

ARNOVA Conference 2012

Towards an Institutional Framework for New Philanthropy in Hong Kong: Policy Agenda Implications

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Two Observations

- Despite a long history of generosity and philanthropy in Hong Kong, social problems still persist
- In response, Hong Kong philanthropists began to invest in social enterprises, believing it to be a more sustainable solution
 - However, the success rate has been low, with many SEs struggling to survive



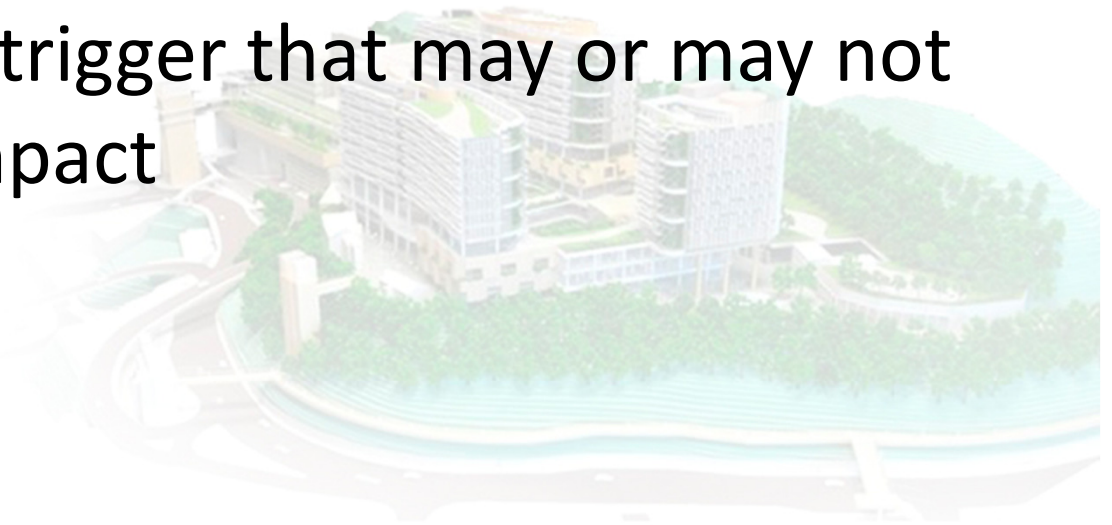
Rethinking Philanthropic Vehicles

- Current discussion around why SEs have failed focuses on how these could be run more like commercial businesses
- We suggest turning the discussion back to the basics:
 1. What is philanthropy?
 2. What are those considerations that need to be made when determining how to do good?



Philanthropy as Collective Action

- Philanthropy is more than just about money
- It is a pooling of resources for public good
- There is always a public character; philanthropy is a trigger that may or may not produce social impact



IAD Framework

- These collective action issues can take various forms
- Philanthropists must make a set of provision and production decisions, taking into account the collective action concerns
- These decisions underline the choice of philanthropic vehicle – how to position and design the vehicle to maximize impact



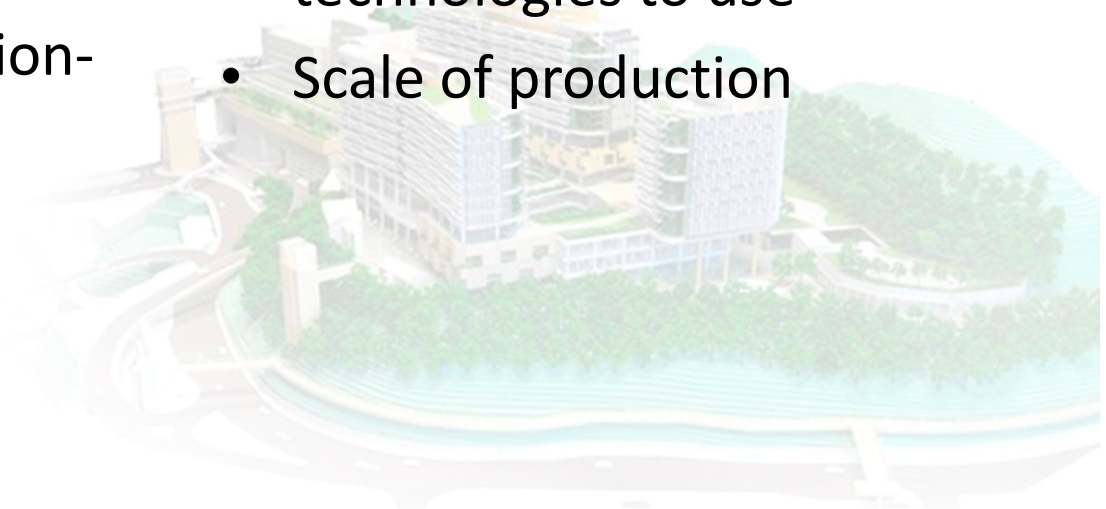
Provision and Production Arrangements

Provision

- Degree of involvement
- Scope of endeavor
- Types of resources
- Degree of inclusiveness
- Mechanisms for decision-making
- Mechanisms for monitoring and evaluating

Production

- Choice of products and/or services
- The choice of which technologies to use
- Scale of production



