

**Enhancing the Competitiveness and Sustainability of Social  
Enterprises in Hong Kong:  
A Three-Dimensional Analysis**

提升香港社會企業的競爭力：三維剖析

**Research Report**

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## Executive Summary

Social enterprises (SEs) are characterized by their dual objectives of achieving social missions and economic sustainability as a business enterprise. With the active promotion of the Hong Kong SAR Government and the social service sector, the number of SEs in Hong Kong has increased significantly in the past decade. However, many SEs failed after a few years of operations or are struggling for survival after the funding period. This study aims at addressing the challenge of enhancing the competitiveness and sustainability of Hong Kong SEs using a three-dimensional analysis. Specifically, this study focuses on the impacts of three key dimensions of social entrepreneurship on the SE's profitability, business planning and management. The three dimensions of SEs are namely (1) investment objectives and financial performance; (2) major funding sources; and (3) governance structure.

Through in-depth interviews with 22 social enterprises in different fields, we find that (1) SEs with dual investment objectives of social mission and financial return are more sustainable and competitive than SEs with the only investment objective of social impact; (2) High-profitability SEs are more likely to aim at either '*self-sufficiency*' or '*profitability*' as their financial goal and to adopt more rigorous business and financial management than low-profitability SEs; (3) Private-funding SEs had the poorer record of profitability out of the three groups. Government-funding SEs had the lowest scores in financial planning and management while NGO-funding SEs had the most comprehensive business start-up plans; (4) Non-owner-manager SEs performed better in terms of profitability than owner-manager SEs. Non-owner-managers SEs also had a more detailed budget and were more sophisticated in their financial planning and management; and (5) SEs with an overseeing/advising committee were more competitive and adopted better management practices than SEs without an overseeing/advising committee.

Based on the research findings, we have the following recommendations for various stakeholders including existing/new SEs, government, funding bodies and NGOs to enhance the competitiveness and sustainability of the SE sector in Hong Kong.

- (1) SEs should embrace realistic and sustainable dual investment objectives and should manage and run their enterprises from a sustainability point of view.
- (2) SEs should prepare quarterly, if not monthly, cash flow and profit and loss forecasts, evaluate the operating performance with the forecasts and revise business plan and forecasts accordingly. When applying for government funding, SEs should profile customers and competitors in the business plans, include capital expenditure and associated depreciation expenses in the financial statements.
- (3) SEs should establish an overseeing/advising committee with at least 3 members, at least one from sales and marketing, one from accounting/finance and one from the expertise in the related industry. The government should expand their effort by actively recruiting retired professionals and to consolidate a pool of experts as potential mentors/consultants to all SEs including private-funded SEs.
- (4) The government should consider a new funding scheme to provide one-off funding support for start-up capital expenditure to competitive private SEs. The assessment panel for government funding schemes should be expanded to include at least members with expertise in sales and marketing, accounting and finance and also related businesses

# 1. Introduction

## 1.1. Background of the Study

“Social enterprise” is a hybrid organization mixing non-profit and for-profit elements, conducting business activities to generate profit in order to finance a social, educational, cultural, religious, or charitable cause. It is essential that an SE can generate profit and return, so to invest in social activities or support a social cause.<sup>1</sup>

The Hong Kong SAR Government and social service sector have been actively promoting the development of social enterprises with entrepreneurial thinking and innovative approaches, to enable the socially disadvantaged to be self-reliant through employment, and to meet the needs of various community groups. The social enterprise (SE) sector in Hong Kong has grown rapidly over the past 10 years. According to the Hong Kong Council of Social Service - Social Enterprise Business Centre, the number of SEs significantly increased from 222 in 2008<sup>2</sup> to 654 in 2017<sup>3</sup>. A total of 301 organizations carried out SE projects, with 147 of them possessing charitable status. SEs generate substantial social value and jobs for the socially disadvantaged in the community. SEs are also important to advance social entrepreneurship and mobilize social innovation.

However, many SEs with important social missions have failed after a few years or are struggling to survive. The findings of Fullness Social Enterprises Society Report (2015) provide a glimpse into SE sustainability. The Report shows that only 19% of SEs were able to achieve break-even or profit by the end of their second year in operation. The percentage of profitable SEs by the end of the fifth year increased to 53%. This improvement is encouraging, but also points out a harsh reality that many SEs suffer losses in their operations. The 2015 Report also shows that 23% of SEs ceased operations within 5 years and the non-survival rate increased to 55% within 10 years.

As part of the transformation from mainly relying upon government funding for achieving social missions to being sustainable SEs, SEs are now facing not only the challenge of achieving social missions but also economic sustainability. There is an increasing demand from SE practitioners, the government and other stakeholders for a better understanding of what causes the success and failure of SEs in Hong Kong.

For SEs that would like to obtain government funding support<sup>4</sup> or private green/social investment funds, they need to demonstrate that they are sustainable and self-financing ventures, by generating revenue mainly from the provision of services or products. The reality is that running a successful SE is more difficult than running a small and medium-sized enterprise. The difficulty lies in the special nature of SEs whose primary objective is to create social value, but must simultaneously be able to create economic value in order to

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<sup>1</sup> [https://ebrary.net/8682/business\\_finance/social\\_enterprise\\_financial\\_sustainability](https://ebrary.net/8682/business_finance/social_enterprise_financial_sustainability)

<sup>2</sup> [http://www.hkcss.org.hk/uploadfileMgnt/0\\_2014116151119.pdf](http://www.hkcss.org.hk/uploadfileMgnt/0_2014116151119.pdf)

<sup>3</sup> [https://socialenterprise.org.hk/zh-](https://socialenterprise.org.hk/zh-hant/content/%E3%80%8A%E7%A4%BE%E4%BC%81%E6%8C%87%E5%8D%972018%E3%80%8B%E7%B6%93%E5%B7%B2%E6%8E%A8%E5%87%BA)

[hant/content/%E3%80%8A%E7%A4%BE%E4%BC%81%E6%8C%87%E5%8D%972018%E3%80%8B%E7%B6%93%E5%B7%B2%E6%8E%A8%E5%87%BA](https://socialenterprise.org.hk/zh-hant/content/%E3%80%8A%E7%A4%BE%E4%BC%81%E6%8C%87%E5%8D%972018%E3%80%8B%E7%B6%93%E5%B7%B2%E6%8E%A8%E5%87%BA)

<sup>4</sup> There are 7 major government funds of the SEs, including the Enhancing Self-Reliance Through District Partnership Programme, funded by the Home Affairs Department, Enhancing Employment of People with Disabilities through Small Enterprise, funded by the Social Welfare Department, and Social Innovation and Entrepreneurship Development Fund, funded by the Efficient Unit.

be viable and sustainable. Ideally, SEs should generate profits to support future growth and expansion so as to enlarge its social and economic value. Thus, being competitive and sustainable is essential for SEs to achieve a more significant and long-lasting social impact. Otherwise, the role of SEs will be severely diminished to acting as social welfare agencies.

Motivated by the need to better understand what contributes to enhancing the sustainability and competitiveness of SE operations, this Study focuses on evaluating the impact of three key dimensions of social entrepreneurship on SE profitability, business planning and management. The three dimensions of social entrepreneurship are namely (1) investment objectives (*a mixture of social impact and financial returns versus only for social impact*) and financial performance; (2) major funding sources (*government funding, NGO funding OR private funding*); and (3) governance structure (*owner-managers versus non-owner managers; with or without overseeing committee*).

The Audit Report of “Promoting the development of social enterprises” by the Audit Commission in 2014<sup>5</sup> pointed out that there is a need for an overall strategy and policy to support the development of SEs in Hong Kong. The Audit Commission’s Report also highlighted that the Hong Kong Government paid less attention to treating SEs as businesses with social objectives. On the contrary, the government has more focused on the aspect of providing jobs for the socially disadvantaged. The roles of government and policy makers are crucial for the development of the SE sector in Hong Kong. We believe that in addition to providing funding to selected SEs, the government is particularly instrumental to promoting better corporate governance as well as good practices of financial and operational management, in order to enhance the sustainability and competitiveness of SEs. In the last section of this report, we will discuss policy implications and make recommendations for promoting the sustainability of SEs in Hong Kong.

