Business Planning and the Sustainability of Social Enterprises in Hong Kong

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Declaration

Statement of Originality
This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying subject to the provisions of the Copyright Act 1968.

Acknowlege of Authorship/Collaboration
I hereby certify that the work embodied in this Thesis is the result of original research, the greater part of which was completed subsequent to admission to candidature for the degree (except in cases where the Committee has granted approval for credit to be granted from previous candidature at another institution).

Signature: _______________ Date: 3 August 2014
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have no regrets at all about having undertaken this study. In fact, I feel honoured and privileged to have been able to explore ways of enhancing the performance and sustainability of social enterprises in Hong Kong. I shared the happiness and sorrow, success and frustration of the founders and executives of these enterprises. Hopefully, together we can witness a significant leap in the performance and management of social enterprises in Hong Kong in the near future.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>i</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>ii</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>iv</td>
</tr>
<tr>
<td>List of Tables and Diagrams</td>
<td>vii</td>
</tr>
<tr>
<td>Synopsis</td>
<td>ix</td>
</tr>
</tbody>
</table>

## CHAPTER 1 INTRODUCTION

1.1 Background

1.2 Research Problems and Objectives of the Study

1.2.1 Research problems

1.2.2 Relevant concepts contributing to the planning and performance of SEs

1.2.3 Research objectives

1.3 Outline of Chapters

## CHAPTER 2 LITERATURE REVIEW

2.1 The Meaning and the Nature of Social Enterprise

2.2 The Challenges of Social Enterprise

2.2.1 Cultural difference between the business and non-profit sectors

2.2.2 Insufficient training in SE for practitioners

2.2.3 The lack of an accepted definition and government support are hindering development

2.2.4 The sustainability of SEs

2.3 Problems Faced by Hong Kong SEs

2.4 Business Planning and the Sustainability of Social Enterprise

2.4.1 Possible ways to ensure the sustainability of SEs

2.4.2 The contribution of business planning to the sustainability of SEs
CHAPTER 3 METHODOLOGY

3.1 Introduction 38
3.2 Overall Research Design 38
3.3 Sampling 40
3.4 Data Collection 42
3.5 Ethical Considerations 44
3.6 Data Analysis 45

CHAPTER 4 ANALYSIS AND FINDINGS

4.1 Introduction 47
4.2 The Background Information of SEs 47
   4.2.1 Sample characteristics 47
   4.2.2 The use of business planning in setting up SEs 53
4.3 Themes Emerging from Analysis 57
   4.3.1 Business planning helped formulate the social and economic objectives of SEs 57
      4.3.1.1 Business planning helped formulate social objectives 57
      4.3.1.2 Business planning could only help formulate the economic objectives on paper or in head 58
   4.3.2 Business planning could not help in fully acquiring market knowledge 58
      4.3.2.1 Business nature and geographic coverage 58
      4.3.2.2 Marketing plans 59
         4.3.2.2.1 Wrong marketing strategies used in daily operations 60
      4.3.2.3 Use of business advisors during business planning 64
   4.3.3 Business planning helped achieve a target and reduce the distance between the outcome and the target 66
4.3.3.1 Inadequate knowledge of the proposed industry’s requirements hindered operations 70

4.3.3.2 Inadequate knowledge of the proposed industry also caused some additional problems 72

4.3.3.2.1 Setting up SEs took longer than expected in planning 73

4.3.3.2.2 Less income received than expected 73

4.3.3.2.3 Aspects of the operations’ costs overlooked 75

4.3.3.2.4 The NGO mind-set of the founders 76

4.3.3.2.5 Underestimation of the job requirements of the proposed industry and neglecting to assess the capacity of the target employees 76

4.3.3.2.6 Products/services could not meet market standards/requirements 78

4.3.3.2.7 Unanticipated factors upset SEs’ operations 79

4.3.4 Business planning in an SE helped faster decision making 80

4.3.5 Business planning helped SEs communicate their strategy to stakeholders 82

4.3.6 Business planning did not necessarily lead to better financial performance but could contribute to sustainability 83

4.3.6.1 Financial performance 83

4.3.6.2 The functions of business planning 87

4.3.6.2.1 Formal business planning provided direction for business operations 87

4.3.6.2.2 SEs without formal business planning recognized the importance of business planning after some operational experience 87

4.4 Conclusion 88

CHAPTER 5 CONCLUSION AND DISCUSSION

5.1 Summary of the Study 90

5.2 Discussion of the Findings 95
5.3 Implications

5.3.1 Contribution to knowledge

5.3.2 Implications for existing practice

5.3.2.1 Be familiar with the proposed industry

5.3.2.2 Financial projections must be realistic

5.3.2.3 Appropriate employees must be selected

5.3.2.4 Implement marketing strategies instead of marketing plans

5.3.2.5 Contingency plans

5.3.2.6 Establishing a sharing platform for SEs

5.3.3 Implications for government policy and funding bodies

5.4 Limitations of the Study

5.5 Generalization of Findings

5.6 Further Research Questions

5.7 Conclusion

REFERENCES

APPENDICES

Appendix 1 Interview Questions

Appendix 2 Invitation to Participate in the Research Project

Appendix 3 Information Statement for the Research Project

Appendix 4 Consent Form for the Research Project

LIST OF TABLES AND DIAGRAMS

Table 2.1 Summary of the Key Features of Social Enterprise

Table 2.2 Summary of the Key Features of Social Entrepreneurship

Table 4.1 Characteristics of the 20 SE Organizations

Table 4.2 Scope of Preparation for Establishment and Financial Performance of SEs

Table 4.3 Social Objectives of the SEs
Table 4.4  The Effect of Unfamiliarity with the Proposed Industry and Operation Management  67
Table 4.5  Financial Performance of the SEs  86

Diagram 2.1  Preliminary Conceptual Framework for the Business Planning and Sustainability of Social Enterprise  36
Diagram 5.1  The Modified Conceptual Framework of the Relationship between the Business Planning, Financial Performance and Sustainability of Social Enterprise  101
Diagram 5.2  Start-Up Business Planning and the Sustainability of SEs  110
Synopsis

Social enterprises (SEs) are emerging rapidly in many countries. They help fill the gaps in service needs that arise because of governmental unresponsiveness or the inadequacy of the markets. One of the many challenges faced by social enterprises is sustainability.

Numerous articles and social enterprise practitioners have recognized the importance of business planning for small and medium-sized businesses. It seems that little empirical work has examined the relationship between the business planning and performance of social enterprises. Therefore, the main purpose of this study is to explore whether business planning leads to enhanced financial performance and sustainability in SEs.

This study analyses the performance of 20 SEs of different types of ownership and business with regard to their start-up planning in Hong Kong. These social enterprises had been in operation for at least two years and were selected through purposive sampling. Face-to-face semi-structured interviews with the founders and/or managers of these social enterprises, official documents and newspaper cuttings related to these social enterprises were used in data collection.

The study found that business planning helps SEs clarify social objectives rather than economic objectives and it can help them achieve better financial performance if the founders have adequate knowledge and solid experience of the proposed industry. There is evidence that business planning does not seem to have helped reduce discrepancies between the outcome and the target, especially since most of the SEs did not prepare their business plans appropriately. Business planning helps SEs communicate their goals, strategies and operational tasks to both internal and external stakeholders. Besides, a business plan serves the function of attracting new investors to support the social enterprise in its sustainability, especially for those SEs that do not have a formal business plan. Finally, the study suggests that SEs’ founders should have adequate knowledge of their proposed industry and suggests that funding bodies extend the gestation period from the existing three-year period to five years or more.