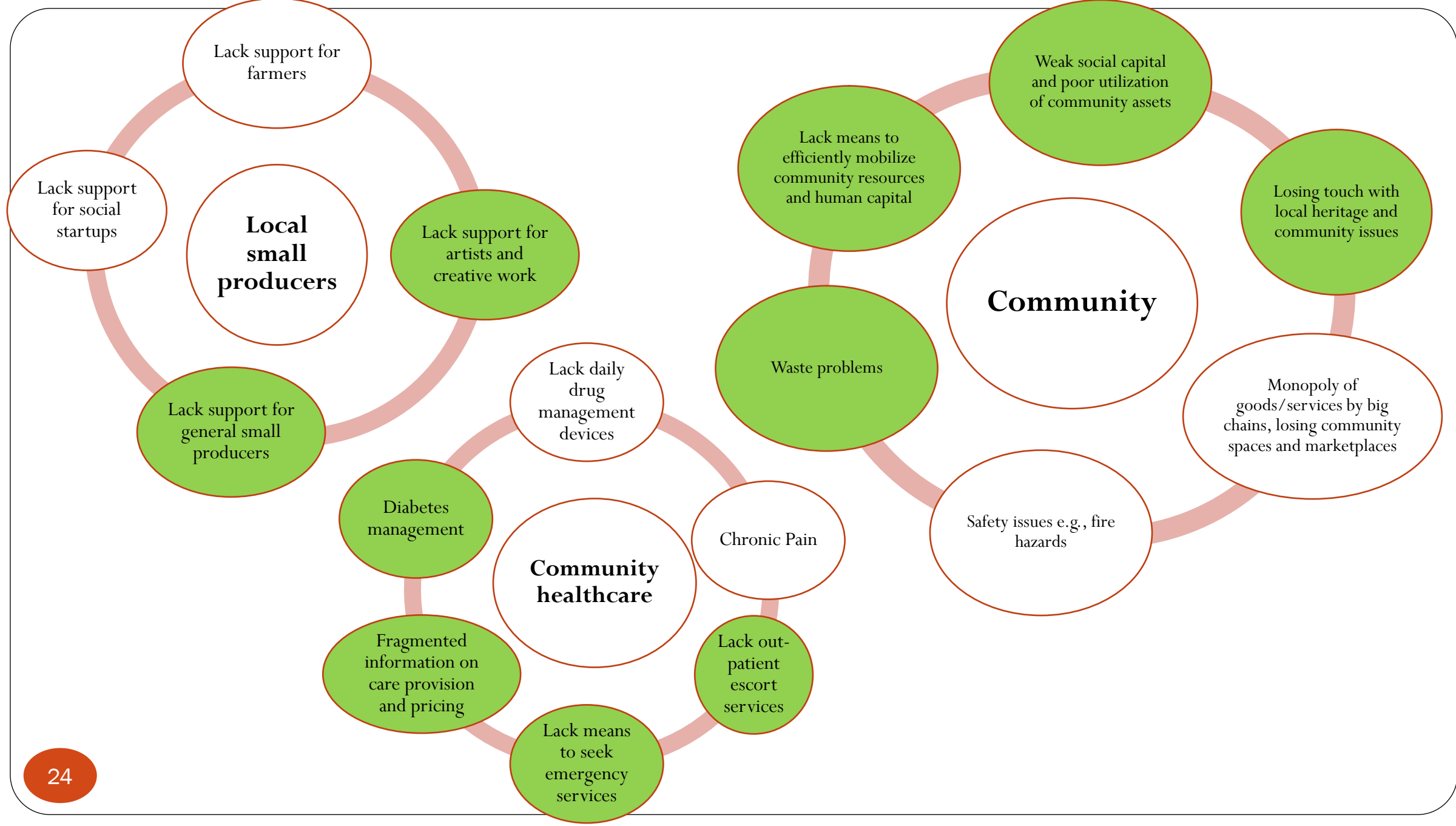
# Now let's look at Before and After

- Red areas mark the issues that have received a higher number of proposals;
- Green areas mark the issues that have gotten a higher number of survived startups;

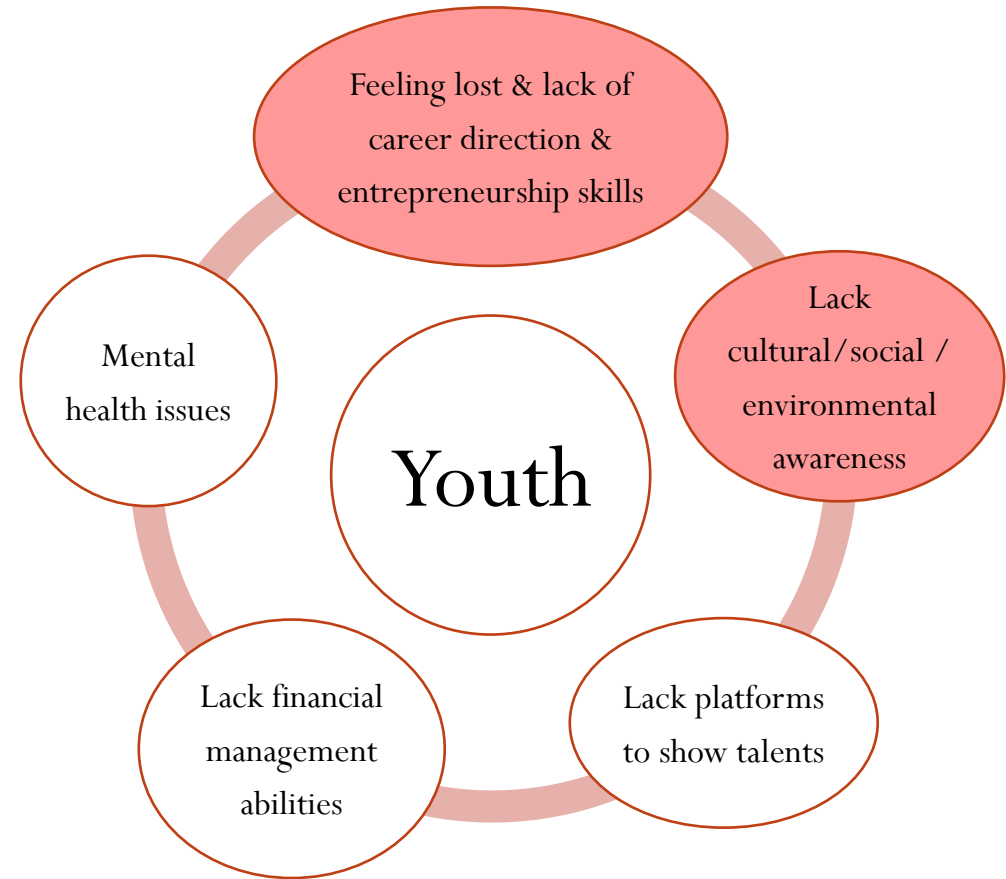