The research team of this Study consists of academic researchers from the Department of Accountancy and the Department of Public Policy, City University of Hong Kong and a senior consultant of the Hong Kong Council of Social Services (HKCSS) – Social Enterprise Business Centre. The composition of our research team demonstrates a collaborative effort in promoting the SE sector in Hong Kong.

## ***1.2. Objectives and Contributions***

This Study seeks to achieve the following objectives:

1. Examine how investment objectives, funding sources and governance structure affect the profitability of SEs and their business and financial management practices;
2. Based on the findings in (1), identify key factors potentially contributing to the sustainable development of SEs.
3. Provide policy implications and recommendations for the development of the SE sector in Hong Kong

This project makes several contributions. First, many SEs express difficulties in achieving their dual objectives of social mission and commercial sustainability, and call for guidance

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<sup>5</sup> [https://www.aud.gov.hk/pdf\\_e/e62ch07.pdf](https://www.aud.gov.hk/pdf_e/e62ch07.pdf)

in managing SEs. The findings of this project will facilitate SEs to better manage their enterprises and achieve a balance of social objectives and sustainability. Second, our report will guide *new* SEs by directing their attention and efforts when planning their operations and strategies, and facilitate *existing* SEs in reviewing their operations, revising their business strategies, and in improving their management practices. Third, our findings and recommendations will provide valuable input to policy makers (e.g., government departments/units and HKCSS) and SE funding decision makers in (i) *identifying* and *allocating* limited funding resources to applicants with potential to be successful and sustainable, and (ii) establishing a pool of experts to serve as members of an overseeing/advisory committee for both government-funding and non-government-funding SEs. Finally, our report will be useful for investors when selecting target SE projects, as well as facilitate shareholders in making appropriate shareholders' decisions.

## **2. Methodology**

We first reviewed the SE literature and held discussions with key players in the SE sector for input on potential key factors for running sustainable and competitive SEs. This formed the core part of our checklist of questions in the interview questionnaire. We consolidated this input to develop an interview questionnaire with 43 questions covering four major sections, namely (a) ownership, funding and governance structure as well as profitability; (b) financial management practices; (c) business planning and operations; and (d) employment. We conducted a pilot interview with an SE in December 2017 to improve the design and wording of the questionnaire. The interview questionnaire in English and Chinese is enclosed in Appendix A.

Regarding sample selection, we first obtained a full list of SEs in Hong Kong from the Social Enterprise Business Centre. We then focus on SEs which have been registered in the Social Enterprise Directory for not less than five years. There were a total number of 445 SEs in 11 categories:

1. Art and Culture
2. Care Service
3. Corporate Service and Business Support
4. Eco Living
5. Education and Training
6. Food and Beverage
7. Health Care and Fitness
8. Home
9. Lifestyle
10. Personal Care
11. Transportation

There are less than 15 SEs listed in the categories of Home, Personal Care and Transportation. In order to minimize sampling bias, SEs listed in the above three categories were eliminated, resulting in 417 SEs being included within the target SE population. Two rounds of invitation letters were sent out to invite SEs to participate in this Study.

In the first round, 80 SEs were selected by the proportional allocation of stratified random sampling from the population. We sent out invitation letters both by post and email to the 80 SEs in November, 2017, followed by telephone calls and/or email. We received 15 positive replies in the first round, with details as follows:

<b>Category</b>	<b>Number of SEs In population</b>	<b>Number of SE invited</b>	<b>Number of SEs replied</b>
Art and Culture	33	6	0
Care Service	27	5	0
Corporate Service and Business Support	31	6	0
Eco Living	50	10	2
Education and Training	38	7	1
Food and Beverage	83	16	7
Health Care and Fitness	79	15	2
Lifestyle	76	15	3
Total	417	80	15

To increase the number of participating SEs, a second round of invitations were sent out in February, 2018. Another 50 SEs were selected from 8 categories by the proportional allocation of stratified random sampling and 8 SEs agreed to participate in our interviews. The details are as follows:

<b>Category</b>	<b>Number of SEs in population</b>	<b>Number of SEs invited</b>	<b>Number of SEs replied</b>
Art and Culture	33	4	0
Care Service	27	3	0
Corporate Service and Business Support	31	4	0
Eco Living	50	5	0
Education and Training	38	4	2
Food and Beverage	83	10	2
Health Care and Fitness	79	10	2
Lifestyle	76	10	2
Total	417	50	8

Two rounds of invitations resulted in 23 SEs agreeing to participate in the Study. However, one SE eventually rejected our interview because the key manager was too busy. As a result,

the sample for the analysis in this Study consists of a total of 22 SEs. In-depth interviews based on the questionnaire were conducted with the owner/founder or key manager of each selected SE during the period from December 2017 to April 2018. Each interview generally lasted for 1 – 1.5 hours. Clarification questions were asked if responses were ambiguous.

### 3. Research Findings

#### 3.1. Descriptive Statistics of Sample SEs

The sample SEs in this Study mainly operated in *retail* businesses (45%), *catering* businesses (23%), and *workshops* (14%). In terms of main funding source, 41% of SEs relied on private funding, 32% on funding support from non-governmental organizations (NGOs) and 27% on government funding.

What were the investment objectives and financial goals of SEs participating in this Study? 55% of SEs aimed at dual investment objectives, i.e. a mixture of social impact and financial return whereas the remaining 45% of SEs revealed social impact to be their sole investment objective. In terms of financial goals, only less than one third of the sample SEs (32%) rated ‘*profitability*’ (business revenues should exceed expenses) as their financial target. Nearly half of the SEs (45%) aimed at ‘*self-sufficiency*’ (business revenue should cover expenses) as the financial goal, indicating that they are satisfied as long as their SE was not making a loss. Another 23% of SEs accepted losses and their financial goal was ‘*contribution*’ (business revenue cover part of costs). Collectively, the data show that Hong Kong SEs are in general not yet embracing the importance of financial sustainability, nor the notion of “social enterprise” as being a for-profit business, i.e. to primarily work to generate profit which is to be reinvested in not-for-profit activities.

In terms of profitability, 27% of SEs never made any profit at all in any single year over the past 5 years (no profitability), 41% of SEs generated profit during 1 to 3 years out of the past 5 years (moderate profitability), about one third of SEs (32%) recorded profit in at least 4 years out of the past 5 years (high profitability).

Regarding ownership and governance, the majority (64%) of SEs were run by a non-owner manager. In the remaining 36% of SEs, the owner also served as the key manager. 45% of SEs had established an overseeing/advisory committee. 55% of SEs did not have such a committee.

For details of key descriptive statistics, see Tables 1 and 2.

Table 1. Descriptive Statistics of Sample Social Enterprises

<b>Industry</b>	<b>Retail</b>	<b>Catering</b>	<b>Workshop</b>	<b>Eco Tour</b>	<b>Health Care</b>
	45%	23%	14%	9%	9%
<b>Funding source</b>					
	<b>Private Funding</b>	<b>Non-Governmental Organization</b>		<b>Government</b>	
	41%	32%		27%	

<b>Investment objectives</b>	<b>A mixture of Social Impact and Financial Returns</b>	<b>Only for social impact</b>	
	55%	45%	
<b>Financial goal</b>	<b>Self-Sufficiency</b>	<b>Profitability</b>	<b>Contribution</b>
	45%	32%	23%

Table 2. Descriptive Statistics of Sample Social Enterprises

<b>Number of profitable years</b>	<b>Low profitability year (no profitable year)</b>	<b>Moderate Profitability (1-3 years)</b>	<b>High Profitability (4-5 years)</b>
	27%	41%	32%
<b>Ownership</b>	<b>Non-owner manager</b>	<b>Owner manager</b>	
	46%	36%	
<b>Governance</b>	<b>Without overseeing committee</b>	<b>With overseeing committee</b>	
	55%	45%	

### 3.2. Major Findings

We present our major research findings on what potentially enhances the sustainability and competitiveness of SEs in Hong Kong from three perspectives: (1) investment objectives and financial performance; (2) major funding sources; and (3) governance structure.

