Routledge
Taylor & Francis Group

Check for updates

Social Business Founders' Values and Their Implementation: A Study of Five Cases in Hong Kong

Hung Wong[a] and Po Keung Ip[b]

[a]Department of Social Work, The Chinese University of Hong Kong, Hong Kong, China; [b]The Hang Seng University of Hong Kong, Hong Kong, China

ABSTRACT

This study aims to investigate the values of the founders of social business through a case analysis of five social businesses in Hong Kong. The study probes the dynamics of the formation and implementation of values of the founders. Value conflicts or dissonance are unavoidable challenges for social business due to their ethical nature. Value conflicts or dissonance and how they are handled are examined. This study has found that the founders hold values of universal types including social justice, equality, autonomy, empowerment as well as local Chinese values. The issues of founders and their values have received less attention in Hong Kong and elsewhere. This study attempts to fill this gap by shedding light on this unexplored area, which can help provide a fuller picture of the nature of social business in Hong Kong.

Introduction

This study aims to investigate through case analysis the values of founders of five social businesses[1] in Hong Kong. The study probes the dynamics of the formation, transformation and implementation of values, as well as value conflict or dissonance in the founding and operation of these social businesses. Specifically, this study focuses on the dynamics of the values of founder-entrepreneurs (founders, hereafter) of social businesses, which include the situations where the founders developed, adjusted, refined and implemented their values in the organisation, as well as how they handled value conflict or dissonance. The origins, self-awareness of and commitment of their founders' values are examined. For the purpose of this study, founders here refer mainly to entrepreneurs who found and operate a social business under investigation. Recent studies in social enterprises in Hong Kong focus mainly on their organisational and social aspects, whereas the issues of founders and their values have received less attention (Alto and Wong 2013; Bauhinia Foundation Research Centre 2013; Au 2014; Wong 2013; Ip et al. 2017). This study attempts to fill this gap

CONTACT Hung Wong ✉ hwong@cuhk.edu.hk 💬 Department of Social Work, The Chinese University of Hong Kong, Shatin, New Territories, Hong Kong, China
This article has been corrected with minor changes. These changes do not impact the academic content of the article.

by shedding light on this unexplored area, which can help provide a fuller picture of the nature of social business in this city.[2]

This study focuses on three broad questions: (1) What are the founders' values? (2) What are the problems, if any, encountered in the implementation of values? (3) How do founders handle values conflict, if any, in the implementation process. These broad questions each have subsidiary questions. Under (1), the related questions are: To what extent do the founders are aware of and understand their values and their implications? Are they aware of the implied or implicit values, if any, in addition to their avowed or expressed values? What are the origins of their values? Are they all local values that originated within the local culture? Are there universal values drawn from other cultures? Under (2), the related questions include: How do the founders implement their values? To what extent do the founders aware of how their values are implemented in the organisation of the business? How do they transmit their values to staff members? How are the values embedded in the organisation? What is the incentive structure, if any, for staff in following the values? To what extent are they aware of how their values change, if any, in response to issues in the real world and in actual implementation? To what extent are they aware of how their values have been compromised or modified with respect to challenges or unanticipated circumstances? With regard to (3), the related questions are: What kinds of value conflict, if any, were encountered? How were the conflicts handled? Are the founders well-equipped to handle the conflicts effectively? Apart from business values, the values under study here include organisational and ethical values. Ethical values are related to ethics of morality, including decisions, actions, attitudes, thinking, behaviours that are good or bad, right or wrong. Ethics and morality are treated as the same here. This study intends to know how ethical issues are addressed and how ethical conflicts, if any, are handled during the founding and operation of the business.

What Are Values?

There are different types of values (Ip 2019). Universal values are values shared, adopted and practiced across cultures; whereas local values are values confined within a particular culture or place, which are not necessarily shared across different cultures. Examples of the former are the rule of law, democracy, human rights, freedom, justice, reciprocity and autonomy, amongst others. Examples of the latter are the core values of Confucianism or Daoism in the case of Chinese culture. Legitimate values are values that are justifiable on reasonable moral grounds. Universal values are legitimate values, thus having a universal appeal and acceptance. Lacking a reasonable moral grounding renders a value illegitimate. Illegitimate values are arbitrary values primarily originated from unexamined traditions and traditional authorities, which may function well in one local culture but cannot travel smoothly across cultures, let alone having a universal appeal and acceptance.

Values are held by moral agents who have the capacity for moral feeling, thinking and actions. Values are often held as a group with loose structures, which can be visualised as a clustered structure with layers of loosely interrelated values. The values on the surface are the expressed values explicitly held by the agent, whereas the

values below the surface are implied values of which the agent concerned have, if any, various degrees of awareness or no awareness of at all. In other words, as a clustered entity, a value may have its explicit meaning and/or implicit meaning. With regard to the awareness of the value structure, an agent sometimes may be very clear about one specific avowed value he/she adopted but may be less aware of the implied values of that particular avowed value.

Values can be classified into different types. The Rokeach Values Survey, which is popular amongst psychologists, classifies values into two broad types: terminal and instrumental (Rokeach 1973; Braithwaite and Law 1985, Johnson 1995). The former refers to values connected with desirable ends of human existence. Values such as freedom, happiness, self-respect, peace, inner harmony and pleasure are representative of terminal values. The latter are values related to the means of achieving terminal values, which include courage, imagination, independence, responsibility, helpfulness, honesty, self-control and love, amongst others (Rokeach 1973). Another popular value conceptualisation is provided by the World Values Survey (Haerpfer et al. 2020), which is often used to study the cultural values of the world. This instrument conceives values in two major dimensions: traditional values versus secular-rational values, and 2 survival values versus self-expression values. Other value theories and conceptualisations (Hofstede, Hofstede, and Minkov 2010; Prilleltensky 2000) with different theoretical intents exist. For some conceptualisation (Schwartz 1992, 2012), values are described as desirable goals which individuals pursue in their lives. As values reflect the priorities of people, the study of values can assist in making observations on attention, decision making and prosocial behaviour of individuals and groups (Schwartz 2010).

For the purpose of this study, values are viewed as abstract entities for people to define, perceive, make judgments and form actions regarding good and bad, right and wrong, desirability and undesirability and worthiness and unworthiness in their personal, professional and social lives (Ip 2019). Habits, decisions, thoughts and behaviours are often shaped, guided and motivated by values either consciously or subconsciously. Thus, values are integral to people's lives and behaviours and are prevalent in human society. Just as people's behaviours are shaped by the values they hold, and their decisions and actions are always motivated by the values, founders of social business, in particular, are particularly motivated by their own set of values in forming and running the business, although the extent to which the founders are aware of them differs. It is found that founders, in general, are the dominant influencer of the organisational culture and business practice of a business by using their values to define the missions and goals of the business and form the behavioural norms for employees as well as relationships with other stakeholders and society at large (Schein 1983, 1992; Ip 2019). Thus, to the extent that the founders are successful in implementing their values in the organisation, the organisational culture or company culture as well as and the practice and behaviour of management and staff are largely the organisational or behavioural manifestation of the founders' values (Ip and Ho 2020). Founders of social business, by virtue of the nature of the business and their intention in founding the business, are inherently motivated to put in efforts to ensure employees' behaviours are value-driven in line with their values, and the businesses are value-

based and value-driven. To better understand the values of founders it is necessary not only to understand what are the values that a founder holds and their origins, but also to know to what extent the founder is aware of his values, and how committed he is to have his values fully implemented in the company he built. Also, how the founder transmits the values to staff and other stakeholders and how the values are embedded in the organisational structure or business practices of the company, as well as other means, for example, incentive structures, if any, are instituted to aid the transmission and acceptance and organisational embedding significantly affect the success of the value implementation. Furthermore, how the founders handle value conflicts in the process of implementation, is an important aspect of value implementation. This is the board theory, as it were, under which the study is conducted.

Social Entrepreneurs and Values: A Brief Review

Social entrepreneurs are individuals launching new activities dedicated to a social mission while behaving as entrepreneurs in terms of dynamism, personal involvement and innovative practices, which bring about new ways of responding to social problems.

The activities they conducted are materialised as social enterprises or social businesses. The European focus is more on the collective nature of the social enterprise, as well as on its associative or cooperative form. The idea of social entrepreneurship underscores the social innovation processes undertaken by social entrepreneurs. Although the Americans tend to stress the 'blurred boundaries' amongst institutional and legal forms, as well as the 'blended value creation' (profits alongside social value) that characterises social entrepreneurship, Europeans stress that social entrepreneurship most often takes place within the 'third sector' (i.e. the private, non-profit sector (Defourny and Nyssens 2010). The difference in American and European concepts of social entrepreneurship may signify the existence of local values along with the universal values amongst social entrepreneurs in different cultures.