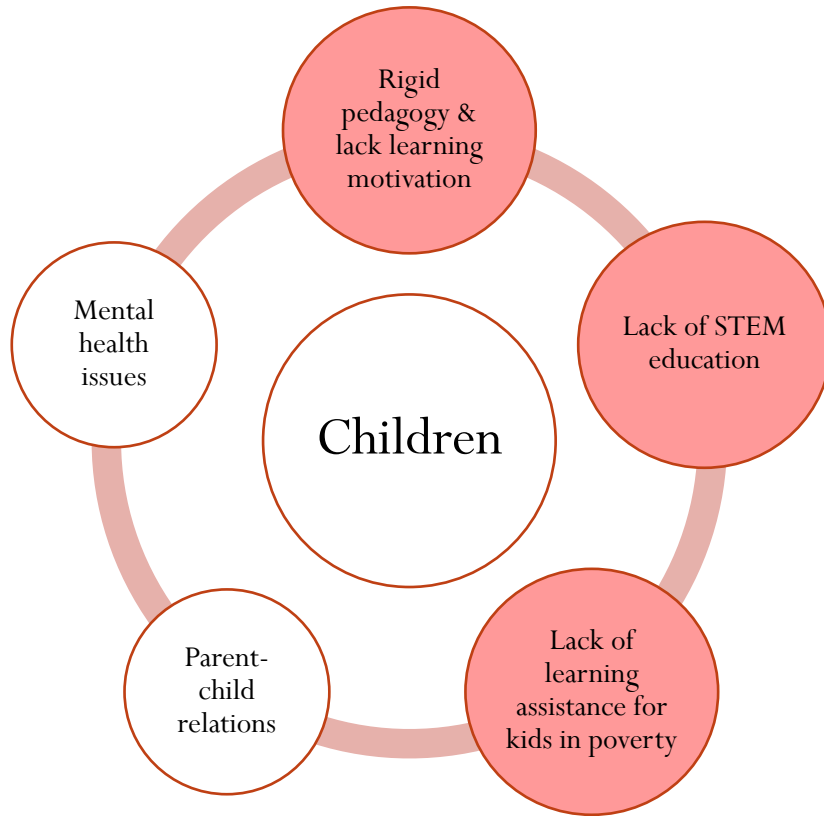


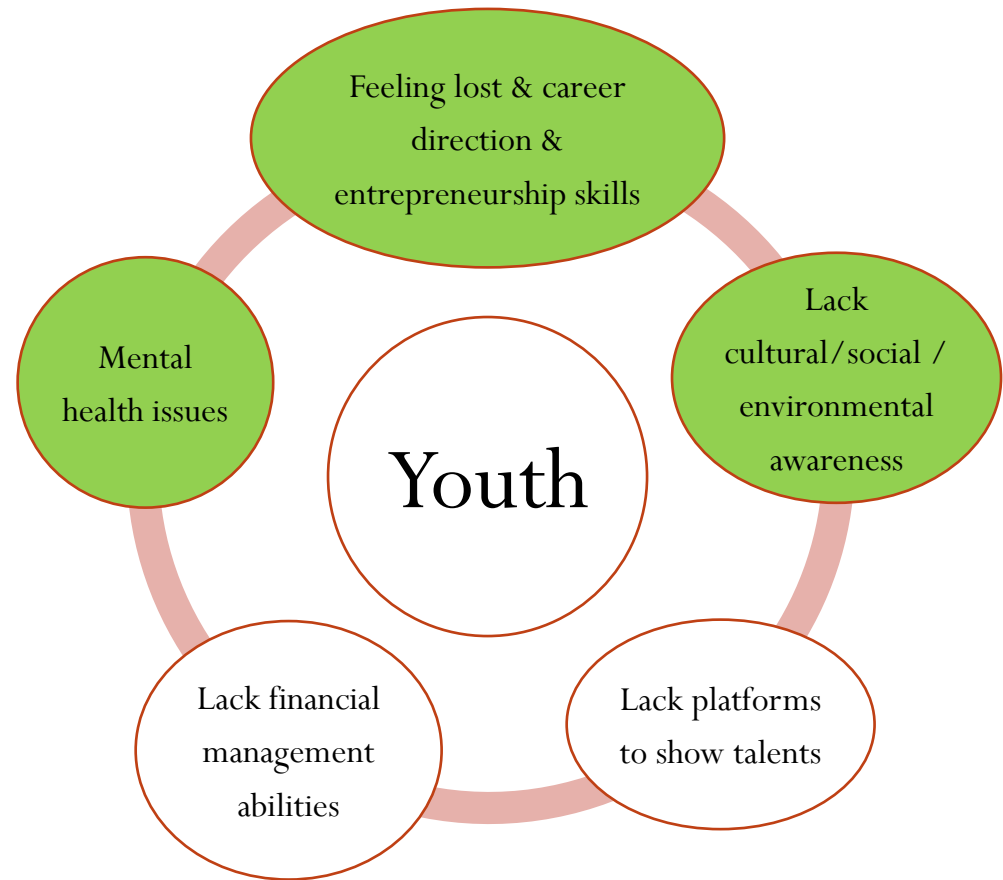
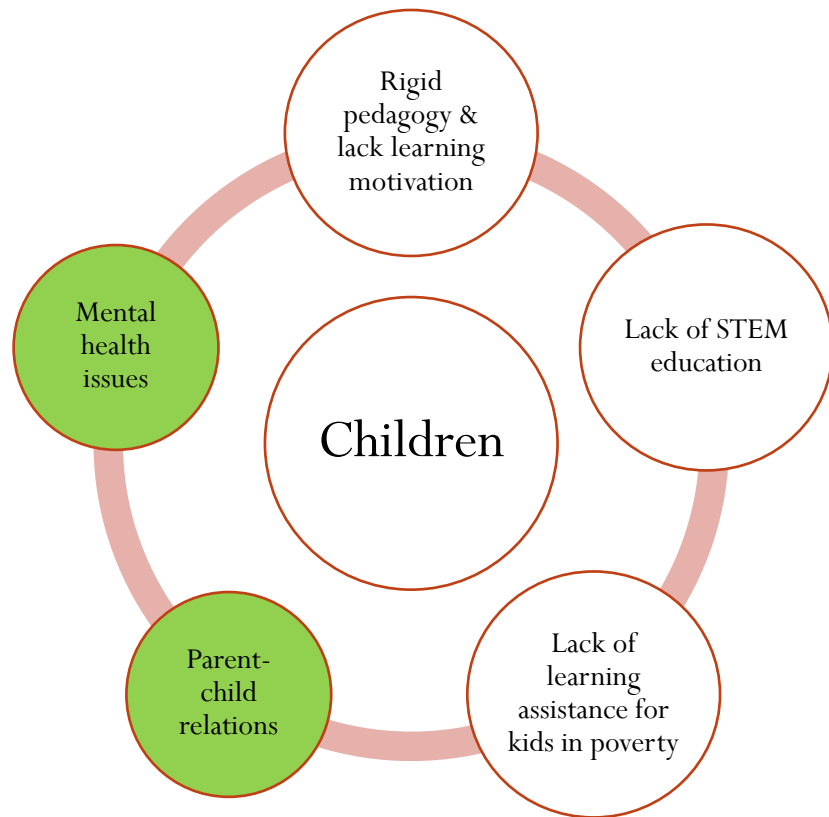


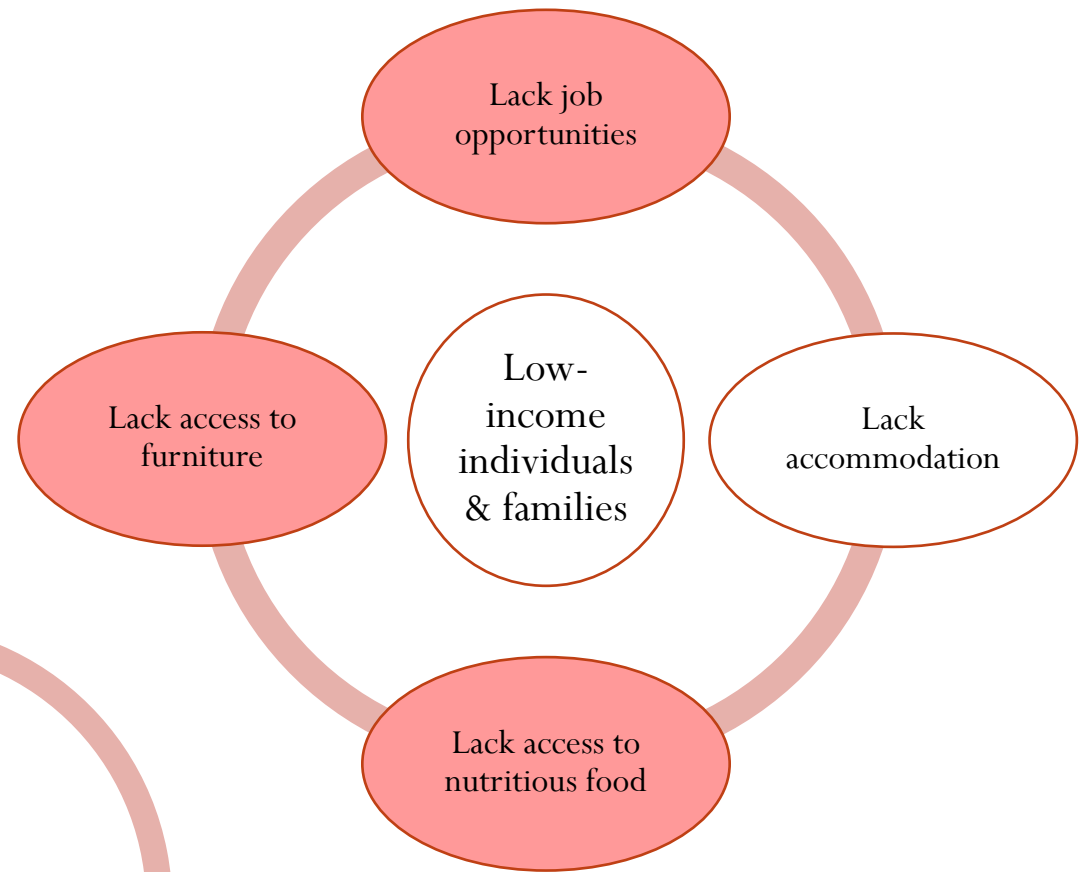
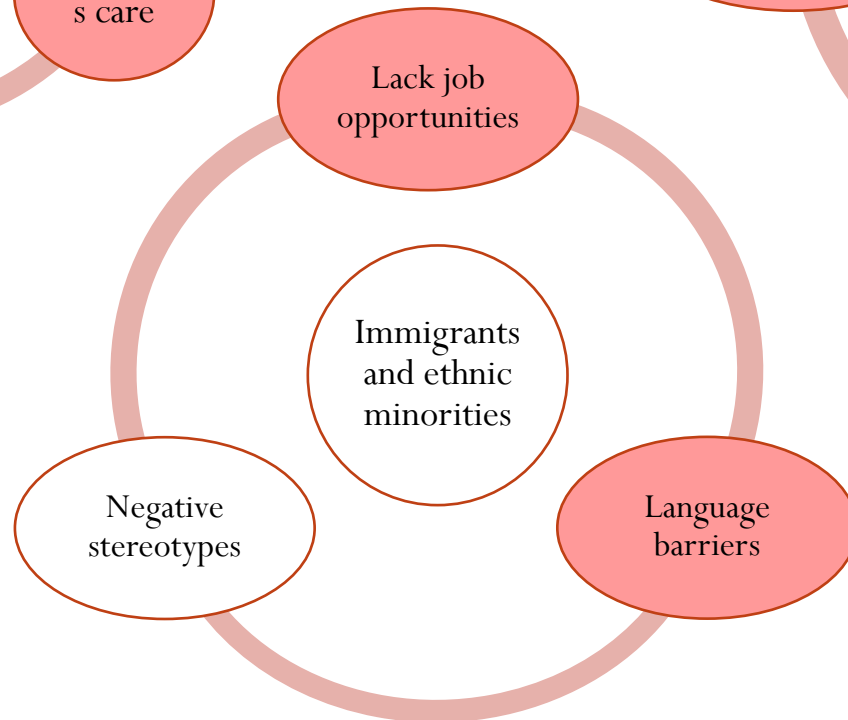
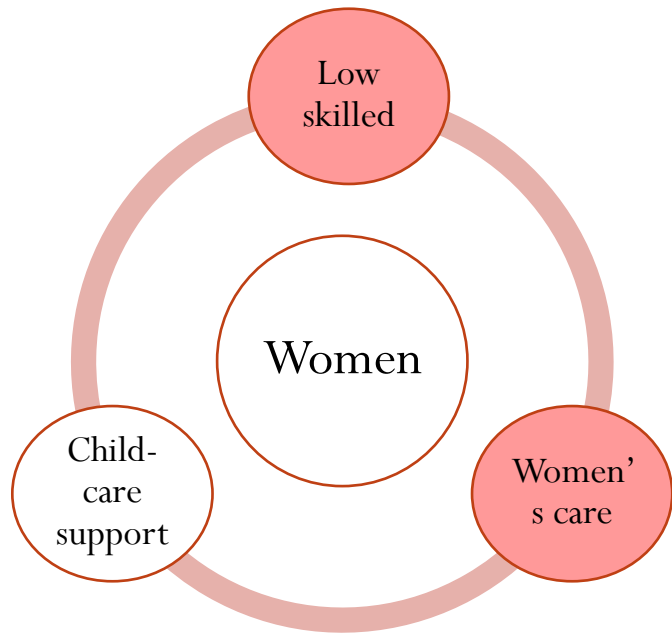