#### 3.2.1 From Investment Objectives and Financial Performance Perspective

##### Investment objectives ('dual objectives' versus 'solely for social impact')

The findings are reported in Table 3, which shows that SEs with a mixture of social impact and financial return (dual investment objectives), had an average of 2.75 profitable years in the last 5 years, outperforming SEs with sole objective of social impact (2.1 profitable years).

There were significant differences in the managerial aspects between dual-objective and sole-objective SEs. The results in Table 3 indicate that dual-objective SEs were better managed than sole-objective SEs. Specifically, 83% of SEs with dual objectives had a current business plan whereas only 40% of SEs with a sole objective had an up-to-date business plan. Also, dual-objective SEs had a more detailed financial budget, were more likely to set up a supply chain for their product/service and demonstrated innovative concepts in their business start-up plans (e.g., a new business idea or model that has market potential).

Table 3. Investment objectives ('dual objectives' versus 'solely for social impact')

<b>Investment objectives</b>	<b>Only for social impact</b>	<b>A mixture of social impact and financial returns</b>
How many profitable years in the last 5 years?	<b>2.10</b>	<b>2.75</b>
Is there any Committee overseeing the day-to-day operation? <sup>1</sup>	<b>0.20</b>	<b>0.67</b>
Did you have a detailed budget including capital expenditure and operating expenditure of start-up costs? <sup>2</sup>	<b>0.70</b>	<b>1.17</b>
Cut costs is the most preferred option when the actual performance is lower than the planned one. <sup>3</sup>	<b>2.70</b>	2.17
Revise business strategies is the most preferred option when the actual performance is lower than the planned one. <sup>3</sup>	2.60	<b>3.00</b>
Set up a supply chain for product and service in business start-up plan. <sup>1</sup>	<b>0.30</b>	<b>0.58</b>
Demonstrate innovative concept (a new business idea/model that has market potential). <sup>1</sup>	0.50	0.67
Do you have a business plan currently? <sup>1</sup>	<b>0.40</b>	<b>0.83</b>
Two most important items discussed in the management meeting: <sup>1</sup>		
• Profit and loss	<b>0.20</b>	<b>0.42</b>
• Business review	<b>0.60</b>	<b>0.83</b>
• Employee issues	<b>0.60</b>	<b>0.25</b>
Key manager's possessed skill: <sup>1</sup>		
• Business management	<b>0.40</b>	<b>0.83</b>
• Financial planning and management	0.50	0.67
• Sales and marketing	<b>0.50</b>	<b>0.75</b>
• Product/service knowledge	<b>0.40</b>	<b>0.75</b>
• Social Impact Assessment	<b>0.50</b>	<b>0.33</b>
• Management in NPO	<b>0.50</b>	<b>0.33</b>
Key operating risks: <sup>4</sup>		
• Lack of manpower	4.50	5.67
• Surging production costs	<b>5.10</b>	4.42
• Resignation of key manager(s)	<b>4.80</b>	<b>3.25</b>

<sup>1</sup> Yes=1; no=0

<sup>2</sup> No budget = 0; yearly budget = 1; quarterly/monthly budget =2

<sup>3</sup> Most preferred = 4; least preferred = 1

<sup>4</sup> Highest risk =7; lowest risk =1

When actual performance was below expectation, dual-objective SEs chose ‘*revise business strategy*’ as the most preferred response, whereas sole-objective SEs selected ‘*cut costs*’ as the most preferred action. In management meetings, in addition to ‘*business review*’, dual-objective SEs considered the discussion of ‘*profit and loss*’ as the most important item, but sole-objective SEs had a greater tendency to discuss ‘*employee issues*’.

In terms of skill sets the key manager possessed, key managers in SEs with dual objectives possessed skill and experience in business management (83%), sales and marketing (75%), and product/service knowledge (75%). The percentage of key managers possessing such skill sets in sole-objective SEs were much lower (between 40-50%). Instead, SEs with a sole objective had more experience in social impact assessment and in managing NGOs. Finally, dual-objective SEs had a greater tendency (67%) to establish a committee to oversee or advise upon their business operations. Only 20% of SEs with a sole objective had such a committee.

Overall, the findings suggest that SEs with a combination of social impact and financial return as dual investment objectives are more sustainable and competitive than SEs with social impact as the only investment objective.

### **Financial performance**

We divided the sample SEs into three performance groups: low profitability (no profit at all in the last 5 years), moderate profitability (1 to 3 years of profits in the last 5 years), and high profitability (at least 4 profitable years in the last 5 years). The comparison of various attributes of business management among these three groups is reported in Table 4.

Table 4. Financial performance

<b>Financial Performance</b>	<b>Low profitability</b>	<b>Moderate profitability</b>	<b>High profitability</b>
What are your investment objectives? <sup>1</sup>	0.50	0.44	<b>0.71</b>
The frequency of			
• profit and loss forecast <sup>2</sup>	1.67	1.22	<b>1.00</b>
• cash flow forecast <sup>2</sup>	1.17	0.67	<b>1.29</b>
Do you use budget to measure business performance? <sup>3</sup>	1.33	1.22	<b>1.57</b>
What is your financial goal? <sup>4</sup>			

• Self-Sufficiency	<b>0.17</b>	0.56	<b>0.57</b>
• Profitability	0.33	0.33	0.29
• Contribution	<b>0.50</b>	0.11	<b>0.14</b>
Profiling competitors in business start-up plan <sup>4</sup>	<b>0.17</b>	0.56	<b>0.71</b>
Do you have a business plan currently? <sup>4</sup>	<b>0.50</b>	0.67	<b>0.71</b>
The most significant operating risks in managing the business	1. Surging production costs	1. Resignation of key managers	1. Lack of manpower
	2. Lack of capital	2. Lack of manpower	2. Sales are lower than expected
	3. Sales are lower than expected	3. Sales are lower than expected	3. Surging production costs
<sup>1</sup> Social objective only =0; dual objectives = 1 <sup>2</sup> No forecast = 0; yearly forecast = 1; quarterly/monthly forecast = 2 <sup>3</sup> No use = 0; use of yearly budget to measure performance =1; use of quarterly/monthly budget to measure performance = 2 <sup>4</sup> Yes = 1; no = 0			

In what aspects do high-profitability SEs (HPSEs) differ from no-profitability SEs (NPSEs)? 86% of high-profitability SEs aimed at either ‘*self-sufficiency*’ or ‘*profitability*’ as their financial goal. In contrast, 50% of no-profitability SEs considered ‘*contribution*’ (business revenues cover part of costs) as their financial goal.

HPSEs adopted more rigorous business and financial management. Over 70% of HPSEs had a business plan, and were more likely to use budgeting to measure business performance than NPSEs. Also, HPSEs produced cash flow forecasts more frequently compared to NPSEs. In terms of their business start-up plan, 71% of HPSEs profiled their competitors whereas only 17% of NPSEs had examined the profiles of their competitors. Overall, the evidence suggests that (i) *a comprehensive start-up plan*; (ii) *continuing business planning and review*; and (iii) *good financial planning and management* are essential to enhancing the sustainability and competitiveness of SEs.

Regarding risks perceived as significant in operating SEs, HPSEs considered ‘*lack of manpower*’ as the most significant operating risk, followed by ‘*sales are lower than expected*’. By contrast, NPSEs rated ‘*surging production costs*’ as the highest operating risk, followed by ‘*lack of capital*’.

### 3.2.2 From Funding Sources Perspective

We partitioned the sample into three groups based on their major funding sources, namely NGO-funding, government-funding, and private-funding. We compared various attributes of their business and financial management and report the results in Table 5.