Recent studies on entrepreneurs, values and ethics (Harris, Sapienza, and Bowie 2009; Zahra et al. 2009; Chell et al. 2016; Bacq, Hartog, and Hoogendoorn 2016; Kruse et al. 2019; Sotiropoulou, Papadimitriou, and Maroudas 2021) have identified the connections between entrepreneurs and ethics and between social innovation and ethics as areas of common concerns. A strong overlap exists between ethics and values in these studies to such an extent that the relationships between innovation and values often occupy a focal position. As these areas have overlapping concerns, discussing them together to obtain an improved understanding of their interrelationships is worthwhile.

Entrepreneurship denotes the ethos and spirits of entrepreneurs as an agent with their unique personality, motivation, values and ethics, amongst others. Until recently, the ethical aspect of entrepreneurship has given relatively less attention in the literature of entrepreneurship. Recent attempts have begun to probe more deeply into issues that include the following: Do they have value awareness? Are they concerned about values? Are their behaviours in line with their avowed values? Some studies have found that entrepreneurs are generally concerned about values and demonstrate

a high level of value thinking/ethical thinking; some are keen on procedural justice, especially those related to major investor relationships. Some studies have found that some entrepreneurs are highly sensitive to their role to the effect that they should not only be confined to creating businesses but should also be mindful of the ethicality of the means in achieving their business goals to earn legitimacy; however, some entrepreneurs are trying to make their business sustainable by balancing its practical and ethical aspects (Anderson and Smith 2007; Surie and Ashley 2008).

A separate set of studies have discovered that some entrepreneurs are alien to ethical concerns, and their actions are contradictory to ethics. They have focussed only on wealth creation and ignored ethics. Some entrepreneurs are extremely obsessed with actions and pay little attention to ethics. Some studies have found that some entrepreneurs are overly concerned about their own financial interests that they would commit selfish deeds that harm others. Some studies have disclosed the darker side of entrepreneurs, which including rule-breaking behaviours and reckless character dispositions. The nature of rule-breaking and to what extent it is positive or negative have been discussed (Brenkert 2009).

Scholars are interested in entrepreneurs' ethical decision-making. Issues include whether they have ethical awareness when making decisions, whether they have the sensitivity to ethical issues or whether they have the adequate ethical capacity in solving ethical problems. Studies have found that entrepreneurs display differences in these aspects. Factors leading to these differences include professional background, educational background, industrial traditions and relevant legal regimes and regulatory environments, amongst others. What are the ethical issues that entrepreneurs often encounter? What issues are organisational, financial, personnel and investor-related? These issues may affect the values and ethical decision-making of entrepreneurs.

Organisationally, entrepreneurs have to make decisions, which need to balance profits, risks and responsibility, as well organisational culture, incentive structure and staff morale. Moreover, they have to handle ethical concerns that arise from investor relationships, customers' rights, employees' rights, investors' interests, societal expectations and environmental concerns. In other words, like any other business in any well-ordered society, entrepreneurs have to consider how they can ethically deal with different groups of stakeholders.

These issues not only are broadly applicable to social entrepreneurs but are more acutely felt in part as a result of the nature of social entrepreneurship and social business as social innovation. Broadly defined, social business as social innovation is using business means to achieve social ideals, goals and values, which include solving chronic social problems (e.g. poverty) and improving society, and maximising profit is not the main objective of the social business. Social entrepreneurs are social agents who undertake social innovation to achieve social goals and create societal values. Insofar as social innovations are exercised under a form of business, they have economic and social goals. However, different from traditional business, social business takes societal goals and values as primary in founding and conducting its business. In this manner, social entrepreneurs differ from traditional entrepreneurs in taking meeting societal needs and realising social values as their primary mission in running a social business. Evidently, values and ethics play a more prominent role in

undergirding the missions and goals of social business. Thus, determining how values, ethics and social innovations interact with one another in the practice of social business is interesting.

Social entrepreneurs, such as traditional entrepreneurs, are constantly under market forces, financial pressures and investors' demands, amongst others, which may negatively affect their espoused values and ethics. When under stress, will social entrepreneurs willingly or unwillingly make decisions that compromise their values and ethics, or will they abandon or shift their original missions or goals as a result of external pressure? Some of the central issues are related to the dynamics between social entrepreneurs' values and ethics and the external elements.

On a broader societal level, the role of social entrepreneurs in society is a subject of great interest. Can they act as agents of change in economic development in terms of introducing innovative business models or processes to facilitate the solving of social problems and enhancing the social good? Can their innovations help pave new ways for economic growth and inspire a remarkably balanced, just and inclusive model of economic order or develop a highly diversified world of economic activities? Will the existing institutions and practices, as well ideologies and beliefs, impede social entrepreneurs from effectively playing their roles? Will internal factors, such as organisational factors, personality traits, temperament, values and ethics of social entrepreneurs, as well as organisational culture and incentive structure inhibit them from fully realising their goal of enhancing social good? What are the factors that promote and sustain social entrepreneurship and its relationship to values and ethics? Discussions about organisational incentives in the general business literature are instructive for social business. An appropriate incentive structure can act as an effective organisational motivator for motivating employees to form behaviours in conformity with the values and norms of the organisation, forming value-based practice (Prilleltensky 2000) and thus help sustain the ethical practice. Compensation practices, performance and evaluation systems are necessary structures in dealing with ethical problems within firms (James 2000). Moreover, in order to reinforce ethics in organisations, managers must use incentive programmes in ethical ways (Fleischman et al. 2019).

Many authors have agreed that an inherent moral demand exists within social entrepreneurs, that is, their actions and behaviours should at least be ethical (Anderson and Smith 2007; Chell et al. 2016); however, some authors have observed that the opportunistic, risk-taking and rule-breaking dispositions and behaviours of some entrepreneurs may be vulnerable to corruption (Baumol 1990), creation of social cost and harm of some stakeholders. Thus, a need arises for social and ethical norms to be instituted to rein in entrepreneurial behaviours and make them accountable for the consequences of their deeds.

Some researchers have reviewed the social entrepreneurship research in Asia-Pacific countries and found that the research focuses on the usage of market orientation by social enterprises to generate economic and social values and discusses the influence of social entrepreneurship education on generating a talent pool for social enterprises (Sengupta and Sahay 2017). The above observation resembles the characteristics of entrepreneurship studies in the United States. Local studies in Hong Kong have mostly focussed on the development and the ecology of social enterprises (Au 2014; Chan et

al. 2019), only a few of them have researched on social entrepreneurship (Chandra 2017) and even only one study has examined the values of social entrepreneurs (Ip et al. 2017). In Hong Kong, social entrepreneurship engages in five discourses: problematisation, empowerment, marketisation, resource mobilisation and publicness (Chandra 2017). Another local research identified that empathy, moral obligation, social entrepreneurial self-efficacy, perceived social support and prior experience with social problems are associated with social entrepreneurial intentions (Ip et al. 2017). Hong Kong social entrepreneurs seem to welcome universal values, such as empowerment, empathy and moral obligation; however, further evidence will be needed to substantiate the claim. A study on social entrepreneurship in Mainland China showed that private entrepreneurs are motivated to participate in poverty alleviation programs if they have many past distressing experiences, including limited educational opportunity, unemployment experience, rural poverty experience and start-up location hardship (Yiu et al. 2014). Social entrepreneurs in Mainland China are more inclined to local Chinese culture on Ren, sympathy and kindness. The contrast between Hong Kong and Mainland China makes Hong Kong a unique case to study on the values of social entrepreneurs who are shaped by universal and local Chinese values.

Method of This Study

A case study, 'an empirical inquiry that investigates a contemporary phenomenon (the "case") in depth and within its real-world context' (Yin 2014 p. 16), is the method used in this study. Case study research constitutes an all-encompassing method that covers the logic of design, data collection techniques, and specific approaches to data analysis (Yin 2014). In this study, the values of the founders of social business and their implementation in the organisations are the subject to be investigated.

