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Social Enterprise as an Interactive Process between Entrepreneurs and the Community:

A Social Capital Perspective

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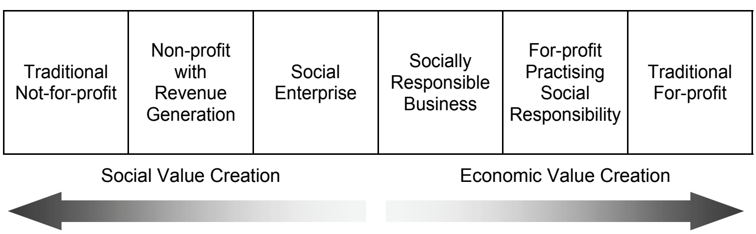
I. Introduction

The role of social entrepreneurship in the economy is receiving heightened attention. This is in no small part due to the fact that governments and scholars are now recognizing the range of potential benefits that social enterprises can offer. This chapter begins by delineating the key features of social enterprise and what makes this form of enterprise distinct from others. Next, a brief overview of relevant social capital research, as introduced earlier in this volume, and the Hong Kong context is provided. This sets the stage for the study of a case of social entrepreneurship in Hong Kong that follows. Our exploration is devoted to identifying emerging themes and relevant issues that influence the development of a social enterprise, City Greeny. In line with our main interest, we also attempt to offer insights into how the values (i.e., trust, mutuality, and reciprocity) and attributes (e.g., social relations and network access and interactions) that are viewed to underpin social capital at the mico-, meso-, and macro-levels are cultivated and maintained by a social entrepreneur.

II. Deconstructing Social Enterprise

Not unlike social capital, multiple definitions exist for social enterprise.[1] However, all share two central themes in common. First, a social enterprise is a profit-making entity. Second, its purpose is to provide some form of social impact or benefit to the community, the so-called double or triple bottom lines. That is, a social enterprise aims to create two types of value – economic and social. Economic objectives vary according to the business model and funding requirements range from cost recovery strategies for the provision of a social service or programme to self-financing social purpose ventures. Social objectives also vary widely according to the enterprise's mission and the social problem or market failure that it has been created to address. Simply put, a social enterprise uses entrepreneurship, innovation, and creative solutions to address social problems; employs commercial practices and business tools to generate and diversify its income streams; adopts socially responsible approaches to buying and selling products and services; and measures both financial performance and social impact. Business success and social impact are interdependent.

Figure 1:
An Enterprise Continuum (Adapted from Reis, 1999)



1 Social enterprise is defined by the Institute for Social Entrepreneurs (2008) as "any organisation, in any sector, that uses earned income strategies to pursue a double or triple bottom line, either alone (as a social sector business) or as part of a mixed revenue stream that includes charitable contributions and public sector subsidies." It is a business venture created for a social purpose that generates social value through adopting and applying private sector business practices.

As the continuum in Figure 1 suggests, a social enterprise can be viewed as lying at the intersection between traditional not-for-profit organisations and for-profit business. It can be structured within a larger organisation or as a separate legal entity. Distinctions can be made according to its duality of purpose. A social enterprise differs markedly from its for-profit counterparts or for-profit entities that practise social responsibility in that its purpose is social impact – social value creation. It also differs from a not-for-profit organisation, even those that generate income, with its added objective of economic value creation.

The benefits of social enterprise can be far-reaching. Examples include the alleviation of unemployment of disadvantaged groups or impoverished segments of society (e.g., youth, women and minority ethnic groups, the disabled, those with learning disabilities, and ex-offenders), education and worker retraining, helping to overcome limitations associated with more traditional working environments, and environmental and green movements.[2] Thus, in addition to generating the economic benefits similar to traditional business, the success of social enterprise is particularly important to government as it has the added potential to reduce fiscal pressures by either replacing or complimenting existing government-provided social programmes and activities. Today, consumers are also increasingly demanding goods and services that are socially oriented and of benefit to the community.

