

Social Entrepreneurs Newsletter

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Edited by K K Tse

Dialogue with Mr. Tsang Tak Shing, Secretary for Home Affairs

The Hong Kong Social Entrepreneurship Forum will celebrate its formal incorporation at the Inaugural Ceremony cum Dinner Gathering on Monday, December 8, 2008. The Guest of Honour for the occasion will be Mr. Tsang Tak Shing, JP, Secretary for Home Affairs, HKSAR Government. Mr. Tsang has indicated that he would not be giving a speech; instead he would like to have an informal dialogue with the members and guests.

Ever since this event was announced to the members, we have received a rather curious mix of reactions. While most members were pleasantly surprised by the opportunity to have a face to face discussion with the top government official responsible for promoting and supporting social enterprises, some doubted the wisdom of having a civil servant to officiate the inauguration of an organization committed to creating a civic movement of social entrepreneurship.

Still others thought that the government's approach to promoting social enterprises was completely flawed while some were optimistic that Mr. Tsang's leadership might bring about the long overdue revamp of existing government policies.

But all in all, it is a great opportunity to have a dialogue between the government key decision maker and representatives of the citizen sector.

Not An Agenda

Without attempting to put forth an agenda for the dialogue, it would nevertheless be beneficial to underline some of our standpoints and concerns:

1. A Civic Movement of Social Entrepreneurship

HKSEF's mission is *to create and sustain a civic movement of social entrepreneurship.*

Our core beliefs are:

- Social change is inevitable; but positive social change is more desirable
- A dynamic and powerful citizen sector (as distinct from, but in collaboration with, business and government sectors) can produce more positive social change

- An ever-growing number of social entrepreneurs will constitute a major force in changing the society for the better
- Not everyone could become a social entrepreneur, but everyone could support the social entrepreneurship movement

As a civic movement, we would mobilize whatever resources and support that can be used to realize our mission, including of course those from the government.

2. Social Entrepreneurs Vs Social Enterprises

The greatest difference between the approaches of HKSEF and the government lies in the understanding of the role of entrepreneurship in fostering social enterprises. HKSEF believes that if we succeed in nurturing more social entrepreneurs, social enterprises will flourish, whereas social enterprises without entrepreneurship are doomed to failure.

Unfortunately, the government's approach has focused on creating 'social enterprises' and not paying sufficient attention to the role of entrepreneurship, resulting in having a large number of social enterprises not being able to sustain themselves once the seed money has been used up.

3. Social Businesses Vs Welfare Projects

Social enterprises are businesses with a social mission. They should not be confused with welfare projects. Unfortunately, most NGOs have been operating their social enterprises like welfare projects. Up to this date, very few NGOs have actually set up separate companies with their own team of staff and financial reporting to run social enterprises. It seems that most of them treat the 'seed money' from the government as another source of funds to deliver welfare services. While some of these services are indeed essential, they should be funded properly as welfare services, and not as social enterprises.

4. Grants Vs Loans in Financing Social Enterprises

There is a strong case for the various government departments to review their funding approach to social enterprises. If they are serious about fostering the development of social enterprises, they should change the funding mode from grants to loans, or at the very least, a combination of the two. At the moment, if one asks an NGO which has accepted a government grant to start a social enterprise whether they will still take it if it is a loan, the answer is almost without exceptions in the negative. They would retort, 'How could I repay the loan?' This indicates that they have no confidence in running a self-sustaining business right from the beginning. We would like to suggest that at least half of the funding should be in the form of a loan. Only then can we expect to see more entrepreneurship from the applicants.

5. Knowledge is Power

Mr. Tsang is one of few senior government officials who had read the book **Everyday Legends: Stories of 20 Great UK Social Entrepreneurs** (the Chinese translation of which is now available entitled 平凡創傳奇). Indeed, whether or not one is informed about the true nature of social entrepreneurship makes a

whole world of difference. This probably explains why Mr. Tsang has made so much reference to the role of social entrepreneurs in his speeches since he took office at the Home Affairs Bureau. Unfortunately, his position has not been shared by the various grant-making committees in the government and as such the latter are still focusing on making grants to set up social enterprises with little regard to entrepreneurship in their selection criteria. We hope Mr. Tsang would realize that just putting the emphasis on social entrepreneurs in his speeches would not be enough; he has to be sure that what he preaches is consistent with the actual practices of government agencies.

6. Summit on Social Enterprise: Whose Summit?

The International Symposium on Social Entrepreneurship as part of the SE Summit has been a most important source of information and education for all those who are interested in social enterprise and social entrepreneurship. Unfortunately, government officials and committee members of various grant-making committees pertaining to social enterprises were conspicuous by their absence. This is most unfortunate. We would have thought that all these decision makers should seize this unique opportunity to educate themselves so that they could discharge their duties more effectively. If such an event were to be held again in coming years, it would be both advisable and appropriate that all government officials having responsibilities for social enterprises as well as all related committee members should take part in it.

7. Revamping Rules and Regulations

A common complaint by NGOs making use of government grants to set up social enterprises is that there are far too many rules and regulations which need to be revamped so as to give them more free hand to operate their mission-focused businesses. As the present author does not have an NGO background, it is impossible for him to quote specific incidence. But one recent experience at the International Symposium on Social Entrepreneurship seems to illustrate this point.

As the Symposium was an educational event, it was natural for the organizers to think of selling reading materials such as books at the venue. But they were not allowed to do so as the venue belongs to a not-for-profit organization. So even a symposium on social entrepreneurship was not allowed to sell books on social entrepreneurship on site, unless the transactions were conducted through credit cards or cheques. This ‘rule’ – if indeed still in force – must have been around for some time. But with the government nowadays encouraging NGOs to run social enterprises, should this rule be changed? One speaker at the Symposium jokingly said that if we can’t change this rule, how could we change the world? Should the government take the initiative to review and revamp all those rules and regulations that are hampering the operation of NGOs in general and social enterprises in particular?

The above serves to indicate the range of topics we could discuss with Mr. Tsang. Everyone is invited to come along to actively take part in this dialogue:

Date and Time: Monday, December 8, 2008 6.30pm - 9pm

Venue: 25/F, HKFYG Building, 21 Pak Fuk Road, North Point, Hong Kong (Exit C of Quarry Bay MTR)

Cost: HK\$200 per person

Registration: Oscar at 2396 6468 or Oscar@genesismarketing.com.hk