The social businesses investigated in this study conduct different types of social business. They can be roughly divided into two groups, namely, founders and non-founders. The founder group is businesses whose founders are also the social entrepreneurs who found and operate the business, whereas the non-founder group is businesses whose founders are no longer running the businesses but have professional managers to oversee the actual operation of the business. This study focuses its analysis on five founder cases. The founder and the social business organisation are selected according to the following criteria: (1) The social business has been established more than 3 years; (2) The founder is still actively involving in the running of organisation; and (3) Different types of social business are selected in order to provide heterogeneous information.

The nature and activities of the five social business organisation selected are varied. Wewah is a business that offers free piano lessons to children of low-income families to enrich their cultural lives. Translate for Her (T4H) is a business that performs translation works for minority groups to enable them to better integrate into mainstream society. CUHK Women Workers Co-op (WWC) is a cooperative-type of social business that operates a kiosk at the CUHK, which also provides employment for women workers and promotes cooperative and labour movement. Community Oriented Mutual Economy (COME) originated from a community economic development project

organised by St. James' Settlement to rebuild the local exchange system and social capital by a community-based economy. It started at Wanchai District and then extended to other districts in Hong Kong. Education for Good (E4G) is a business that aims to provide support and consultancy for socially innovative start-ups. In what follows, the five businesses will be discussed regarding their values and their implementation, as well as the conflicts or dissonances they encounter.

After gaining the consensus of the founders, interviews were conducted from October to December, 2018. All interviews were conducted by one or two authors with the assistance of a research assistant and the duration of the interviews lasted for 1.5–2 h. There was a set of questions for all founders who received it prior to the interview. We only interviewed founders or managers of the social business and the interview questions are about the values of the founders and their origin, how they implemented, adjusted and changed values in the organisation, and how they responded to ethical conflict situations. All of the interviews were tape-recorded and fully transcribed and coded. Thematic analysis of the information was conducted by the two authors.

Who Are the Social Entrepreneurs?

The social businesses investigated in this study conduct different types of social business. They can be roughly divided into two groups, namely, founders and non-founders. The founder group comprises of businesses whose founders are also the social entrepreneurs who found and operate the business, whereas the non-founder group comprises of businesses whose founders are no longer running the businesses but have professional managers to oversee the actual operation of the business. This study focuses its analysis on five founder cases. The businesses under this study undertake diverse types of activity. Wewah is a business that offers free piano lessons to children of low-income families to enrich their cultural lives. Translate for Her (T4H) is a business that performs translation works for minority groups to enable them to better integrate into mainstream society. CUHK Women Workers Co-op (WWC) is a cooperative-type of social business that operates a kiosk at the CUHK, which also provides employment for women workers and promotes cooperative and labour movement. Community-oriented Mutual Economy (COME) originated from a community economic development project organised by St. James Settlement to rebuild the local exchange system and social capital by community-based economy. It started at Wanchai District and then extended to other districts in Hong Kong. Education for Good (E4G) is a business that aims to provide support and consultancy for socially innovative start-ups. In what follows, the five businesses will be discussed regarding their values and their implementation, as well as the conflicts or dissonances they encounter.

What Are the Entrepreneurs' Values?

Wewah

As a part of the poverty alleviation effort, Wewah's business mission is to use volunteer teachers to provide free piano lessons to youngsters of deprived families to enrich their cultural horizons and skills. The founder was well aware of the values that motivated the forming of the business are sharing, community development, social

engagement and volunteerism. Particularly, sharing seems to better capture the mutuality and reciprocity of the process of teaching; that is, teachers and learners have to commit themselves to the process and share the experience. In fact, the sharing involved has to be equal in the sense that the teachers should be willing and eager to share their knowledge and skills with the students, whereas the students should also be willing and eager to demonstrate their commitment to learning from the teachers. Such mutual sharing helps strengthen the bond between the teacher and the students, which enhances the success of the process.

For teachers and students, happiness in learning music also plays a major role in the process of motivating and sustaining the practice. There has been substantial evidence that shows happiness experienced by participants during and after the process. The name 'Wewah' in Cantonese means 'joyfully boisterous voice', which fully convenes a heightened sense of happiness. Happiness is also an implied value that is shared by teachers and learners, as well as one that helps sustain their bonds and the teaching–learning process.

On a broader basis, the value of sharing also permeates the triadic relationships amongst the business, volunteer teachers and students. Furthermore, teachers play the role of a mentor *qua* senior companion of the students to oversee their growth and wellbeing during the learning process.

The founder indicated that the values of the business are considered a reflection of his own, which are largely drawn from his personal and educational experiences, especially his university education. The origins of Wewah's founder's values look similar to those of the T4H founder, that is, university education, especially the disciplines they studied have a great impact on their value formation. The founders of Wewah and T4H are Ph.D. students in sociology, the core ideas of which have an enduring effect on their values.

T4H

The mission of T4H is to provide language translation support to non-Chinese speaking ethnic minority women of low-income immigrant families. The main goal is to empower them to conduct basic activities in daily living in Hong Kong as a way to facilitate their smooth integration into society. As a result of language barriers, minority women of the many new immigrant low-income families lack the language skills to enable them to obtain access to basic information, such as reading notices, Chinese description labels, and instructions on the labels of goods, which are needed for living a normal life in the community. The translation is one basic way to break down these barriers, such that minority women can also gain access to basic information about the basic social services provided by the government. Providing the translation service to them can aid them in applying for the needed social aid and social services. Although these services have been proved useful, they are not readily available to ethnic minorities during non-office hours. To overcome this problem, T4H then uses communication apps, such as WhatsApp, to provide translation services to ethnic minority women almost 24 h a day and 7 days a week.

The expressed values of T4H are the development of women's autonomy, independence, self-strength through empowerment and equality. According to the founder, equality in effect comprises three components, namely, racial, gender and informational equality. The meanings of the former two values are quite straightforward. Informational equality refers to the extent that citizens of the society have equal access to basic information to lead a normal and prosperous life. Particularly, equal access to public information provided by the government and private organisations or agencies, as well as general information about the society, is vital for citizens to develop an understanding of the social situation they find themselves in and enhance their self-strength, which is instrumental to achieving independence and autonomy. Access to information is therefore a powerful way of empowerment. Furthermore, the founder believes that equal access to information is a way to institutionalise change for the benefit of the minority and deprived groups in society.

The business values of T4H apparently are the organisational expression of the founder's own personal values of equality, compassion and human rights, particularly the rights of the deprived or marginalised groups in society. The rights of the deprived minority have been the founder's concern as a result of her past personal experience in participating in social campaigns for this group of people. The founder's own Christian values of compassion, as well as those of Chen Buddhism, are other basic values that are closely related to the T4H values. The founder believed that the Chen Buddhist practice has enabled the business to build relationships with clients and facilitate the delivery of services, as well as possibly develop bonds and trust between the helpers and the clients. The founder regarded that Christian and Chen Buddhist values can stay harmonious with each other and help her navigate the messy world of conducting her business.

WWC

WWC was formed in 2001 under the organising effort of the Hong Kong Women Workers Association. WWC is a workers co-op that sells light foods and beverages on campus at the CUHK. Its economic objective is to improve the livelihood of unemployed women workers, and its social objective is to enhance women workers' consciousness and contribute to the wider women worker movement by the active participation of the members in the co-op.

The expressed values of WWC include collective management, collaborative decision, equality in the division of labour, mutual assistance, cooperation and social justice. The first five values are related to the value of economic democracy, which is an umbrella term that covers the seven principles of cooperative movement: open and voluntary membership; democratic member control; members' economic participation; autonomy and independence; education, training, and information; cooperation amongst cooperatives; and concern for the community. Under the value of social justice, WWC's social responsibility is to serve the student customers and society. For customers, WWC's members believe that they should sell healthy food and products, which they will allow their own children to eat in schools. For society, members have to help other women workers in society in joining the co-op movement. The social

justice value also applies to the environment and people that their co-op will not sell products that will adversely affect the environment and humans' health.

With a wider social concern, the co-op aims to increase workers' consciousness by urging them to discuss social issues with students on campus. The above values of WWC align well with the founder's own personal values of participation, economic democracy and social justice. The founder has been an experienced organiser in workers' campaigns and movements with a strong commitment to increase workers' consciousness and advance social justice. She considers democratic participation as a kind of custom of living. She believes that workers in the co-op can be exposed to the perspectives of management and workers to make a democratic decision.