Building a social enterprise is a difficult task, however. Some would argue that it may even be more difficult than a traditional for-profit enterprise (Dees, Emerson, and Economy, 2001). Not only do social enterprises have to compete, attract customers in innovative ways, and face all the similar risks and challenges facing traditional business, but they must also satisfy their additional second bottom line – social value creation. At present, little is understood about how these types of enterprises develop or the different obstacles that social entrepreneurs encounter.

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2 Many social enterprises operate in property development, maintenance and restoration, catering, consulting, call centres, and environmental management.

III. Understanding the Role of Social Capital in Entrepreneurship

Apart from financial and human capital, social capital is viewed to be crucial to business and social activities (Aldrich, 1999). It has been defined in various ways. In the most general sense, social capital is defined as the norms (conventions) and networks that enable collective action. This encompasses the institutions, relationships, and customs that shape the quality and quantity of a society's social interactions (World Bank, 2002). From a management perspective, it is viewed as *the goodwill that is engendered by the fabric of social relations and that can be mobilized to facilitate action* (Adler and Kwon, 2002).

The source of social capital lies in the structure and content of the actor's social interactions, while its effects flow from the information, influence and solidarity it makes available to the actor (Adler and Kwon, 2002). Information refers to the access to broader sources of information which improve the quality, relevance, and timeliness of information. Influence refers to the extent of control, legitimacy and power possessed by an actor that enables him or her to achieve goals. Solidarity refers to the strength of social norms and beliefs that lead to a high degree of closure in the social network. Solidarity results in compliance with local rules and customs (rules of the game) and reduces the need for formal control mechanisms from outside authorities.[3]

Functionally, social capital fosters appropriability which is essential to entrepreneurship. That is, it facilitates using social ties of one kind to achieve other purposes (Coleman, 1988). For example, friendship ties may be used to mobilize the financial support necessary for establishing a new venture. Social capital enables entrepreneurs to gain, maintain or expand access to economic resources as well as reinforce their productivity (Aldrich, 1999;

3 Considerable evidence supports the notion that features of social capital lead to reduced transaction, search, monitoring, and agency costs, enhance learning, and provide a range of other benefits (Williamson, 1999). According to the learning perspective, interpersonal relations are important to learning and knowledge (Cooke, 2001).

Larson & Starr, 1993). Accordingly, the more social capital an entrepreneur possesses, the more likely he or she is to be able to benefit when establishing a new venture.

The benefits of social capital can be classified as occurring at the micro-, meso-, and macro- levels (Kimand and Aldrich, 2005). Micro-level benefits arise from the establishment of trust in relationships and enable the entrepreneur to access value chains, lower transaction costs, and develop competitiveness. Meso-level benefits, by contrast, relate to the depth of inter-firm networks and the institutional thickness of clusters. Deep networks and thick clusters enable groups of firms to engage in inclusive collective action, develop supportive localized networks, and generate spin-offs in terms of collective learning. Lastly, macro-level benefits entail the efficacy and efficiency of institutions and the relationships between state and the local community. They include generalized trust and shared norms that foster mutual collaboration and development in the community (Fukuyama, 1995).

IV. Gaps in Our Understanding

The above perspectives provide us with some important insights into the phenomenon of social entrepreneurship. To establish a social enterprise entrepreneurs must mobilize personal resources as well as those residing in the community (Haugh, 2005). While both government and community organisations are keen to help, the role of the entrepreneur entails identifying and acquiring the necessary resources and utilizing their own effort to establish the business (Austin, Stevenson, and Wei-Skillern, 2006). In the process, social entrepreneurs must overcome uncertainty and a lack of resources by utilizing, designing, building, and maintaining transactional networks, sometimes through deliberate planning and at other times accidentally or as an opportunity arises (Alder and Kwon, 2002; Pollock, Porac and Wade, 2004). Thus, this dynamic process requires the social entrepreneur to interact with a range of stakeholders and interested parties in society.