Table 5. Major Funding Sources

(A) Investment goal	NGO funding	Government funding	Private funding
What are your investment objectives? <sup>1</sup>	<b>0.86</b>	<b>0.33</b>	<b>0.44</b>
How many profitable years in the last 5 years?	<b>3.29</b>	<b>2.67</b>	<b>1.67</b>
What is your financial goal? <sup>2</sup>			
• Self-Sufficiency	<b>0.43</b>	<b>0.67</b>	0.33
• Profitability	0.14	0.33	<b>0.44</b>
• Contribution	<b>0.43</b>	0.00	0.22
<b>(B) Business planning</b>			
The frequency of			
• profit and loss forecast <sup>3</sup>	1.29	1.00	<b>1.44</b>
• cash flow forecast <sup>3</sup>	1.00	0.67	<b>1.22</b>
Set up supply chain for product and service <sup>2</sup>	0.71	<b>0.33</b>	<b>0.33</b>
Demonstration of innovative concept (a new business idea/model that has market potential) <sup>2</sup>	0.71	0.50	0.56
Profiling competitors <sup>2</sup>	0.71	0.50	<b>0.33</b>
<b>(C) Management</b>			
Is major owner(s) a key manager? <sup>4</sup>	<b>0.00</b>	<b>0.33</b>	<b>0.67</b>
Is there any Committee overseeing the day-to-day operation? <sup>5</sup>	<b>0.57</b>	0.50	<b>0.33</b>
<sup>1</sup> Social objective only = 0; dual objectives = 1			
<sup>2</sup> Yes = 1; No = 0			
<sup>3</sup> No forecast = 0; yearly forecast = 1; quarterly/monthly forecast = 2			
<sup>4</sup> Owner manager = 1; non-owner manager = 0			
<sup>5</sup> With overseeing committee = 1; without overseeing committee = 0			

The findings show that 86% of NGO-funding SEs had dual investment objectives, reflecting that NGOs typically expect their SE subsidiaries or units to earn profit and be self-sustainable. Indeed, NGO-funding SEs were the most profitable with an average of 3.29 profitable years in the last 5 years. Only 33% of government-funding SEs had dual investment objectives. Although a majority of government-funding SEs had a single objective of social impact, their profitability index (2.67 years) ranked second out of the three groups. It is alarming that private-funding SEs had the poorest record of profitability (1.67 years only) even though they had ranked ‘profitability’ as their first preference in terms of financial goal.

In relation to financial planning, private-funding SEs produced profit and loss forecasts and cash flow forecasts most frequently, indicating that they were managing and monitoring their financial affairs more tightly and in a timelier manner. Government-funding SEs however had the lowest scores in financial planning and management.

We find that NGO-funding SEs had more comprehensive business start-up plans than the other two groups, as manifested by much higher occurrences (71%) of (1) setting up a supply chain for their product/service; (2) demonstrating innovative concept (i.e. a new business idea or model that has market potential); and (3) profiling competitors. For government-funding and private-funding SEs, the scores of these three items are much lower.

Table 5 shows that governance structure differed among SEs funded by different sources. Specifically, 67% of private-funding SEs were run by owner managers, compared with 33% for government-funding SEs. As expected, all NGO-funding SEs were managed by professional managers. The establishment of an overseeing/advisory committee was not common in private-funding SEs (33%). Half and slightly more than half of government-funding and NGO-funding SEs respectively had an overseeing/advisory committee.

Table 6 reports the findings of what key issues were discussed in a management meeting and what SEs would do when the actual performance was below expectation. The top two most important items discussed in a management meeting were ‘*business review*’, followed by ‘*sale performance*’ in NGO-funding and government-funding SEs. However, in private-funding SEs, the primary issues discussed in a management meeting were ‘*profit and loss*’ and ‘*sale performance*’, suggesting that private-funding SEs did not regularly review their businesses in management meetings. When actual performance was below the budgeted or planned performance, all three groups of SEs selected ‘*boost sales*’ as the top choice of action. For government-funding SEs, the second choice of action was ‘*cut costs*’ whereas the other two groups selected ‘*revise business strategies*’.

Table 6. Major Funding Sources

	<b>NGO funding</b>	<b>Government funding</b>	<b>Private funding</b>
Top 2 most important items discussed in a management meeting	1. Business review	1. Business review	1. Profit and loss
	2. Sales performance, (equivalent rank with employee issues)	2. Sales performance	2. Sales performance
What do you do when the actual performance is lower than the budgeted/planned performance? (the top 3 choices)	1. Boost sales	1. Boost sales	1. Boost sales
	2. Revise business strategies	2. Cut costs	2. Revise business strategies
	3. Cut costs	3. Revise business strategies	3. Cut costs

We next evaluate the gap in skill sets possessed by key managers, by analyzing the ‘*possessed*’ (what the key managers already had) and ‘*desirable*’ (what the key managers believe to be essential to possess in managing the SEs) skill sets. Table 7 shows that key managers of NGO-funding SEs possessed stronger expertise in business disciplines (business management, financial planning and management, sales and marketing, and product/service knowledge), whereas key managers of government-funding SEs had weaker expertise in the above skill sets. For the full sample, the gap between possessed and desirable key managers’ skill sets was not obvious. The top two ‘*desirable*’ skills for key managers of NGO-funding SEs were ‘business management’ and ‘financial planning and management’. For private-funding SEs, the top ‘*desirable*’ skills were ‘sales and marketing’ and ‘product/service knowledge’. For government-funding SEs, ‘sales and marketing’, followed by ‘business management’ and ‘staff management’ were the most ‘*desirable*’ skills.

Table 7. Gap of key manager's skills

Possessed versus desirable areas of skills of key manager	NGO funding		Government funding		Private funding		Average	
	Possessed skills <sup>1</sup>	Desirable skills <sup>2</sup>	Possessed skills	Desirable skills	Possessed skills	Desirable skills	Possessed skills	Desirable skills
A. Business management	0.86	<b>5.57</b>	0.50	<b>4.50</b>	0.56	4.33	0.64	4.77
B. Financial planning and management	0.57	<b>5.00</b>	0.50	4.00	0.67	4.11	0.59	4.36
C. Sales and marketing	0.86	<b>4.86</b>	0.33	<b>5.17</b>	0.67	<b>5.89</b>	0.64	5.36
D. Product/service knowledge	0.71	3.57	0.50	4.00	0.56	<b>5.22</b>	0.59	4.36
E. Social Impact Assessment	0.29	3.29	0.67	3.33	0.33	2.89	0.41	3.14
F. Management in NPO	0.29	1.71	0.50	2.50	0.44	1.00	0.41	1.64
G. Staff Management	0.86	4.00	0.83	<b>4.50</b>	0.78	<b>4.56</b>	0.82	4.36

<sup>1</sup> Yes = 1; No = 0  
<sup>2</sup> Highest ranking score = 7; lowest score = 1

### 3.2.3 From Governance Structure Perspective

#### Owner managers versus non-owner managers

Like any for-profit enterprise or a family firm, how a SE is managed is likely to be different if the owner serves as the key manager. We report our findings of differences in profitability and business management practices between owner-manager SEs and non-owner-manager SEs in Table 8. The results show that non-owner-manager SEs performed better in profitability (2.71 years) than owner-manager SEs (2 years). Compared to owner-manager SEs, non-owner-managers SEs had more detailed budget including capital expenditure and operating expenditure of start-up costs, and were more likely to profile competitors in the business plan. Non-owner-manager SEs were also more sophisticated in financial planning and management. Specifically, they prepared cash flow forecasts more frequently (monthly or quarterly instead of yearly), and used monthly/quarterly budgets to measure business performance more often than owner-manager SEs. These findings are consistent with the notion that SEs managed by a non-owner key manager are more competitive and sustainable than owner-manager SEs.