COME

St. James' Settlement started the COME programme in 2001. The programme runs mainly in Wan Chai – an old urban centre that has undergone fast gentrification. COME had an explicit objective from the onset: to build networks for disadvantaged people, the unemployed, single parents and the elderly. The community-oriented programme came up with a local currency called 'time coupon', setting a uniform rate for work of any kind. An hour's work earns 60 time coupons.

COME's mission is to promote residents in the community to exchange goods and services in achieving its economic objective: 'to make the best possible use of human, material and land, receive according to one's need'. Its social objective is to increase trust and communication amongst residents, rebuild the organisation network in the community and eradicate the misunderstanding and stigma amongst one another. The cultural objective of the project is to reflect the value-setting criteria in the production and consumption of daily activities through price-setting and exchange processes.

The expressed values of COME include equality, respect, dignity, environmental friendliness and healthy living. The exchange in COME is based on the principle that the value of labour is equal to the time unit provided by the members, irrespective of their level of skills or education, gender and age background. This principle emphasises the equality of people and their labour. The unemployed and underemployed members can utilise their time, skill and experience to serve other members of the community. Having participated in the exchange, members not only improve their livelihood but also secure self-respect and dignity. COME participants improve their livelihood by their own effort rather than receiving welfare, which means a real difference for them.

Lastly, COME wants to solve the problem that poor families cannot afford the expensive organic and healthy agricultural products in the market. COME intends to solve the problem by sourcing affordable organic and healthy food products in Ground Works, an organic grocery shop. In addition, the participants form a team to utilise the left-behind agricultural goods to promote environmentally friendly and healthy products for grassroots people.

The founder of the COME project under St. James' Settlement in Wan Chai is a social worker. She sees values in waste, values in every person and the contribution of women in their caregiving roles in the families. She provides opportunities for these underprivileged to boost their self-worth and self-esteem. The values of COME align

well with the founder's own personal values of autonomy, economic empowerment and community building, which she learned from her social work training and practice. For the environmentally friendly and healthy lifestyle values, the founder mentioned these were originated from the traditional wisdoms of Chinese about a holistic mindset from the Chinese classics, such as the Inner Canon of the Yellow Emperor (黃帝內經) and the Book of Changes (易經).

E4G

Established in 2012, E4G's core business is to provide consultation, training and guidance to empower people to undertake socially innovative projects and activities to generate social benefits. Under the mission of nurturing and supporting the next generation of social entrepreneurs, the company endorses five avowed values: (1) to inspire others to innovate, (2) to provide higher than expected service, (3) to be environmentally friendly, (4) to act entrepreneurially and (5) to lever collaboration. These values of the business are depicted in the acronym IDEAL.

The term 'ren' (仁) in the Chinese company name 'Education for Good' (仁人學社) of E4G vividly conveys the core moral component of the company. Ren means compassion or benevolence, which is the cardinal moral value in Chinese Confucian culture. Founders of Chinese companies take the names of their companies seriously because the company names very much represent their deeply held values. This perhaps applies to the founder of E4G, who apparently holds ren in high regard. The plaque with a horizontally written sentence, 'People who transfer ren' (仁的傳人), which is placed at the front of the company office, is more telling. When read from right to left, the sentence reads, 'The ren transferred by people' (人傳的仁), which indicates the compassion transferred from people to people, which may also mean, in a more abstract sense, the compassion of innovating something good for the society. Therefore, compassion may be perceived as a root value upon which other values are based.

Reflecting on the origins of the values, the founder admitted that the five values are learnt from values and ideas generally held by other entrepreneurs in the world, especially from those of the leading social business pioneers, such as Muhammad Yunus and Bill Drayton. Despite these foreign origins, the Confucian value of ren apparently plays a unifying role in connecting these values, which makes the whole values system multicultural and Chinese-value based. On the other hand, the idea of B Corp which essentially captures the nature of a company that can combine profit and ethics is another source to inform the founder about his business values. Indeed, the practices of businesses that meet the standards of the B Corp have inspired the founder in a more concrete way in his value formation.

The key values of the five founder-entrepreneurs are listed in Table 1.

Implementation of Values

Wewah

To implement values, Wewah uses contracts as norms to guide behaviours of students, teachers, the organisation and other stakeholders. There is a written contract between

Table 1. Universal and local values and founder's values.

Organisation	Universal values	Local values	Founder's values
Wewah	• Community development • Social engagement	• Sociology education	• Sharing • Happiness • Volunteerism • Non-religious practice • Contract • Cultural capital
T4H	• Empowerment • Equality	• Christian values and Chan Buddhism • Sociology education	• Women's autonomy • Women's independence • Harmony • Bond and trust
WWC	• Equality • Social justice • Environmental friendliness	• Economic democracy • Women workers' consciousness	• Collective management and decision • Participation • Cooperation • Social responsibility
COME	• Empowerment • Community development • Environmental friendliness	• Chinese traditional holistic mindset • Social work education	• Autonomy • Healthy living • Respect • Dignity
E4G	• Entrepreneurship • Environmental friendliness	• Ren/compassion	• Innovation • Service • Collaboration

Note. Many of the values of the founders and ethics of their organisations overlap with one another, and they are mainly of universal types.

the business and the teachers, as well as one between teachers and students, to highlight the idea and the norm of equal sharing, as well as the related responsibilities and rights. A mentorship contract was developed in the third year of the business with the goal to bind the teachers, students and their parents together with their respective rights and responsibilities.

The volunteer teachers who join Wewah consist mainly of social workers, designers, sociologists and information technologists who are attracted by Wewah's values and vision. Although most of them have religious affiliations, Wewah is a non-religious organisation. In implementing the values of Wewah at the start of the business, the founder realised that the problem of whether religion should be involved in the process has to be addressed. To address this problem, Wewah has set up a norm that forbids teaching be used as a tool to promote religious beliefs or entice students to be believers. The founder's reason for this is that he has had bad personal experiences in a religion-motivated learning situation. The founder stressed that Wewah's primary focus is to develop the cultural capital for the students as a form of social transformation.

Given that all teachers are volunteers, the rate of attrition is high. At the time of the interview, about half of the number of teachers who joined Wewah since its first operation have left due to various reasons (e.g. devoting more time to their own formal employment, spending more time with their young children, losing interest in teaching and feeling bored, amongst others). More importantly, a considerable number of volunteers were not fully subscribed or committed to the value of building cultural capital as a form of social transformation. Indeed, many

leavers primarily saw their role as a service provider, not as a social transformer. Thus, building and sustaining a strong value alignment between the business and volunteers is difficult. Without a sustained value alignment to bind Wewah and its volunteers, maintaining a stable and cohesive workforce to deliver the services is difficult.

By contrast, volunteers who are the founder's friends might readily understand and share some of Wewah's cause. Indeed, they are piano teachers who largely share the same values as the founder, and they form the stable part of the workforce.

Wewah's external stakeholders include piano companies who offer piano lessons and/or rent out practicing rooms to students, local small NGOs and big, established charity foundations as funders, which offer help and support in one form or another to Wewah. Many of Wewah's volunteer friends mentioned earlier are employees of piano teaching schools. They have helped to broker between their employers and Wewah to secure practicing venues for free or with a lower rental fee. Other piano teaching school owners learnt about Wewah through word-of-mouth are another source of help by donating used pianos to Wewah. Some piano vendors voluntarily contacted the business to allow Wewah to use the practicing venue for free.

Wewah has collaborations with many local NGOs, and these collaborations have been easily formed and operated smoothly due to good communications and value alignment between Wewah and them. However, matters become more complicated when dealing with big charity foundations, which act as a funder from which Wewah applies for funding. These funders have their own missions, agendas and corporate cultures that do not necessarily sit well with those of Wewah. Moreover, many funders have a set of established rules and regulations for funding and a pre-established mode of practice that may not be conducive to the operational success of Wewah. In fact, the values that underlie the missions and shape the agendas of some funders may not be consonant with those of Wewah. For example, a funder may only be interested in offering teaching lessons to the children of their members, but Wewah does not discriminate against non-members in selecting learners. Moreover, another funder may have little concern about the character of the learner as a condition for selection, whereas Wewah regards it as essential for selecting learners. Furthermore, a funder may refer Wewah to a religious organisation that recommends learners from their members, although Wewah does not select students on a religious basis.