We also reveal that although these various perspectives provide important insights into different aspects and dimensions of the formation and evolution of social enterprise, they are incomplete. Our review suggests that research on social entrepreneurship is still in a nascent stage. A clear understanding about the dynamic nature of the social entrepreneurial process remains absent from the literature. More specifically, little is known about how social entrepreneurs utilize and create the various benefits associated with social capital, such as the values and attributes discussed at the outset. From a practical standpoint, even though many communities have a variety of resources at their disposal, our understanding about how prospective entrepreneurs collect and use these resources to establish their firm is limited. The need therefore arises for a more robust representation of how social capital plays a role in social entrepreneurship. These gaps in our understanding call for more in-depth analysis into social enterprise and how it co-evolves with the social capital inherent in a society (Aldrich and Martinez, 2003; Steier and Greenwood, 2000).

These types of questions central to our interest, which are exploratory in nature, lend themselves to theory building as opposed to theory testing. This view arises from the fact that the various perspectives offered in the literature do not fully explain the phenomenon under investigation. The focus of theory building is not to verify established models and frameworks but rather to improve their substance (Flynn1990). Theory building represents a contextual method whereby the researcher is more interested in subjective experiences (Haslam and McGarty, 2003) and forming categories, and analysing interactions between those categories (Snape and Spencer, 2003). In the process of discovering and forming theory, the data collection and analysis are conducted simultaneously. The starting point is not to propose the theory and then provide evidence to support the theory. Instead the theory emerges during the process (Strauss and Corbin, 1998). Yin (1993: 3) proposed that the case study method is preferred "when the phenomenon under study is not readily distinguishable from its context". A focused examination of a case is therefore conducive to building an emerging theory (Eisenhardt and Graebner, 2007), as the discussion shall now turn.

V. The Emergence of a Social Enterprise in Hong Kong

The Hong Kong Context

Traditionally, the Hong Kong government took a positive non-interventionism or laissez-faire approach to voluntary, lineage, and self-help initiatives. However, this ideology has since changed dramatically. Several stimuli are apparent. First, a deep and prolonged recession in the late 1990s led to high unemployment, a significant increase in the number of disadvantaged people, and the associated socio-economic family problems. These demands combined with severe budget cuts placed formidable pressures on social service agencies to find new ways to reduce reliance on the government.[4]

Second, in the early 2000s, the Hong Kong government changed its funding policy for social service agencies, the primary objective being to control social welfare expenses while encouraging reform in the social welfare sector. One such initiative by the government was to provide grants to social service agencies that developed new ways to generate revenue. The result was that many agencies established not-for-profit social organisations (HKEJ, 2007b). However, many of these social organisations imitated existing businesses and lacked innovativeness. Social workers were asked haphazardly to become social entrepreneurs although they had limited exposure to business, technology and markets, and were not skilful in opportunity identification. Moreover, the government funding was targeted at increasing employment. Hence, many social organisations employed workers whose skills were low or had become obsolete with government subsidies. As public money subsidized the employees in these social organisations, small and medium-size enterprises subsequently complained about unfair competition. Also, other social missions, such as community rebuilding or alleviating gender inequality, were overlooked.

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4 See the government website on the Enhancing Self-reliance through District Partnership Programme: www. had. gov. hk/tc/public_services/ en_self_reli/ index.htm.

A third stimulus, and in spite of the above shortcomings, emerged when both the Hong Kong government and community began to recognize the variety of benefits associated with social enterprise and in so doing played a more active role in its development (HKEJ, 2007a). For example, in a recent study by the Hong Kong Federation of Youth Groups (HKFYG, 2002), an examination of expert opinions (e.g., World Bank, 2001) on how business enterprises and community organisations could produce social capital enhanced awareness that paid holidays for employees to do voluntary work and mentorship and volunteer programmes aimed at knitting networks within a community were beneficial measures in creating social enterprises. The study also included a survey about the role of family, community, and government in social capital. The findings revealed that family support networks were relatively strong in comparison with community-based programmes. This is not surprising given the typically strong familial values found in Asian cultures, in particular Chinese societies (Yang, 1988). However, policy initiatives for solving community problems, such as local unemployment, were beginning to achieve a level of success, underscoring the viability and importance of socially oriented enterprise (HKEJ, 2007a).