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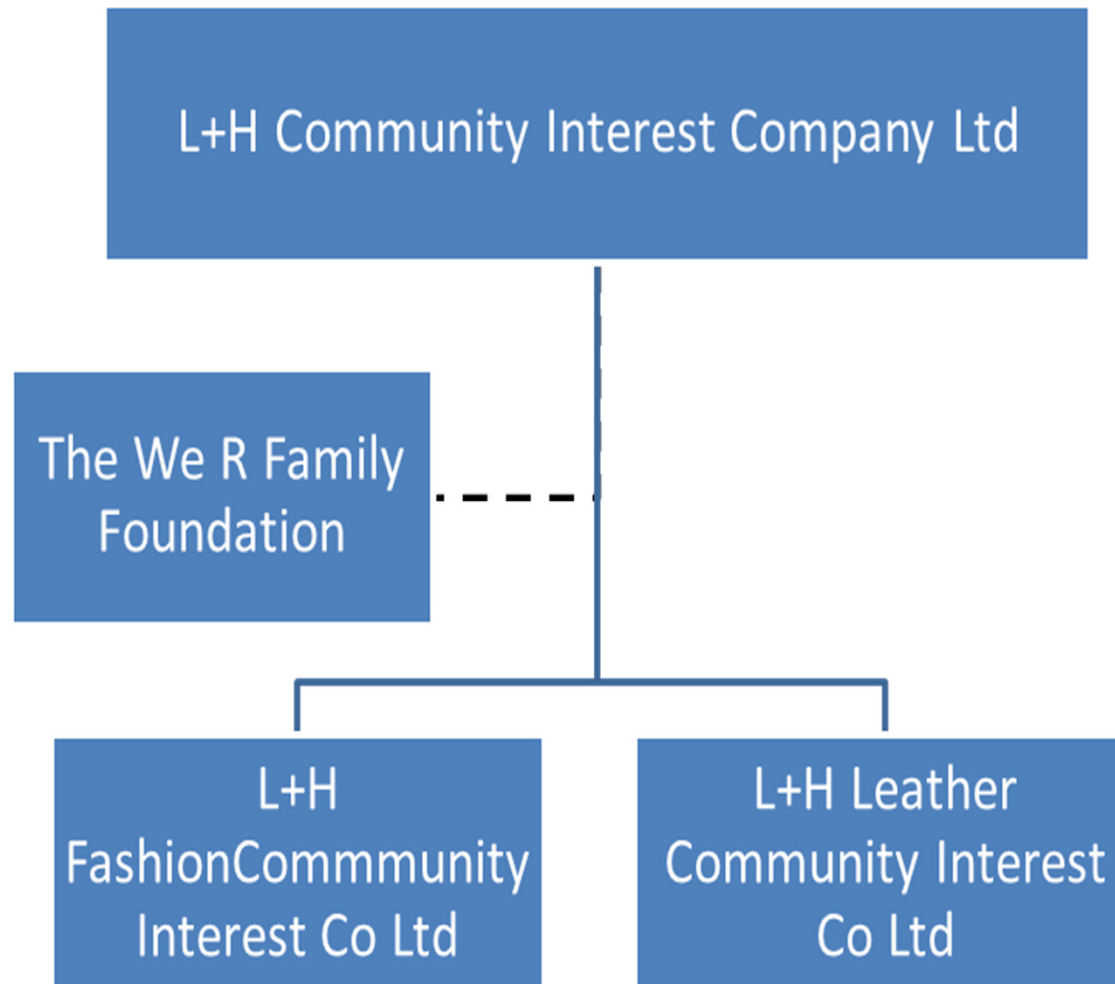
Case of L+H CIC Ltd.

- Philanthropist leveraging personal resources for public good
- Charles Chong had a vision:
 - Diversify the ecology of HK's economy
 - Revive the “Made in Hong Kong” label
 - Work with the community, for the community
- Looked into social enterprises but settled on the UK's framework for a community interest company (CIC), founded L+H CIC Ltd. in 2009



Provision decisions	L+H CIC Ltd.
Philanthropist's degree of involvement	Personal involvement through setting up an organization
Scope of endeavor	Create employment, rebuild worker dignity; educate underprivileged children; broaden horizons for underprivileged and those looking to make change. At institutional level, holding structure with different operations at the implementation level
Resources required	Funding, experts, social network, managers or leaders who can balance social and financial returns
Degree of inclusiveness	Creation of an inclusive platform to attract philanthropists, investors, and individuals who want to be involved at different levels
Decision-making and conflict resolution mechanisms	Consensual
Monitoring mission effectiveness mechanisms	Informal stakeholder feedback
Production decisions	L+H CIC Ltd.
Choice of products or services to be produced	Production of knitwear; 333 education program; public education talks
Scale of production	For each product, by an operation of which the scale is aligned to the task
Choice of production technologies	Heavily involves stakeholders at each level of operation, such as teachers for education, knitwear experts etc.

Structure of L+H CIC Ltd.



Collective Action at L+H CIC Ltd.

- Emphasis on a collaborative platform
- Alignment of mental models amongst leadership
- Regulations of CIC written into M&A
- Mutual compliance over rules-in-use at Board level
- Adaptation of flexible institutional structure through CIC



Policy Implications

- Current state of philanthropy in Hong Kong has made little impact on socio-economic discrepancies
- Need to rethink how we can do philanthropy better and pay attention to various kinds of collective action
- Focus on developing effective institutional vehicles and include all actors in the public policy discourse



Questions?



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