T4H

Similar to Wewah, T4H has its internal and external stakeholders. Volunteer helpers constitute the main yet important internal stakeholders. The communication of company and personal values between the founder and helpers is a complex and messy undertaking. And the implementation of values is also a time-consuming exercise and a prolonged and continuous socialisation process as well. Naturally, volunteer helpers often hold different values and attitudes, although they joined T4H in part because of their broad understanding and acceptance of its mission and values, and their own compassion to help underprivileged people. With regard to the transmission of the values and practices of Chen Buddhism, it remains a challenge because neither are

members familiar with the Chen philosophy nor do they fully believe in Chen Buddhism and its practice. Particularly, for helpers who are devout Christians, they may not share the Chen Buddhist values and practices, thereby creating difficulties in the communication and transmission of values, let alone their implementation. As volunteers, many helpers do not feel obliged to share or follow the Chen Buddhist values and practices. As a result, the Chen Buddhist values and practice are viewed as a personal value of the founder, not an essential value of the organisation. The founder was mindful that what is helpful for herself may be helpful for others. And the process of value education. sharing and acceptance are complicated and takes a long time. To address this issue, the founder has tried alternative means of conveying the same message of caring or altruism without invoking the name Chen Buddhism as the underlying values for helpers to observe in delivering their services. The results are yet to be seen.

Minority women of deprived communities and low-income families are the target clients of T4H. In the process of delivering the services to clients, T4H aims to convey to them the values of empowerment, ethnic equality and mutual help, amongst others. Given that the recognition, appreciation and awareness of values require a long and complicated process, to what extent these values have been clearly and effectively communicated and absolved by clients remains a challenge.

Similar to the challenges that Wewah is facing, T4H funders sometimes pose problems for T4H as well. Funders, especially the more traditional or established ones, often see and treat T4H as a novice in the field which lacks experience and expertise. Thus, these funders often take a more sceptical view on the standing and capacity of the organisation and view the founder's values and the organisational goals as being too idealistic, resulting in a number of unsuccessful applications. As a result, the founder feels frustrated as a result of these perceptions because she wants T4H to be respected as an equal partner in the field of providing social services to groups in need. However, the perceptions of these big players are often difficult to change.

WWC

Values can be transmitted and enhanced by learning activities in social business. Members joining WWC are middle-aged women workers who used to work in the manufacturing and service industry with low education attainment. Most of them were unemployed or became housewives before joining WWC with no management knowledge or working experience as a shopkeeper. After joining WWC, they need to learn their new roles in the co-op as employers and as employees.

The founder and the members had formed a learning group to learn about economic democracy and the seven principles of cooperative movement during the establishment of WWC. Values not only can be acquired through learning activities but can also be shared between women workers and students. Women workers always exchange values and viewpoints on social issues with the student volunteers who are working late at night at WWC. Other than an exchange in the kiosk, women workers of WWC actively share the ideas and the values of the co-op to students at forums and talks organised by the students to promote the idea of the cooperative movement.

Members of WWC attend a monthly meeting to discuss the business matters of the co-op and the organisational issues of HKWWA. They stress the partnership relationship between WWC and HKWWA in practicing cooperative movement. WWC does not only provide job opportunities for women workers but also arouses the social responsibility of its members to help other women workers in society. The meetings deliberate issues on values in detail to steer the direction of WWC, which is an explicit value-based practice. For example, to implement its values in protecting the basic rights of women workers, they paid minimum wage as a pilot practice in WWC before the enforcement of the Statutory Minimum Wage Ordinance.

WWC is successful in promoting the values of co-op among its members as well as students on the campus, this co-op values became an important norm. The support from the students gives WWC an advantageous position to other for-profit organisation in subsequent contract renewal exercises with the university.

COME

Values can be implemented and transmitted in direct experiences during the production and exchange economic process of social businesses. COME established Ground Works, an organic grocery store under the COME programme in 2007. Ground Works promotes conscience production and consumption as its core value, which intends to transform the profit-first philosophy of the capitalist market. The value-based practice of Ground Works intends to transform the values of its members and the wider society. For example, in the process of making moon cake at Ground Works, they do not buy ready-made lotus seed paste in the market at a cheaper price, but they manually make the paste to guarantee quality. In addition to producing and distributing environmentally friendly and healthy food to resident customers, Ground Works staff are encouraged to explain the impacts and relevance of organic food production and consumption to the environment and health to members of the community.

In sharing the values of conscience production, staff members have regular meetings to discuss operation issues, products and management. Ground Works' successful experience confirms that consumers can use their purchasing power to support and maintain conscience food production. All in all, the practice of Ground Works intends to influence behaviour of the community members, it wishes to transform the take for granted consumers' choice into an ethical decision good to individual health and collective environment.

E4G

In conducting an actual business, the cardinal value of ren should be translated into a set of more tangible norms and actionable plans as an effective way of implementing the value. The founder regards that the establishment of the B Corp is a more practicable way to proceed forward as it has more clearly defined criteria and steps for the business to follow to achieve the status. Thus, the B Corp is an actionable model with its norms and procedures to realise the idea of business as a force for good, that is, business that not only creates wealth but also brings values to society.

The founder contended that the success of a social innovation depends on three factors: (1) identifying the social problem that needs to be addressed, (2) determining a new way to address the problem and (3) making the solution scalable. Scalability is particularly important because innovation to be impactful should be scalable to the effect that more people are aware of it, learn from it and copy it.

To implement the values of the business, 'lean start-up' was the first product that E4G launched. By adapting the idea advocated by Eric Ries in 2011 to the local situation, this innovative product began to be profitable in the second year of its introduction. The key to its success was the result of closely soliciting and monitoring feedback from users about the product's usefulness and conducting follow-ups with refinements and adjustments.

E4G's employees are college students, many of whom have working experience in social business. They are trained to become coaches for clients. The founder has adopted a form of mentorship in staff training where he acts as the master coach who is responsible for both value education and skill training for his employees. Value education involves values communication and transmission to enable the employees to understand, adopt and practice those values. Skill training concerns the teaching of practical skills and aptitudes for the job. By closely monitoring his employees' work and constantly giving feedback and instructions in the process, the founder makes sure that they fully master the knowledge and skills needed for the task, as well as understanding and adopting the underlying core values of E4G. Most importantly, the employees understand that a successful coach should possess the ability and aptitudes to teach, guide and inspire other people and the ability to collaborate with others, these set the norm of a learning organisation.

One major hurdle that E4G has been facing is the difficulty of recruiting qualified people. As a result, understaffing is an ongoing problem for the company. Moreover, getting qualified people is one thing, keeping them in the business is another. To be able to retain good employees depends considerably on whether the employees are committed to the core values of the company. This situation depends on the extent that the company values are successfully transmitted to staff members who subsequently adopt them. The staff should be truly committed to the cause of social business as a means of creating social good. Without this commitment, expecting employees to have a long-term commitment to the business is unrealistic.

The value alignment between E4G and its suppliers has facilitated developing and sustaining a mutual trust that is vital to continued collaborations for mutual benefits. The norms of creating social good promoted by E4G enhanced good and trustful connections between E4F and clients, which help expand the business. These connections can also facilitate the building of further relationships with other like-minded people and/or businesses of similar value orientation. A dense and extensive network of connections will be produced from the multiple effects of self-selection.

E4G's founder has created a venue named Dream Impact (DI), which provides working spaces for start-ups that join DI not simply as renters but as members and partners.[3] Start-ups are required to make social contributions to the community and are willing to interact and collaborate with other members as a condition for membership. Frequent interactions and collaborations help members form a robust small

Table 2. Values implementation and its outcomes.

Organisation	Means to implement values	Outcomes
Wewah	• Verbal communications • Signing of contract • Develop norms of sharing and non-religious practice	• Volunteers are receptive to values of sharing and happiness • Volunteers are not receptive to cultural capital
T4H	• Value sharing through personal contact • Developing guidelines • Setting examples by practice • Norms cannot be set up as volunteer do not familiar with and buy in Chen philosophy	• Volunteers are not all receptive to Chen philosophy
WWC	• Participatory discussion at monthly meeting • Sharing with students • Learning culture • Cooperative values	• Members and participating students are receptive to co-op values.
COME	• Participatory discussion • Conscience raising in production and distribution • Facilitate all stakeholders to make ethical decisions in their day-to-day activities	• Staff and customers are receptive to alternative green values
E4G	• Discrete selection of new recruit • Education via mentorship • Scalability to make social impacts. • Learning organisation	• Difficult to create and maintain a stable incentive structure

community of social innovators, whose experience in collaboration can inspire the formation of a larger community of similar sorts in society at large. Currently, E4G has seven businesses that effectively become a small community of social innovators. However, to have a large social impact, E4G is actively promoting the concept of B Corp in Hong Kong. Many SMEs, according to the founder, are good candidates for being B Corp.[4]

Table 2 summarises how the values are implemented and the effects or challenges.