Table 8. Owner managers versus non-owner managers

<b>(A) Is major owner(s) a key manager?</b>	<b>Non-owner manager</b>	<b>Owner manager</b>
How many profitable years in the last 5 year?	<b>2.71</b>	2.00
Did you have a detailed budget including capital expenditure and operating expenditure of start-up costs? <sup>1</sup>	<b>1.07</b>	0.75
Profiling competitors in business plan <sup>2</sup>	<b>0.64</b>	<b>0.25</b>
The frequency of cash flow forecast <sup>3</sup>	<b>1.14</b>	<b>0.75</b>
Do you use budget to measure business performance? <sup>4</sup>	<b>1.57</b>	<b>1.00</b>
Boost sale is the most preferred option when the actual performance is lower than the planned one. <sup>5</sup>	3.21	3.25
Cut costs is the most preferred option when the actual performance is lower than the planned one. <sup>5</sup>	<b>2.79</b>	<b>1.75</b>
<b>(B) Gap of key manager's skills</b>		
Top 3 key manager's <u>possessed</u> skills	1. Staff management	1. Financial planning and management
	2. Sales and marketing	2. Product/service knowledge

	3. Business management	3. Staff management
Top 3 key manager's <u>desirable</u> skills	1. Business management	1. Sales and marketing
	2. Sales and marketing	2. Product/service knowledge
	3. Financial planning and management	3. Staff management
The most significant operating risks in managing the business	1. Lack of manpower, (equivalent rank with surging production costs, sales are lower than expected)	1. Resignation of key managers
		2. Lack of manpower
		3. Sales are lower than expected
<sup>1</sup> No budget = 0; yearly budget = 1; quarterly/monthly budget = 2 <sup>2</sup> Yes = 1; no = 0 <sup>3</sup> No forecast = 0; yearly forecast = 1; quarterly/monthly forecast = 2 <sup>4</sup> No use = 0; use of yearly budget to measure performance = 1; use of quarterly/monthly budget to measure performance = 2 <sup>5</sup> Most preferred = 4; least preferred = 1		

Other differences include operating risks and the gap in the key manager's skills. Owner-managers considered the top two significant operating risks as being '*resignation of key managers*' and '*lack of manpower*', whereas in non-owner-manager SEs, the top two operating risks were '*lack of manpower*' and '*surging production costs*'. The gap analysis of the top three managerial skill sets shows that it is highly desirable for non-owner managers to be equipped with skills in '*financial planning and management*', whereas '*sales and marketing*' is needed for owner-managers.

#### **With overseeing committee versus without overseeing committee**

This section addresses the question "Does having an overseeing/advising committee matter in SEs in Hong Kong?" The results presented in Table 9 show that SEs with an overseeing committee prepared more detailed budgets and had a greater tendency to adopt updated business plans than SEs without an overseeing committee. SEs with an overseeing committee also developed their business start-up plans more comprehensively and thoughtfully. For instance, compared to SEs without an overseeing committee, SEs with an overseeing committee were more likely to set up a supply chain for their product/service, and to demonstrate innovation in business start-up plans.

Table 9. With overseeing committee versus without overseeing committee

<b>Is there any Committee overseeing the day-to-day operation?</b>	<b>Without overseeing Committee</b>	<b>With Overseeing Committee</b>
Did you have a detailed budget including capital expenditure and operating expenditure of start-up costs? <sup>1</sup>	0.67	<b>1.30</b>
Set up supply chain for product and service in business start-up plan <sup>2</sup>	0.25	<b>0.70</b>
Demonstrate innovative concept (a new business idea/model that has market potential) in business start-up plan <sup>2</sup>	0.50	<b>0.70</b>
Do you have a business plan currently? <sup>2</sup>	0.42	<b>0.90</b>
Top Two most important items discussed in a management meeting	1. Employee issues	1. Business review
	2. Business review	2. Sales performance
What do you do when the actual performance is lower than the budgeted/planned performance?	1. Boost sales	1. Revise business strategies
	2. Cut costs	2. Boost sales
<sup>1</sup> No forecast = 0; yearly forecast = 1; quarterly/monthly forecast = 2		
<sup>2</sup> Yes = 1; No = 0		

The most important items to be discussed in a management meeting also differed between SEs with and without an overseeing committee. Like for-profit organizations, SEs with an overseeing committee were primarily concerned with ‘*business review*’ and ‘*sales performance*’ in management meetings. However, SEs without an overseeing committee occupied themselves with ‘*employee issues*’, followed by ‘*business review*’.

The responses to “what do you do when the actual performance is lower than the budgeted/planned performance?” also varied significantly between SEs with and without an overseeing committee. For SEs with an overseeing committee, the most preferred action was ‘*revise business strategy*’, followed by ‘*boost sale*’. A regular review and revision of business strategy was characteristic of competitive and well-performing SEs. However, SEs without an overseeing committee preferred the option of ‘*boost sales*’, followed by ‘*cut costs*’. The fact that ‘*revise business strategy*’ was not among the top two preferred responses suggests that SEs without an overseeing committee were not used to conducting a holistic review of business

operations when trying to understand the underlying causes of below-expectation performance, or to revise business strategies accordingly.

All in all, the findings are consistent with the idea that the guidance of overseeing/advising committee leads to better management practices in SEs.

## **4. Policy Implications and Recommendations**

By definition, a SE has not-for-profit and for-profit elements. In order for a SE to support its social objectives, it is necessary for it to make profit, by being sustainable and competitive. As such, SEs need to apply relevant business knowledge in their operations, such as business planning and review, accounting and financial management, and operation management.

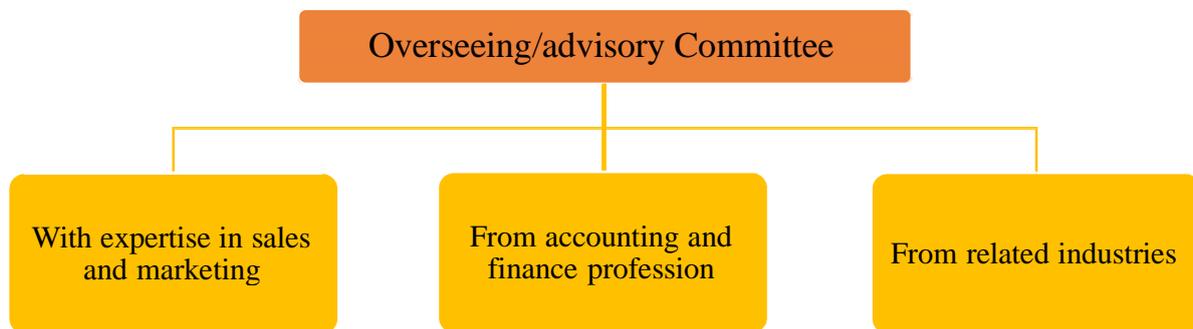
Based on the findings discussed in the last section about what attributes matter to the sustainability and competitiveness of SEs in Hong Kong, the Research Team has the following recommendations for various stakeholders of the SE sector, including existing/new SEs, the government, funding bodies and NGOs to further support and promote the development of this sector.

### ***4.1. Better Monitoring and Evaluation of Financial Performance of SEs***

- Make use of **monthly/quarterly budget/forecast** instead of **yearly budget/forecast** to evaluate actual business performance.
- We are aware from the interviews that some SEs separated their capital expenditure from operating expenditure and did not include the relevant expenses of capital expenditure such as depreciation expense into the profit and loss statement. This will result in the overstatement of their SE profitability. SEs should follow the practice of for-profit organizations that the profit and loss account covers all expenses including depreciation of assets. Otherwise, the stated financial performance for SEs will be biased and overstated.
- For the submission and evaluation of new SE projects for government funding, capital expenditure and its associated depreciation schedule should be included in a new section of the funding application form so that a clearer and more comprehensive picture of potential SE profitability is revealed.
- Make use of audited annual reports rather than unaudited financial statements in the evaluation of SE sustainability, wherever possible.

### ***4.2. Establishing an Overseeing/Advising Committee***

- As indicated in the discussion of main findings, SEs with an overseeing/advising committee are more likely to adopt superior management practices than SEs without such a committee. Thus we recommend SEs to establish an overseeing/advising committee with at least 3 members – one from each expert area below.



