

## **Financial Secretary speaks at Conference on Social Enterprise (English only)**

### **Helping the Poor with a New Approach**

Distinguished guests, Ladies and gentlemen, good morning.

As chairman of the Commission on Poverty, I am very pleased to see such a distinguished and unique gathering of business, NGOs, academics and policy makers today, all sharing a common purpose to find out more about social enterprise and its potentials in helping the disadvantaged in our community.

I note there is a very rich programme for the remainder of the day, but I would like to take just a few moments to share with you the three key objectives of today's conference -

- (i) enhancing community understanding on what social enterprise is and how it helps the poor and the disadvantaged in the community;
- (ii) showcasing success stories; and
- (iii) charting the way forward.

(I) Enhancing community understanding on what social enterprise is and how it helps the poor and the disadvantaged in the community

I note that the Harvard Business School, where one of our speakers this afternoon comes from, started the "Social Enterprise Initiative" back in the early 1990s. The U.K. has also been very active in promoting social enterprise in recent years, likewise in many other EU countries. But perhaps Mrs. Margaret Elliot, another speaker later this morning, would tell you "social enterprises" have been there at least since the 1970s, although they might not be named so then.

In Hong Kong, we have our own share of dynamic social enterprises operating around us, providing personal care services for the disadvantaged, helping work integration of the disabled and other marginalised groups. These operations have made significant contributions to helping the disadvantaged, yet they are rather "hidden" under different guises, and the concept of "social enterprise" is not very well known nor understood in Hong Kong. Enhancing community understanding would be the first step towards promoting its further growth.

So what is "social enterprise"? While there is no common definition, I think it is, first

and foremost, a business. Like any other business firms, meeting the bottom-line is key to survival. Although maximising the bottom-line is not the goal, for a business to be sustainable, it is an important concept. What distinguishes it from normal business is that profit maximization is not an end by itself, but the pursuit of social goals. These goals can include environmental protection and inclusion of the socially and economically challenged.

Some suggest the Government should define social enterprise or invent a new legal form like the Community Interest Companies in the U.K. I think it is premature for Hong Kong to adopt an official definition. What we are promoting is not a specific legal form, but a new approach in using business and innovative strategies to achieve social purposes beyond the conventional governmental, welfare-based or purely business-driven solutions.

Enhancing community understanding on such a new approach is hard, but explaining how the concept relates to poverty is even harder. There has been no lack of public debates in Hong Kong on the definition of poverty and the right strategies in combating poverty. As Chairman of the Commission on Poverty, however, I note that there is in fact a very strong community consensus on the broad direction. For those in the working age, there is nothing better and more sustainable than getting and keeping them employed and becoming self-reliant. Welfare should be temporary relief only and should not be a long term solution.

With the Government's continued effort in promoting economic growth and employment opportunities, I am pleased to see that there have been continued improvements in the unemployment situation. However, some remain unemployed. Most of them have little education and few skills. From my visits to some of the social enterprises operating in Hong Kong, I can appreciate some of the "difficult-to-employ" persons need more than just a job vacancy – they need an environment which provides them with empathy and support to adjust to work, yet a real working environment to help them develop skill sets and work habits that the market values.

Work integration of the marginalised groups, such as the disabled, ex-offenders, displaced workers and unemployed youths, is but one of the benefits of social enterprise. From a business perspective, social enterprises have a valuable niche too. Their people-oriented and mission-driven nature positions them very well for the delivery of services with a heavy inter-personal flavour which can only be done well

with a dosage of the heart not quantifiable in money terms. These include, for example, high quality personal care services, local community development, childcare, household waste management, etc.

## (II) Showcasing Success Stories

Coming from the business sector, I know how hard it is to start and run a business, not to mention a business that takes care of the needs of the disadvantaged at the same time. And conventionally, business is business and charity is charity. And I had a very interesting discussion this morning on how to move business from just writing a cheque to actually participating and contributing to the process. I would therefore not blame anyone in the audience who are sceptical about the feasibility of marrying the two to help the "difficult-to-employ". Or, in other words, how to get off the mentality of just writing a cheque, although we do thank you for it.

That is, until you have a chance to see it for yourself. My own experience with some of the dynamic social enterprises operating in Hong Kong has convinced me that adopting a new approach to assisting the poor and the unemployed is possible, and it will bear fruitful results. We have also invited a number of overseas speakers to share with us on what is possible, and to inspire us with their passion, commitment and energy steering some of the successful social enterprises in other places. I hope they will share with us some of the failed as well the successful ones because we can sometimes learn perhaps even more from the ones that failed.

## (III) Charting the Way Forward

Ideas are drivers of change. At the end of the Conference, you will notice the importance of partnerships among business/NGOs/academia and government behind the success stories of social enterprises. I hope today's conference will provide you with ideas to excite thoughts on the role of business, NGOs, academia and policy makers in promoting social enterprise in Hong Kong.

On the part of the Government, we need to consider carefully the policy positioning of social enterprise in Hong Kong. While social enterprise helps deliver social purposes, viewing it as a welfare policy may be counter-productive to foster its growth as a viable business incorporating critical success factors such as effective and innovative leadership, sound management, sensitivity to market changes and prudent budget control. In the meantime, as announced in the Budget this February, the

Government is proceeding on a number of fronts to encourage a more facilitating environment for social enterprises to grow, including removing barriers, encouraging training, and providing essential start-up funding and business support to social enterprises. In other words, it is not just writing a cheque, it not just giving out money, but rather facilitating and fostering the whole process.

Like encouraging successful business start-ups, we need to realise that social enterprises take time to grow, and many of them may fail in the process. Nevertheless, I believe it offers a good approach for the future, and one that certainly deserves the attention of policy makers, businesses, NGOs and those who share the zeal and the spirit to help the disadvantaged and to promote sustainable development. Compared with other places, social enterprise is at its infancy in Hong Kong. But that also means that we have huge development potential.

Concluding remarks

Finally, may I wish you all an enjoyable day, and hopefully by the end of the Conference there will be more people -

- \* who understand what social enterprise is, and its potentials in helping the poor and the disadvantaged;

- \* who are impressed by the success stories and become interested in starting up social enterprises and using innovative business solutions to help the poor in Hong Kong; and

- \* who treasure social enterprises and will consider ways to partner with them in helping the poor.

Thank you.