Ethical Decisions and Handling Value Conflict

Value conflict refers to the conflict or dissonance resulting from parties holding divergent or conflicting values. The conflicts concerned have different severities, ranging from those resulting from directly opposing values to minor misalignment of values between parties. The conflicts reported in the cases under investigation are largely not major conflicts involving misalignment of values or the lack of value consensus. These conflicts can apparently be solved through communications, adjustments and accommodations. Value conflicts can involve internal and external stakeholders. As internal stakeholders, employees and collaborators may have values not fully aligned with the business. Funders, as external stakeholders, often hold values not entirely consonant with those of the business.

Wewah

Wewah has experienced incidences of value dissonance with its volunteer helpers and funders, as discussed earlier. They have been handled amiably by candid and open communication and mutual adjustment and have posed no serious problem. For

example, Wewah has established a norm to advise volunteer teachers not to use the teaching occasion to promote religion. Volunteers are well-informed of this norm before joining. Generally, making the mission and values as well as the basic norms of Wewah explicit to potential volunteers is an effective way to minimise value dissonance or conflict.

When people first join Wewah, they may only have a vague understanding of the full meaning of the mission and values of Wewah and may not be particularly aware of the problem of value alignment. This scenario is one cause of value dissonance. Newcomers are enthusiastic helpers who do not have prior experience of being a volunteer. Becoming aware of a value alignment or dissonance problem may take some time. People's awareness and understanding of their own values may change over time. The awareness becomes more pronounced, and the understanding becomes deeper when confronting values different from one's own.

As discussed previously, incidences of value dissonance with funders have occurred. However, Wewah has sufficient capacity to secure the freedom and autonomy to make its own choices as to whether to uphold its own values or make compromises. It can protect and maintain its value integrity by withdrawing its application from a funder who has policies (based on different values) that compromise its integrity at a cost of losing a funding source.

T4H

The founder of T4H admitted that her academic training has not fully equipped her with the knowledge about value conflicts, let alone the ways to resolve them. Moreover, the founder also disclosed that she seldom conducts philosophic reflection about her own values. For her, to decide what is right, what is good or what is proper is basically based on her own intuition, without involving any discursive reasoning.

In practice, difficulties often arise at different levels of business operation. How to train volunteer co-workers to undertake their task, how to forge a trusting connection with clients, how to conduct effective and affordable marketing and whether or how to approach a potential funder, amongst others, involve value considerations and potential conflicts. For example, some years ago, as reported by the founder, a social campaign openly solicited signatures to support a social cause. The open statement of the campaign contained statements critical of the government. Whether T4H should join the signature campaign raised value questions amongst the staff. The concern was that adding the company name to support the campaign may run the risk of being blacklisted as anti-government, either by government agencies or private pro-government funders. Once blacklisted, the business may be disadvantaged in obtaining funding from these funders. Even if the cause of the campaign may be reasonable and worthy (e.g. the rights of the children of low-income families, rights of the homeless and more government subsidies for the poor), whether or how to participate in practice creates real concerns. This case apparently involved ethical conflicts between doing the right thing as citizenship to support a right cause and the concern about being disadvantaged in securing funding as a result of being blacklisted. How to weigh the advantages and disadvantages requires some measure of knowledge and

skills of value conflict resolution that T4H apparently lacks. The founder feels the need to further develop the capacity in this area.

Furthermore, the funders often have their established set of values and ways of conducting business, which are often at variance with T4H's. One case in point, one major funder has a definition of poverty that is exclusively couched in monetary terms, whereas T4H frames poverty not only in monetary terms but also in cultural terms. This difference has resulted in the failure of secure funding from the funder. In all, big funders care more about compliance than the content of the project. However, not all funders are the same. Some funders (e.g. Good Lab) have shown more tolerance and open attitudes towards a proposed project and endorse social innovation with more flexibility.

E4G

The founder looked at value conflict through the lens of the mission drift of a business. This phenomenon occurs when a business in its operations slowly shifts its direction from its original mission when it was founded. Mission drift is, in an important sense, a value shift or value change, which may not necessarily result from value conflict or value dissonance. Amongst the clients of E4G, the founder has observed that extremely few social businesses have suffered from the problem of mission drift. Rather, they have suffered from the loss of passion to innovate, which led to a decline of the business. Loss of passion to innovate may be seen as a failure to sustain one's commitment to the value of innovation. Admittedly, passion alone cannot sustain a business for long if it is not accompanied by a strategy (e.g. lean start-up) and effective means of running a business. Furthermore, many failed businesses resulted in part from their founders' inability to learn from others and gain knowledge by extensively participating in different groups of social innovators. This can also be viewed as a failure to sustain one's commitment to continuous learning which is vital to social innovation. According to the founder, the idea of a lean start-up is still underappreciated and not well-understood and accepted by funders and practitioners. In Mainland China, for example, despite the existence of many social business incubators in universities and the availability of hardware (e.g. offices and computers), software for imparting knowledge and nurturing people the right way forward remains lacking. Another problem is that some founders have exerted all their effort in their strengths but neglected to cultivate their capacity to overcome weaknesses, thereby resulting in an unbalanced mix of capacities and skills. The other problem is that many new start-ups are weak in forming and sustaining effective teams, which are vital for the success of social innovation.

Recruiting people who possess the integrity and right aptitudes to manage a business is a challenge. The founder of E4G admitted being failed by an employee who committed morally suspect dealings with suppliers for personal gains. In the beginning, the employee in question appeared to be well-qualified and whose values seemed to be in good alignment with the business, which turned out to be otherwise afterward. Admittedly, it takes a long time to know the true nature of a person's moral character, and it is very difficult to discern whether a person has the integrity required

for the job. In addition to the fact that people can hide their true moral self, people's values may change over time for many reasons. Moreover, they may not always be able to consistently uphold their values, especially when temptations are difficult to resist or when self-interests trump principles. Thus, leaders of social innovation should take seriously the tasks of internal monitoring to identify, contain or mitigate it, in addition to rigorously selecting the right people. Moreover, leaders should also take an effort to cultivate their capacity to understand people.

WWC

Although economic democracy is a core value of WWC, it creates conflict and tension about how to effectively manage the organisation. Some members do not perform well after working for some time at WWC. Members debate whether a termination system should be set up to handle these underperformed members. Under the value of economic democracy, any change of the management system should be agreed upon by all members, including those underperformed ones. After discussion and deliberation, they agree to set up a reward and punishment system to handle the problem. They try to use rewards by praising and giving souvenirs to those members actively involved in participating to share with the society. In this case, the ethical conflicts provide essential feedbacks for the social business organisation to reform norms and improve the incentive structure.

Another value conflict concerns the selling of plastic bottle drinks, which are not environmentally friendly and are banned in other universities. When WWC proposes to ban plastic bottle drinks, they received strong reaction from students against the ban. Some WWC members also worry about the enormous loss of income caused by the ban. In view of these considerations, the value of being environmentally friendly is subsumed by the consumer choice and workers' worry, and WWC continues to sell plastic bottle drinks. In balance with the consumer choice of plastic bottle drinks, WWC members find an alternative by selling homemade herbal drinks to provide more environmentally friendly and healthy products for customers. WWC handles ethical conflicts by reframing their norms. They reduce but do not totally ban the sale of plastic bottle drinks. This witnesses the norms have resulted from an interaction between the values of the founder, the interest of the members, and the demand of the customers.

COME

The idea behind Ground Works is the concept of 'community-supported agriculture'. It adopts a business model that aims to provide a sustainable livelihood for the local organic farmers and makes the entire process of agriculture more sustainable. This sustainable value of the social economy is different from the mainstream economy, in which consumers are persuaded by advertisements about what kind of life they should dream of and what kind of products they should buy. However, Ground Works concerns about changing the relationship between the producers and the retailers. This alternative value creates tension with the customers, as well as drives for close

Table 3. Handling ethical conflicts.