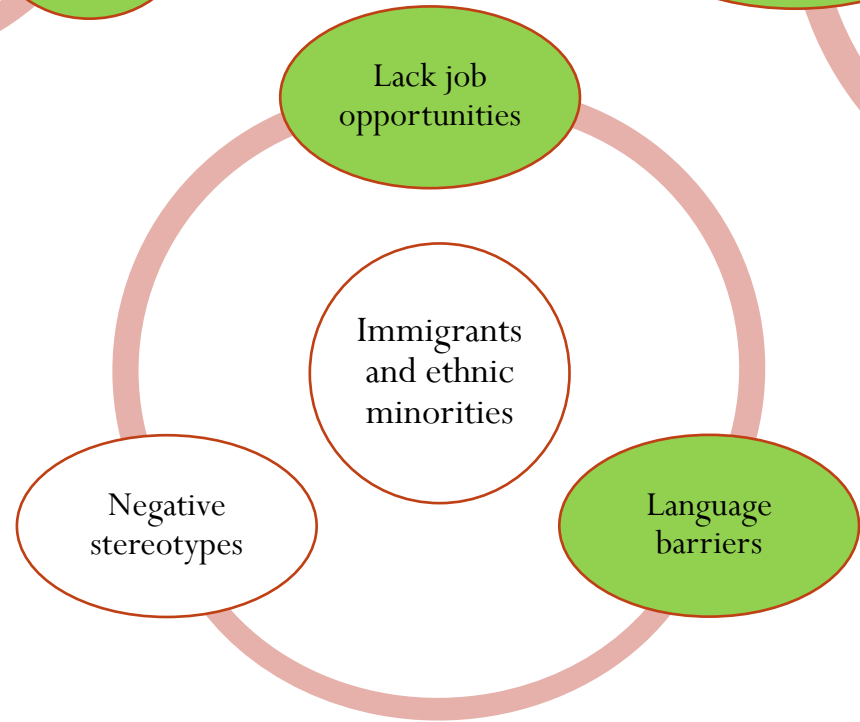
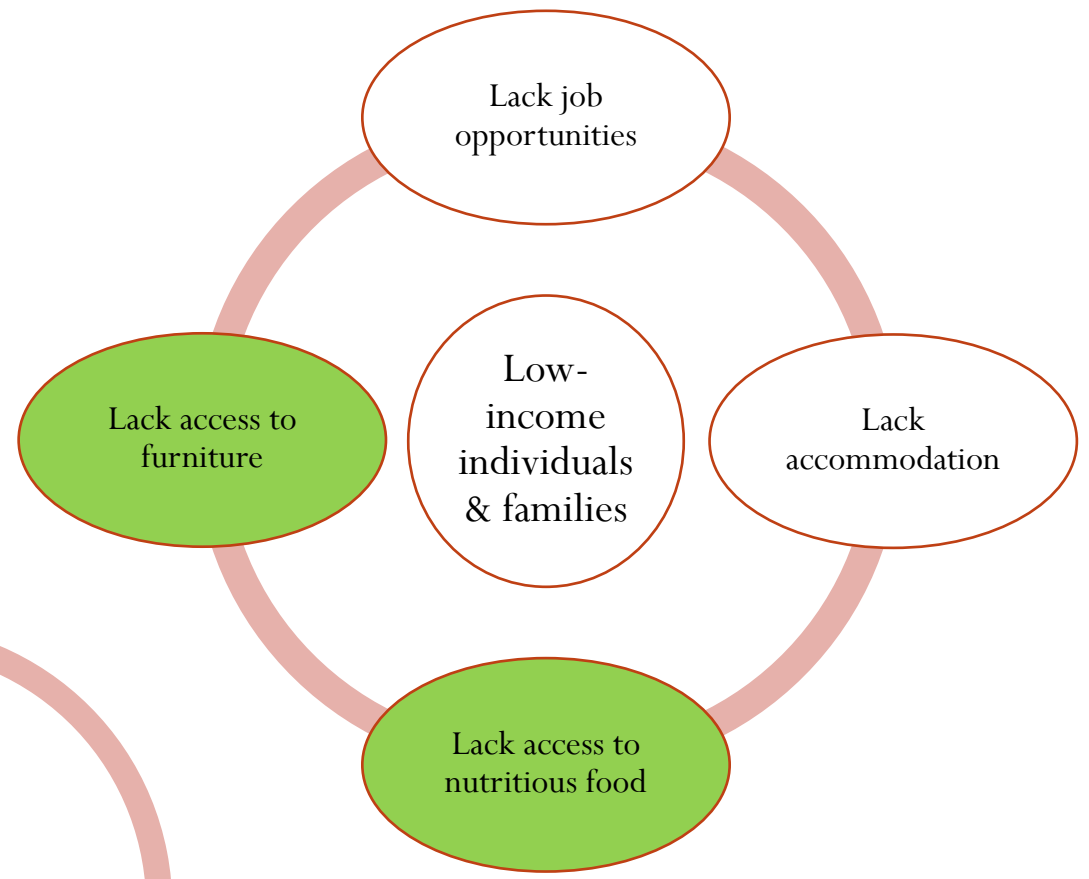
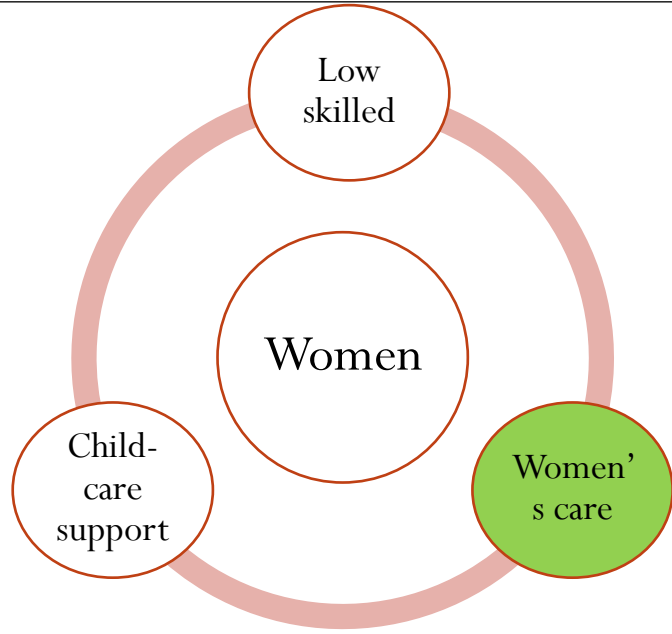


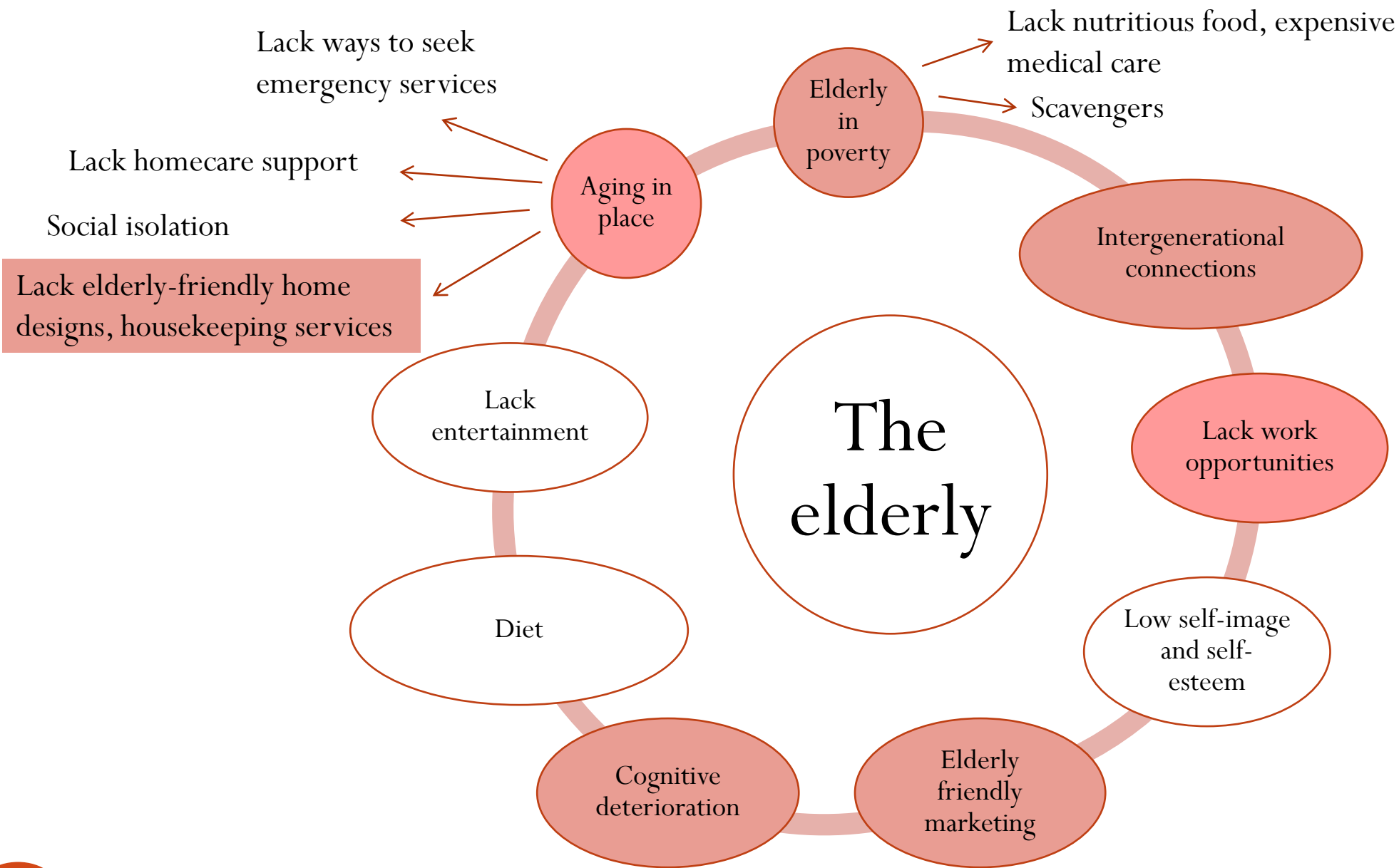


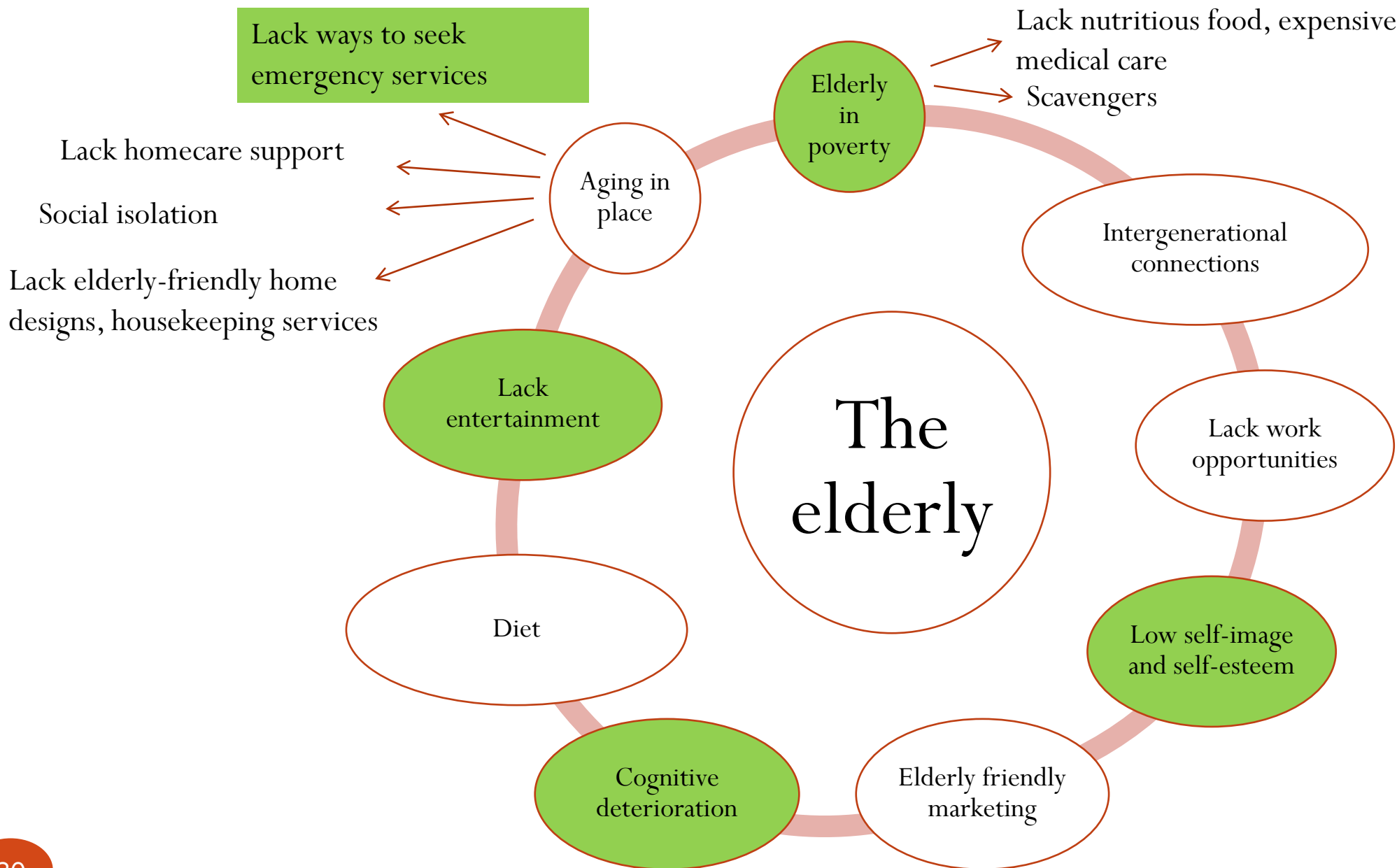












# Discussion on gaps and opportunities

- For PWDs
  - Many that worked on inclusive design products survived;
  - WISE didn't survive;
- For community and healthcare
  - Those aiming at the mobilization of community resources for those in need survived;
  - But a low survival rate was found among those aiming at creating community marketplaces;
  - There were many working on solutions to enable people with chronic conditions to better manage pain and medicine; however, the survival rate was low;
- For children and youth
  - There were many working to provide alternative learning methods, STEM opportunities and tutoring and resources for kids in poverty; however, the survival rate was low;

# Gaps and opportunities (Cont.)

- For low-income and marginalized groups
  - Again, mobilization of community resources for those in need were more likely to survive;
  - A very low survival rate of WISEs;
- For the elderly
  - Despite the strong discourse on active aging and aging in place, many that working on solutions to provide job opportunities for the elderly failed to survive;
  - Moreover, it seems that many working on solutions for aging in place also failed to survive;
  - A lack of elderly-friendly marketing solutions;



What could we do to address these gaps?

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Thank you!