Under the above economic and policy reform backdrop, supporting social enterprise in Hong Kong has now become a major policy initiative aimed at fostering the economic revitalisation of disadvantaged communities and mobilizing and retraining stranded labour.

The Case of City Greeny

City Greeny[5] is a landscape company that specializes in garden design and maintenance and the training of gardening and

5 Primary information relating to City Greeny (http://www.citygreeny.com) was obtained from interviews and communications with the founder, Kane Lui, over the period of July 2007 through March 2008. City Greeny was selected for the interesting examples it affords, not because it represents an exemplar model for the development of a social enterprise. The responsibility for any errors or omissions, if any, shall rest with the authors.

landscaping related skills. It was established by an enterprising individual, not by a social service agency. At the time of its inception, Kane Lui founded the company with both limited resources and a limited knowledge of gardening and landscaping. According to Kane, City Greeny came to fruition out of his desire to not only earn a living but also to assist unemployed workers. As we shall elaborate in the discussion that follows, City Greeny exemplifies the dynamic and interactive process a young entrepreneur faces in his attempt to establish the legitimacy of a social enterprise within the community.

City Greeny qualifies as a social enterprise for three reasons (Wallace, 1999). First, like creating any new for-profit venture, City Greeny combines opportunity recognition, innovative organisation creation, and profit-seeking (Hornaday, 1992). It differs from traditional for-profit ventures, however, in that it also pursues the creation of social value. City Greeny hires unemployed workers and trains them to provide gardening services to its clients, primarily schools. Building on its relationships with schools, it also runs gardening workshops to educate students about various life values. While Kane, like any entrepreneur, is innovative and keen to create a new business model, his concern is not limited to profit, but rather includes caring and social purpose.

Second, City Greeny's structural characteristics typify a social enterprise, including its reliance on a mixture of employees and volunteers, having multiple sources of income (as opposed to solely donations or grants), and business performance appraised according to both profit and the social value it creates (Dees et al., 2001; Wallace, 1999). City Greeny trains unemployed workers in new skills in gardening and then employs them as part-time workers. In doing so, the company has improved the design of school gardens, introduced new ideas to improve the environment, helped the unemployed, and enlightened students outside their normal spectrum of learning.

Third, social entrepreneurs have been described as "path breakers with powerful new ideas" who are "totally possessed" by their vision. They are change agents, pioneers who pay attention to market forces without losing sight of their social mission. Their motivation may take some form of altruism—achieving personal satisfaction from one's own act of charity, the "warm glow", or gaining satisfaction from the gratitude and affection of beneficiaries (DTI, 2005; Haugh, 2005). Kane embodies many of these characteristics. Although the nature of his business is not new, Kane identified a market niche, built a new venture to implement his ideas in innovative ways, and was motivated to act with social purpose. City Greeny therefore exemplifies an alternative development path for social entrepreneurship at a time when most other social enterprises in Hong Kong have charitable and non-profit origins.

A Dynamic Entrepreneurial Process

No matter how motivated the founder was, City Greeny would not have been possible if it were not for the benevolent support and resources from organisations in the community. It is an important string of events, some planned and some not, that led to the creation and development of City Greeny (see Table 1 for a summary of the relevant events and issues), as shall now be discussed.

After graduating from high school, Kane received a diploma in banking. His interests, personality, and desire to be independent led him in a different direction from a career in banking, however. One afternoon on a mundane bus ride he noticed several gardeners working. Captivated by the moment he thought to himself that this may provide a business opportunity (SCMP, 2007). An entrepreneurial instinct motivated him to learn the trade and with that the dynamic process of his entrepreneurial journey began, the different phases of which are illustrated in Figure 2.