Organisation	Values implemented by founders in organisation		Impacts of handling ethical conflicts
Wewah	• Open communications and use of contract to convey founder's value explicitly.	• Norms are receptive by volunteers, and well informed before their joining	• Effective in minimising value dissonance or conflict with volunteers
T4H	• Founder do not equipped with knowledge on value conflicts and its resolve	• Loose norms cause ethical debates among volunteer co-workers	• Ineffective in minimising value dissonance or conflict with volunteers and funders
WWC	• Economic democracy and lack of incentive structure cannot handle underperformed members effectively.	• Change of management system should be agreed by all members • Set up a new reward and punishment system	• Ethical conflicts provide feedback to improve incentive structure • Members reframe their norms to handle ethical conflicts
COME	• Sustainable value of the social economies promoted in the business process	• Facilitate all stakeholders to make ethical decisions in their day-to-day activities	• Ethical conflicts are partially solved by direct communication between shopkeepers and communicate with producers/customers
E4G	• Founder found many social businesses suffered from the loss of passion to innovation	• Lack of sustainable learning culture and incentive structure for innovation • Many clients fail to make innovation as the norms of their business	• Value dissonance between founder's passion in innovation and the deterioration of it among clients

interaction amongst the producers, the retailers and the shopkeepers. The shopkeepers need to learn how to communicate effectively amongst different parties.

Many customers of Ground Works just want to buy healthy and affordable goods, but are not interested in the eco-friendly production process. In order to handle this ethical conflict, the founder of Ground Works provides an opportunity for the shopkeepers to meet producers and learn effective communication with customers. The formation of the norms in Ground Works facilitates shopkeepers and customers to make ethical decisions in their day-to-day activities. Table 3 summarizes how ethical confilcts are handled.

Discussion

Values of the Founders

The founders under this study generally display various degrees of awareness of their avowed values. As indicated earlier, values have a clustered structure with multiple layers. They explicitly endorse some expressed values, and underlying values are implied by those expressed values. Most of the time, the founders are not fully aware of the whole suite of values they explicitly hold or endorse. Some founders have a relatively clear idea of their avowed values, yet are less clear about the implied values. Through the process of value clarification and/or repeated probing by the interviewer, they have arrived at a better understanding of the values that they uphold. Thus,

values need to be further clarified to enable them to have a sharper awareness of their value system. This study has found that no founder has undergone effective formal value education in their school years. Although a few entrepreneurs have implied that their values have some origins in the academic disciplines they studied, some have confessed that their major values are learnt from social participation and campaigns. In other words, society has served as a major source of their values.

Many founders hold values of universal types, including social justice, equality, autonomy, freedom, rights and the rule of law. These universal values are apparently selected and adopted by the founders over the years, either in their school years or in society. As a free port and international commercial and trade city for 150 years, Hong Kong has been opened to the free flow of capital, information, ideas and people since the British Colonial Era. People have been constantly exposed to these values. Thus, as a result of sustained acculturalisation over a long stretch of time, Hong Kong people consciously or unconsciously are quite accustomed and receptive to these values, and many have even adopted them as the core values for their personal, civic and professional lives.

Despite the affinity with the universal values, the founders, being ethnic Chinese, have also been intimately nurtured in Chinese culture. Thus, some founders' values have a mixture of universal values and local Chinese values in their value system. For example, some founders feel comfortable with elements of Confucianism (E4G) and Chen Buddhism (T4H), along with universal values in their system. E4G, the 70-year-old founder, the most experienced entrepreneur of this group, apparently has a more complex system of values, probably as a result of his more extensive exposure to a diversity of businesses and a long working experience. In comparison with the values of other younger founders in this survey, his value system displays a richer mixture of Chinese values and his business and professional values.

Having a mix of local and universal values is one thing, and how well they are mixed is quite another. Generally, for most founders, how well the local values are in synchrony with the universal values is of less concern to them. In other words, the degree of coherence of values varies from individual to individual. Furthermore, the values of the five businesses are largely the reflection of the values of their respective founders.

Value Implementation

When they first founded their businesses, few founders started with a full set of core values with a certain level of stability. The process of value implementation seems to follow this pattern: new values are discovered through practice, which are subsequently absorbed as values during the value implementation process. Furthermore, through practice, some original values are refined, updated and adjusted to better suit the real world and smoothen business operations. The process of value implementation is a complicated process that involves growth, modification, adjustment and abandonment of values. Seemingly, the process is not static but a dynamic one, which involves constant growth, refinement and adaptation to solve a myriad of practical problems and meet continuous challenges. The dynamics of value implementation

and change are contingent on the perceived need for change and the openness to change on the part of the founders, amongst other factors. Due to the relatively short period of operation since the founding of these businesses, no conspicuous major value modification has occurred for all the businesses in this study.

Most of the founders communicate their values to their staff, customers and other stakeholders by means of verbal and informal communication rather than written and formal documents or guidelines. Many of them mentioned doing and training to facilitate learning and transmission of values via direct practice and learning and reflection in day-to-day experience. Classroom learning is not a good choice for them. The common problems that they face are the high turnover rate of staff/volunteer, which disrupts the value learning and transformation process. Awareness-raising may be comparatively easy to achieve at the initial stage of the social business. However, internalising the core values by the staff, volunteers and customers is difficult, because the running of the social business is still short.

Value Conflict or Dissonance

Value-driven social businesses, especially those highly idealistic ones, often experience value (ethical) conflicts of various sorts at different stages of their lives. Different types of conflict are between core values, core versus secondary values, terminal versus instrumental values and universal versus local values. Moreover, the parties involved in the conflict include founders, funders, collaborators, associates/partners, employees, managers, volunteers, sponsors and service receivers or customers.

At the formative stage, value conflicts may arise amongst different founders in multiple-founder organisations, or between a founder and his/her major associates who helped build the business. Value conflicts may also occur between a founder and his/her funders or board members, as well as employees or volunteers. However, the successful formation of the business will signify that the conflict, if any, has been solved or at least harmonised. The ways this type of conflict is solved are mainly through communications, negotiations, adjustments or compromises. The awareness of value conflicts seems to depend considerably on the awareness of values. Those founders who have a sharper awareness of their values naturally have a higher awareness of the related conflicts.

Furthermore, having awareness of the conflict is one thing, having the capacity to handle the conflict is another. That is, even though a founder is aware of an existing or an impending conflict, he/she may not necessarily be well-equipped to effectively manage it to have a satisfactory result. Being uninformed, undertrained or unprepared, a founder may most likely respond arbitrarily, relying mainly on his/her subjective intuitions or personal experience and not through rational means based on knowledge, reason and prudence. Conflicts, whether big or small, are natural occurrences in the business arena. Therefore, founders and internal stakeholders may need to gather capacities to meet the challenges. In general, the cases under study have not experienced major value conflicts that are irresolvable and serious, although incidents of minor conflicts have occurred, which have been handled by good common sense,

communication and practical intelligence, which signified a positive interaction between the values of the founders and the accepted norms of the social business.

Limitation of This Study

This study has several limitations. Firstly, this study is based on a small sample of cases in part because the number of available social businesses is limited due to the relatively short history of social business development in Hong Kong. The study has to be regarded only as an exploratory work of the values of social businesses in Hong Kong. Secondly, given that these businesses are relatively young in age, the experiences reported reflecting, at best, the early stage of running these businesses. A fuller picture of these businesses should wait until a later time when they become more mature. Furthermore, value implementation is closely related to the way values are communicated, which is a highly complicated process. Information about how communication is conducted is important to help construct a fuller picture of the implementation process. However, the picture painted for the implementation process is admittedly incomplete due to the lack of sufficient data about communication with internal and external stakeholders in this study. Future research should fill this gap. Moreover, future studies should explore the extent that employees are aware of these values, and whether and how these values are put into practice. It should also explore how these values are communicated to outsiders, including funders, potential volunteers and society at large.

Notes

1. We follow the definition of social business suggested by Yunus (2011) that 'Social business: is a non-loss, non-dividend, investor-owned organisation, where 100% of its resources are for social good', which sets more stringent conditions than social enterprises, that is, 'social enterprise is an organisation that applies commercial strategies to maximise improvements in financial, social and environmental wellbeing'.
2. The interviews with the founders or executives of the social businesses were conducted from October to December, 2018. All interviews were tape-recorded and fully transcribed.
3. People have to be members to rent the venue.
4. Currently, a community Hong Kong has one citizen-driven environmental project that is partnering with E4G.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

Authors' contributions

ORCID

Hung Wong 🄳 http://orcid.org/0000-0001-8326-9766

References

Alto, P., and P. M. Wong. 2013. *Mind the Gap: Lessons and Findings from EngageHK*. Asia Community Ventures. https://uploads.strikinglycdn.com/files/53429/07605a98-eb3f-4dae-bc69-c888c478e88e/AVA%20EngageHK%20report-Aug%202013.pdf.