- We realize that it will be hard for SEs themselves to find suitable advisors to serve on the committee, hence the government should expand its existing efforts to **consolidate a pool of experts**, particularly in the following business areas - *sales and marketing, business management, financial planning and management*.
- Government departments/units should actively **recruit** and **retain** retired professionals as potential mentors/consultants for SEs.
- The government should make available this pool of potential mentors/consultants not only to government-funding SEs, but **to all SEs in Hong Kong including private-funding SEs**.

#### **4.3. Financial and Business Planning**

- The current practice of preparing yearly budgets and forecasts is inadequate. SEs should prepare **quarterly, if not monthly**, cash flow forecasts and profit and loss forecasts.
- Compare monthly/quarterly **actual** versus **forecasted** cash flow and profit and loss.
- More importantly, to **revise the business plan, cash flow forecast and profit and loss forecast**, based on variance between actual versus forecasted financial numbers.
- SEs should **profile customers and competitors** in their business plans, by including market research findings and pricing benchmarks of their competitors. This should also be a requirement for government funding schemes.

#### **4.4. Investment Objectives**

- The evidence presented in this Study clearly shows that those (sole-objective) SEs which do not seek to balance the dual objectives of achieving social mission and generating profit to finance their social cause are less sustainable and competitive. We strongly recommend SEs to embrace **realistic** and **sustainable** dual investment objectives, in order to enhance their sustainability and competitiveness and ultimately maximize their social impact.

- In addition to seriously pursuing dual investment objectives, **SEs should manage and run their business from a sustainability point of view, with an extended operating horizon beyond 3-5 years.**

#### ***4.5. Government Funding Schemes***

- Government-funding SEs receive financial support for both their operating budgets and start-up capital expenditure. NGO-funding SEs usually have access to backup resources from parent NGOs at the start-up stage. Start-up capital expenditure typically requires a large sum of money and thus becomes a major hurdle for many private-funding SEs which have good social innovations and business models. The government should consider **a new funding scheme or expanding an existing scheme, to provide competitive private SEs with one-off funding support for start-up capital expenditure.**
- To better evaluate funding applications and select sustainable SEs to financially support, **the Assessment Panel of government-funding schemes should be expanded to include at least 3 members with the composition of:**



#### ***4.6. Training Workshop***

- The gap analysis of managerial skill sets highlights the need for SE managers to receive business training. We recommend that The HKCSS Institute should be responsible for providing more training to SEs especially in the areas of sales and marketing, product/service knowledge, business management as well as accounting and financial management.
- To ensure a greater degree of relevance, The HKCSS Institute should invite existing managers and practitioners of successful SEs more often, as trainers in the training workshops.

## Appendix A. Interview questionnaire in English

### Survey on Operating Social Enterprise

#### A. Ownership and funding structure

Q1a. What is your major funding source?

- Non-profit organization  
 Individual or Family philanthropic investors  
 Others : \_\_\_\_\_
- Government funding  
 Charity Foundation
- Private funding (commercial or individuals)  
 Matching Fund (government or others)

Q1b. Are there any changes of your major funding source from the beginning (start-up stage) and now?

- Yes, please specify: \_\_\_\_\_  
 No

Q2. What are your investment objectives?

- Only for social impact  
 A mixture of social impact and financial returns

Q3. Is there expected financial returns specified by the owners/investors?

- Not specified  
 < 2%  
 Not required  
 ≥ 2% - <5%  
 Break-even  
 5%-10%  
 >10%

Q4. How many profitable years in the last 5 years?

- 0  
 1 year  
 2 years  
 3 years  
 4 years  
 5 years

Q5. Is major owner(s) a key manager?

- Yes  
 No

Q6. Is there any Committee overseeing the day-to-day operation?

- Yes  
 Board  
 Committee  
 No

Q7. Is your social enterprise a subsidiary/project of another organization?

- Yes  
 No

Parent organization is  commercial entity  NPO entity

Q8. Did you form a NPO to receive public donation to support your social enterprise?

- Yes  
 No

Q9. Is there a funding gap from start-up till now?

- Yes  
 Continue to have  
 Already filled the funding gap  
 The funding gap is arising  
 No

#### B. Financial Management

Q10. Did you have a detailed budget including capital expenditure and operating expenditure of start-up costs?

- Yes  
 Monthly  
 Quarterly  
 Yearly  
 No

Q11. Is there profit and loss forecast?

- Yes  
 Monthly  
 Quarterly  
 Yearly  
 0.5 year  
 1 year  
 2 years  
 3 years or above  
 No

Q12. Is there cash flow forecast?

- Yes  No
- Monthly
  - Quarterly
  - Yearly
  - 0.5 year
  - 1 year
  - 2 years
  - 3 years or above

Q13a. Do you use budget to measure business performance?

- Yes  No
- Monthly
  - Quarterly
  - Yearly
  - 0.5 year
  - 1 year
  - 2 years
  - 3 years or above

Q13b. What do you do when the actual performance is lower than the budgeted/planned performance? Please rank the following items. (4 = Most important, 1 = Least important)

- |  |   |
|--|---|
| <input type="checkbox"/> Boost sales       | <input type="checkbox"/> Cut costs                  |
| <input type="checkbox"/> Seek more funding | <input type="checkbox"/> Revise business strategies |

Q14a. What are the two main financial risks of your SE? \_\_\_\_\_

Q14b. Based on the two financial risks mentioned above, how do you manage the risks? \_\_\_\_\_

Q15. In what ways does your SE has expert financial advice? \_\_\_\_\_

Q16. What is your financial management system?

- Outsourcing system  In-house system
- Excel
- Self-developed system (Included sales and inventory, etc.)

Q17. What is the background of staff who is responsible for the SE's accounting and finance performance? \_\_\_\_\_

Q18. What are the key performance indicators that you use in measuring the achievement of your SE? \_\_\_\_\_

Q19. What is your financial goal?

- Self-Sufficiency: Business revenues will cover all expenses
- Profitability: Business revenues will exceed expenses.
- Contribution: Business revenues will contribute to costs. (e.g. Business revenues may cover business expenses, but not the social costs associated with your mission). The remainder is covered by other revenue sources such as re-occurring grant.)

Q20. What are the key indicators that you mainly use in measuring the financial performance of SE? (Multiple answers allowed, but is required to choose the most important one)

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Returns on sales | <input type="checkbox"/> Returns on assets (ROA) | <input type="checkbox"/> Returns on equity (ROE) |
| <input type="checkbox"/> Gross profits    | <input type="checkbox"/> Net profits             | <input type="checkbox"/> Others: _____           |

### C. Business Planning and Operations

Q21. Do your business plan (start-up) contains the following?

- |  |  |                             |
|--|--|-----------------------------|
| A. Established stated objectives or business goals.  | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |
|  | What are the two most important goals? |                             |
|  | 1. _____ 2. _____                      |                             |
| B. Set up supply chain for product and service   | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |
| C. Clearly identified revenue targets  | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |
| D. Clearly identified targeted customers   | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |
| E. Demonstration of innovative concept (a new business idea/model that has market potential) | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |
| F. State what makes the business different   | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |
| G. Establishment of sales and marketing strategies   | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |
| H. Any market research done  | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |
| I. Profiling customers   | <input type="checkbox"/> Yes           | <input type="checkbox"/> No |

- J. Profiling competitors  Yes  No
- K. Pricing and promotion plan  Yes  No
- L. Any plan for growth in the start-up business plan  Yes  No

What are the two most important plans?  
 1. \_\_\_\_\_ 2. \_\_\_\_\_

Q22a. Do you have a business plan currently?

- Yes  No (Skip to Q23)

Q22b. [Only for those who answered "Yes" in Q22a.] How regularly will the business plan be reviewed and updated? \_\_\_\_\_

Q23. Which of the following are the two most important items that will be discussed in a management meeting?

- Profit and Loss  Sales performance
- Business review  Employee issues

Q24. How long does the key manager(s) lead and coordinate the enterprise? (to check the commitment and continuity for sustainable involvement for the long haul) \_\_\_\_\_

Q25. How to manage the partnership/relationship with

1. Funders: \_\_\_\_\_
2. Supply chain: \_\_\_\_\_
3. Employees: \_\_\_\_\_
4. Customers: \_\_\_\_\_

Q26a. Before the key manager(s) managed this SE, does he/she has expertise in

- A. Business management  Yes  No
- B. Financial planning and management  Yes  No
- C. Sales and marketing  Yes  No
- D. Product/service knowledge  Yes  No
- E. Social Impact Assessment  Yes  No
- F. Management in NPO  Yes  No
- G. Staff Management  Yes  No

Q26b. As the key manager of SE, please rank the importance of these 7 skills from a scale of 1-7. (7 = Most important, 1 = Least important)

- Business management  Financial planning and management  Sales and marketing
- Product/service knowledge  Social Impact Assessment  Management in NPO
- Staff Management

Q27. Did your SE have scaled up in the last 5 years?

- Yes  1 year  2 years  3 years  4 years  5 year

Why?

- Sales growth  An increase in funding

Others: \_\_\_\_\_

How?

- Establish sales outlets  Expand product categories

Corporate with other organizations  Others: \_\_\_\_\_

- No

Do your SE has any plan for scaling up in the future?

- Yes Reason : \_\_\_\_\_

- No

Q28. What was the turnover rate of employees last year?

- Managers:  <5%  5% - 10%  11%-20%  
 21%-30%  >30%
- General employees:  <5%  5% - 10%  11%-20%  
 21%-30%  >30%

Q29a. Please rate your staff morale from a scale of 1-7 (7 = Very good , 4 = Neutral , 1 = Very bad )

7                      6                      5                      4                      3                      2                      1

Q29b. Please explain: \_\_\_\_\_

Q30a. Please rank 7 anticipate operating risks in managing the business (7 = Very apprehensive, 1 = Not at all apprehensive)

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Lack of manpower                 | <input type="checkbox"/> Lack of capital        | <input type="checkbox"/> Resignation of key manger(s) |
| <input type="checkbox"/> Earnings are lower than expected | <input type="checkbox"/> Changes in regulations | <input type="checkbox"/> Surging production costs     |
| <input type="checkbox"/> an increase of competitors       |   |   |

Q30b. How do you prevent the operating risks? Please explain it by using the 2 most worrying operating risks resulted in (a).

1. \_\_\_\_\_ 2. \_\_\_\_\_

#### D. Employment

Q31. How many part-time and full-time staff work in your organization? Part-time: \_\_\_\_\_ Full-time: \_\_\_\_\_

Q32. What is the percentage that your SE intentionally provides in-service training and job opportunities for employees in order to enhance their employment skills? \_\_\_\_\_

Q33. Do you see employees leaving your organization as a positive sign or a negative sign? Why?

- Positive Reason: \_\_\_\_\_
- Negative Reason: \_\_\_\_\_
- Neutral Reason: \_\_\_\_\_

Q34. Is the majority of employees engaged in the same type of job after leaving your organization?

- Yes  No

Q35. In the past two years, how many employees left your SE and take up similar jobs in the job market? \_\_\_\_\_

Q36. How active is your SE recruiting staff from the marginalized groups? (7 = Very Active , 4 = Neutral , 1 = Not active )

7                      6                      5                      4                      3                      2                      1

Q37. How do you provide training to your staff? (Multiple answers allowed)

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> In-service Training | <input type="checkbox"/> Internal pre-service training | <input type="checkbox"/> External pre-service training |
| <input type="checkbox"/> Mentorship Program  | <input type="checkbox"/> Job rotation                  | <input type="checkbox"/> Others: _____                 |

Q38. How many partnerships have you developed?

Funding partnership: \_\_\_\_\_

Business partnership: \_\_\_\_\_

Employment partnership: \_\_\_\_\_

Q39. How successful is your SE in improving the working skills of your staff? (7 = Most successful , 4 = Neutral , 1 = Least successful)

7                      6                      5                      4                      3                      2                      1

Q40. How successful is your SE in enhancing the future job opportunity of your staff?

7                      6                      5                      4                      3                      2                      1

Q41. How successful is your SE in increasing the social exposure (e.g., making new friends, interaction and mutual understanding with others) for your staff?

7                      6                      5                      4                      3                      2                      1

Q42a. How many donors do you have until now? \_\_\_\_\_

Q42b. Mainly  One-off donation  Regular donation Others: \_\_\_\_\_

Q43. How many volunteers do your SE have until now? \_\_\_\_\_

## Interview questionnaire in Chinese

### 社企營運問卷調查

#### 甲、擁有權和資金結構：

Q1a. 貴社企主要資金來源來自

- |                                     |                                |                                      |                                    |
|-------------------------------------|--------------------------------|--------------------------------------|------------------------------------|
| <input type="checkbox"/> 非牟利組織      | <input type="checkbox"/> 政府    | <input type="checkbox"/> 私人（商業或個人）   | <input type="checkbox"/> 其他： _____ |
| <input type="checkbox"/> 個人或家族慈善投資者 | <input type="checkbox"/> 慈善基金會 | <input type="checkbox"/> 配對基金（政府或其他） |                                    |

Q1b. 貴社企主要資金來源由初創至今是否有所轉變？

- 有，請詳述： \_\_\_\_\_  沒有

Q2. 貴社企投資目標是為了

為社會帶來影響

為社會帶來影響以及財務回報

Q3. 貴社企擁有人/投資者是否有訂下明確的預期財務回報？

未有明確訂下

不需要

收支平衡

>10%

< 2%

≥ 2% - <5%

5%-10%

Q4. 過去5年間，貴社企有多少年獲得盈利？

沒有

1年

2年

3年

4年

5年

Q5. 貴社企主要擁有人是否同為主要負責人？

是

否

Q6. 貴社企是否有管治委員會監督日常運作？

有

沒有

董事會  委員會

Q7. 貴社企是否為另一個組織的子公司/其中一個項目？

是

否

上級組織為  商業機構  非牟利機構

Q8. 貴社企是否有成立非牟利組織接受公眾捐贈來支持營運？

有

沒有

Q9. 貴社企由初創至今是否有存在資金缺口？

有

沒有

一直存在

初創階段曾出現，現時已填補資金缺口

初創階段未有出現，現時存在資金缺口

## **乙、財務管理**

Q10. 貴社企有否就啟動成本（start-up cost），包括資本支出和營業支出作詳細的預算？

有

沒有

以月計

以季度計

以年計

Q11. 貴社企是否有盈利或虧蝕預測？

有

沒有

按月

按季度

按年

0.5年

1年

2年

3年或以上

Q12. 貴社企是否有現金流預測？

有

沒有

按月

按季度

按年

0.5年

1年

2年

3年或以上

Q13a. 貴社企有否利用預算來衡量業務表現？

- 有  沒有
- 按月
  - 按季度
  - 按年
    - 0.5年
    - 1年
    - 2年
    - 3年或以上

Q13b. 若實際表現低於預算或計劃時，貴社企會怎樣處理？請就以下選項排序（4為最重要，1為最不重要）

- 增加銷量收入  削減開支
- 尋獲更多資金  修訂業務策略

Q14a. 貴社企最主要的兩項財務風險是什麼？\_\_\_\_\_

Q14b. 就上述兩項主要的財務風險，貴社企如何管理風險？\_\_\_\_\_

Q15. 貴社企從什麼渠道獲得專業的財務建議？\_\_\_\_\_

Q16. 貴社企的財務管理系統是什麼？

- 外購  內部系統
- Excel
- 自行研發（連結銷售和存貨系統等）

Q17. 貴社企負責會計和財務相關人士具體背景是什麼？\_\_\_\_\_

Q18. 在衡量社企成就時，貴社企會使用什麼關鍵績效指標（Key performance indicators）？\_\_\_\_\_

Q19. 貴社企的財務目標是什麼？

- 自給自足—營業收益涵蓋所有費用（收支平衡）
- 盈利能力—營業收益將超過費用，可以有利潤目標。
- 貢獻—營業收益將有助成本（例如：營業收益可能涵蓋營業費用，但不包括與您使命相關的社會成本） 剩餘部分由其他收入來源所覆蓋，例如新撥款。