Anderson, A. R., and R. Smith. 2007. "The Moral Space in Entrepreneurship: An Exploration of Ethical Imperatives and the Moral Legitimacy of Being Enterprising." *Entrepreneurship & Regional Development* 19 (6): 479–497. doi:10.1080/08985620701672377.

Au, K. 2014. *Research Study on the Social Enterprise Sector in Hong Kong: To Capture the Existing Landscape of Social Enterprises in Hong Kong*. Hong Kong, China: Centre for Entrepreneurship, The Chinese University of Hong Kong.

Bacq, S., C. Hartog, and B. Hoogendoorn. 2016. "Beyond the Moral Portrayal of Social Entrepreneurs: An Empirical Approach to Who They Are and What Drives Them." *Journal of Business Ethics* 133 (4): 703–718.

Bauhinia Foundation Research Centre. 2013. "Social Enterprises in Hong Kong." *Bauhinia*, October. http://www.bauhinia.org/assets/document/doc163eng.pdf

Baumol, W. J. 1990. "Entrepreneurship: Productive, Unproductive, and Destructive." *Journal of Political Economy* 98 (5): 893–921. doi:10.1086/261712.

Braithwaite, V. A., and H. G. Law. 1985. "Structure of Human Values: Testing the Adequacy of the Rokeach Value Survey." *Journal of Personality and Social Psychology* 49 (1): 250–263. https://doi.org/10.1037/0022-3514.49.1.250..

Brenkert, G. G. 2009. "Innovation, Rule Breaking and the Ethics of Entrepreneurship." *Journal of Business Venturing* 24 (5): 448–464. doi:10.1016/j.jbusvent.2008.04.004.

Chan, C. H., C. H. K. Chui, K. S. T. Chan, and P. S. F. Yip. 2019. "The Role of the Social Innovation and Entrepreneurship Development Fund in Fostering Social Entrepreneurship in Hong Kong: A Study on Public Policy Innovation." *Social Policy & Administration* 53 (6): 903–919. doi:10.1111/spol.12524.

Chandra, Y. 2017. "Social Entrepreneurship as Institutional-Change Work: A Corpus Linguistics Analysis." *Journal of Social Entrepreneurship* 8 (1): 14–46. doi:10.1080/19420676.2016.1233133.

Chell, E., L. J. Spence, F. Perrini, and J. D. Harris. 2016. "Social Entrepreneurship and Business Ethics: Does Social Equal Ethical?" *Journal of Business Ethics* 133 (4): 619–625. doi:10.1007/s10551-014-2439-6.

Defourny, J., and M. Nyssens. 2010. "Conceptions of Social Enterprise and Social Entrepreneurship in Europe and the United States: Convergences and Divergences." *Journal of Social Entrepreneurship* 1 (1): 32–53. doi:10.1080/19420670903442053.

Fleischman, G. M., E. N. Johnson, K. B. Walker, and S. R. Valentine. 2019. "Ethics versus Outcomes: Managerial Responses to Incentive-Driven and Goal-Induced Employee Behavior." *Journal of Business Ethics* 158 (4): 951–967. https://doi.org/10.1007/s10551-017-3695-z.

Haerpfer, C., R. A. Inglehart, C. Moreno, K. Welzel, J. Kizilova, M. Diez-Medrano, P. Lagos, et al. 2020. *World Values Survey: Round Seven - Country-Pooled Datafile*. Madrid, Spain; Vienna, Austria: JD Systems Institute & WVSA Secretariat.

Harris, J. D., H. J. Sapienza, and N. E. Bowie. 2009. "Ethics and Entrepreneurship." *Journal of Business Venturing* 24 (5): 407–418. doi:10.1016/j.jbusvent.2009.06.001.

Hofstede, G., G. J. Hofstede, and M. Minkov. 2010. *Cultures and Organizations, Software of the Mind*. 3rd ed. New York, NY: McGraw-Hill.

Ip, C. Y., S.-C. Wu, H.-C. Liu, and C. Liang. 2017. "Revisiting the Antecedents of Social Entrepreneurial Intentions in Hong Kong." *International Journal of Educational Psychology* 6 (3): 301–323. doi:10.17583/ijep.2017.2835.

Ip, P. K. 2019. *The Creation and Continuation of Corporate Culture*. Taipei, Taiwan: Wu Nam Books.

Ip, P. K., and S. M. Ho. 2020. *Ho Sin Hang and the Early Culture of Hang Seng Bank: Founder's Values and the Forming of Company Culture*. Hong Kong, China: HKEJ Publishing.

James, H. S. 2000. "Reinforcing Ethical Decision Making through Organizational Structure." *Journal of Business Ethics* 28: 43–58. https://doi.org/10.1023/A:1006261412704.

Johnson, C. S. 1995. "The Rokeach Value Survey: Underlying Structure and Multidimensional Scaling." *The Journal of Psychology* 139 (5): 583–597. doi:10.1080/00223980.1995.9914930.

Kruse, P., D. Wach, S. Costa, and J. A. Moriano. 2019. "Values Matter, Don't They? – Combining Theory of Planned Behavior and Personal Values as Predictors of Social Entrepreneurial Intention." *Journal of Social Entrepreneurship* 10 (1): 55–83. doi:10.1080/19420676.2018.1541003.

Prilleltensky, I. 2000. "Value-Based Leadership in Organizations: Balancing Values, Interests, and Power among Citizens." *Ethics & Behavior* 10 (2): 139–158. doi:10.1207/S15327019EB1002_03.

Rokeach, M. 1973. *The Nature of Human Values*. New York, NY: The Free Press.

Schein, E. H. 1983. "The Role of the Founder in Creating Organizational Culture." *Organizational Dynamics* 12 (1): 13–28.

Schein, E. H. 1992. *Corporate Culture and Leadership*. 2nd ed. San Francisco, CA: Jossey-Bass Publishers.

Schwartz, S. H. 1992. "Universals in the Content and Structure of Values: Theoretical Advances and Empirical Tests in 20 Countries." In *Advances in Experimental Social Psychology*, Vol. 25, edited by M. P. Zanna, 1–65. New York, NY: Academic Press.

Schwartz, S. H. 2010. "Basic Values: How They Motivate and Inhibit Prosocial Behavior." In *Prosocial Motives, Emotions, and Behavior: The Better Angels of Our Nature*, edited by M. Mikulincer, and P. R. Shaver, 221–241. Washington, DC: American Psychological Association.

Schwartz, S. H. 2012. "An Overview of the Schwartz Theory of Basic Values." *Online Readings in Psychology and Culture* 2 (1): 1–20. doi:10.9707/2307-0919.1116.

Sengupta, S., and A. Sahay. 2017. "Social Entrepreneurship Research in Asia-Pacific: Perspectives and Opportunities." *Social Enterprise Journal* 13 (1): 17–37. doi:10.1108/SEJ-11-2016-0050.

Sotiropoulou, A., D. Papadimitriou, and L. Maroudas. 2021. "Personal Values and Typologies of Social Entrepreneurs. The Case of Greece." *Journal of Social Entrepreneurship* 12 (1): 1–27. doi:10.1080/19420676.2019.1668827.

Surie, G., and A. Ashley. 2008. "Integrating Pragmatism and Ethics in Entrepreneurial Leadership for Sustainable Value Creation." *Social Enterprise Journal* 81 (1): 235–246. doi:10.1007/s10551-007-9491-4.

Wong, A. 2013. "From Fragmentation and Silos to Tri-Sector Collaboration: Social Innovation in Hong Kong." *Social Space* 50–56.

Yin, R. K. 2014. *Case Study Research Design and Methods*. 5th ed. Thousand Oaks, CA: Sage.

Yiu, D. W., W. P. Wan, F. W. Ng, X. Chen, and J. Su. 2014. "Sentimental Drivers of Social Entrepreneurship: A Study of China's Guangcai (Glorious) Program." *Management and Organization Review* 10 (1): 55–80. doi:10.1111/more.12043.

Yunus, M. 2011. *Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs*. New York, NY: Public Affairs.

Zahra, S. A., E. Gedajlovic, D. O. Neubaum, and Joel M. Shulman. 2009. "A Typology of Social Entrepreneurs: Motives, Search Processes and Ethical Challenges." *Journal of Business Venturing* 24 (5): 519–532. doi:10.1016/j.jbusvent.2008.04.007.