Q20. 在衡量社企的財務業績時，貴社企會使用什麼財務指標？（可多選，但需選出最重要一項）

- 銷售回報率  資產收益率  股本回報率
- 毛利潤  淨利潤  其他：\_\_\_\_\_

### 丙、業務規劃與運營

Q21. 貴社企的商業計劃書（初創）是否有包含以下內容：

- A. 有否建立既定的目標或業務目標  有  沒有
- 最重要的兩個目標是什麼？
1. \_\_\_\_\_ 2. \_\_\_\_\_
- B. 有否建立產品供應鏈及服務供應鏈  有  沒有
- C. 有否明確訂下收入目標  有  沒有
- D. 有否明確訂下目標客戶  有  沒有
- E. 有否展示創新理念（具有市場潛力的新業務理念/模式）  有  沒有
- F. 有否說明業務的不同之處  有  沒有
- G. 有否建立銷售和營銷策略  有  沒有
- H. 有否進行市場研究  有  沒有
- I. 有否分析客戶  有  沒有
- J. 有否分析競爭對手  有  沒有
- K. 是否有定價和推廣計劃  有  沒有

L. 是否有增長計劃在初創商業計劃書中

有

沒有

最重要的兩項是什麼？

1. \_\_\_\_\_
2. \_\_\_\_\_

Q22a. 貴社企現時規劃業務時是否有撰寫商業計劃書？

有

沒有（跳至22）

Q22b. 貴社企在執行商業計劃時，何時會進行審查及更新？\_\_\_\_\_

Q23. 貴社企在召開管理層會議時，最主要會檢視以下哪兩項？

利潤表現

銷售表現

檢視營運業務

處理員工問題

Q24. 現時主要負責人已領導和協調貴社企多久？（檢視其承諾和連續性而作長期可持續參與）\_\_\_\_\_

Q25. 貴社企如何與以下人士維繫夥伴關係？

1. 資助者：\_\_\_\_\_
2. 供應商：\_\_\_\_\_
3. 僱員：\_\_\_\_\_
4. 顧客：\_\_\_\_\_

Q26a. 貴社企主要負責人在管理貴社企以前，是否具備以下專業知識/經驗？

- |            |                            |                             |
|------------|----------------------------|-----------------------------|
| A. 商業管理    | <input type="checkbox"/> 有 | <input type="checkbox"/> 沒有 |
| B. 財務規劃    | <input type="checkbox"/> 有 | <input type="checkbox"/> 沒有 |
| C. 銷售和營銷   | <input type="checkbox"/> 有 | <input type="checkbox"/> 沒有 |
| D. 產品/服務知識 | <input type="checkbox"/> 有 | <input type="checkbox"/> 沒有 |
| E. 社會效益評估  | <input type="checkbox"/> 有 | <input type="checkbox"/> 沒有 |
| F. 非牟利機構管治 | <input type="checkbox"/> 有 | <input type="checkbox"/> 沒有 |
| G. 員工管理    | <input type="checkbox"/> 有 | <input type="checkbox"/> 沒有 |

Q26b. 作為企業負責人，請就以下七項技能的重要性作排序。（7為最重要，1為最不重要）

- |                                  |                                 |                                  |
|----------------------------------|---------------------------------|----------------------------------|
| <input type="checkbox"/> 商業管理    | <input type="checkbox"/> 財務規劃   | <input type="checkbox"/> 銷售和營銷   |
| <input type="checkbox"/> 產品/服務知識 | <input type="checkbox"/> 社會效益評估 | <input type="checkbox"/> 非牟利機構管治 |
| <input type="checkbox"/> 員工管理    |                                 |                                  |

Q27. 貴社企在過去5年內是否有所擴展？

是

1年      2年      3年      4年      5年

貴社企擴展原因

銷售增長

資金來源增加

其他：\_\_\_\_\_

貴社企如何得以擴展

建立新銷售點

擴大產品類別

與其他機構合作

其他：\_\_\_\_\_

否

是否有計劃作擴展？

有      原因：\_\_\_\_\_

沒有

Q28. 過去一年，貴社企的僱員流失率是多少？

- |       |                                  |                                   |                                  |
|-------|----------------------------------|-----------------------------------|----------------------------------|
| 經理級：  | <input type="checkbox"/> <5%     | <input type="checkbox"/> 5% - 10% | <input type="checkbox"/> 11%-20% |
|       | <input type="checkbox"/> 21%-30% | <input type="checkbox"/> >30%     |                                  |
| 一般員工： | <input type="checkbox"/> <5%     | <input type="checkbox"/> 5% - 10% | <input type="checkbox"/> 11%-20% |
|       | <input type="checkbox"/> 21%-30% | <input type="checkbox"/> >30%     |                                  |

Q29a. 請用1至7分評價員工的士氣。（7分代表非常好，4分代表普通，1分代表非常差。）

7                      6                      5                      4                      3                      2                      1

Q29b. 原因是什麼？\_\_\_\_\_

Q30a. 在管理業務時，貴社企對以下哪些潛在營運風險感憂慮？請用1至7分作排序。（7分代表最憂慮，1分代表最不憂慮。）

- 人手不足                       資金不足                       法規轉變                       成本急增  
 主要負責人離職               收入較預期低                   競爭者增加

Q30b. 請分別就以上最憂慮的兩項說明會如何避免營運風險的出現？1. \_\_\_\_\_ 2. \_\_\_\_\_

#### 丁、員工

Q31. 貴社企目前分別僱用了多少名兼職及全職員工？ 兼職員工：\_\_\_\_\_ 全職員工：\_\_\_\_\_

Q32. 貴社企有多少員工比率是刻意透過在職培訓和工作機會來提升他們未來的就業技能？\_\_\_\_\_

Q33. 貴社企對員工離職感正面還是負面？為什麼？

正面 原因：\_\_\_\_\_

負面 原因：\_\_\_\_\_

Q34. 貴社企員工離職後是否多數從事同一類型的職業？

是  否

Q35. 過去2年，有多少名員工離開貴社企後從事相類似工作？\_\_\_\_\_

Q36. 請用1至7分評價貴社企聘用邊緣群體的積極性。（7分代表非常積極，4分代表普通，1分代表非常不積極。）

7                      6                      5                      4                      3                      2                      1

Q37. 貴社企如何向員工提供培訓？（可多選）

- 在職培訓                       由現有員工工作職前培訓                       外部職前培訓  
 導師培訓（師友計劃）               實習不同職務                       其他：\_\_\_\_\_

Q38. 貴社企過去共建立了多少個合作夥伴？

商業夥伴關係：\_\_\_\_\_

就業夥伴關係：\_\_\_\_\_

提供資金的夥伴關係：\_\_\_\_\_

Q39. 請用1至7分評價貴社企現時對提高員工的工作技能的成效。（7分代表非常成功，4分代表普通，1分代表非常不成功。）

7                      6                      5                      4                      3                      2                      1

Q40. 請用1至7分評價貴社企在加強員工未來就業機會的成效。（7分代表非常成功，4分代表普通，1分代表非常不成功。）

7                      6                      5                      4                      3                      2                      1

Q41. 請用1至7分評價貴社企在增加員工社會視野的成效（例如：結交新朋友，互相交流和相互理解）？（7分代表非常成功，4分代表普通，1分代表非常不成功。）

7                      6                      5                      4                      3                      2                      1

Q42a. 貴社企目前有多少名捐款人？\_\_\_\_\_

Q42b. 主要為  一次性捐款                       定期捐款                      其他：\_\_\_\_\_

Q43. 貴社企至今有多少名志願者？\_\_\_\_\_