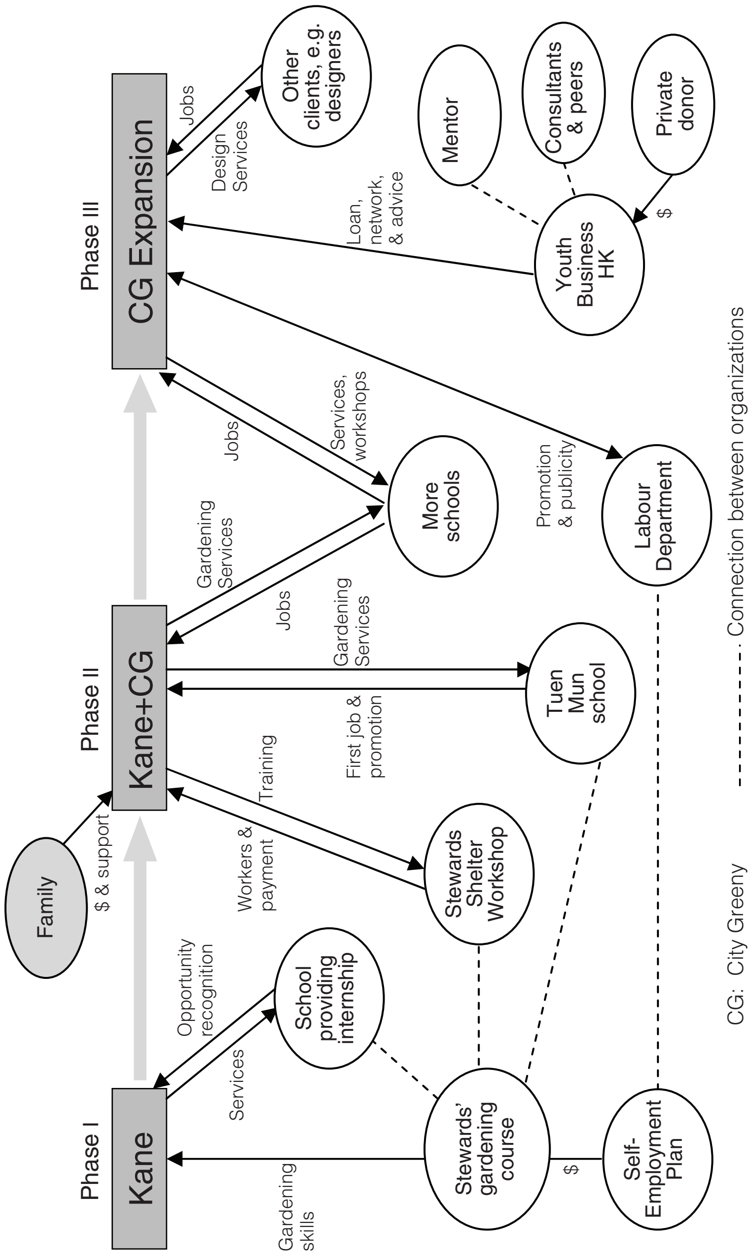
Phase I. Kane's journey began when he joined a gardening course organized by Stewards, a Christian NGO charity.[6] At the time, Kane was in his early twenties and had little practical or life

6 Stewards originates from the Christian Brethren movement and was incorporated in 1962 as a charitable organisation. Its mission is to provide quality social services for the benefit of the Hong Kong community, and elsewhere, and to promote the evangelical Christian faith. In 2001, Stewards established ARM Services Co. Ltd. With the aim of offering seed funding to promote social enterprises in Hong Kong (see http://www.stewards.org.hk/about/history_en.php).

Table 1:
The Entrepreneurial Evolution of Kane (City Greeny)

Year	Activities	Purposes/Benefits or Problems
1998–2001	Secondary school; professional school (2-year banking diploma).	Education.
2002–2004	Insurance agent; part-time photographer.	To get by.
2003 May	Observed gardeners working in the field while on a bus ride.	Business idea stimulated.
2003	Attended gardening training at Stewards (an NGO), subsidized by the Self-Employment Plan of the Labour Department of the HKSAR Government.	Learning and practising gardening skills; learnt about the concept of Life Education from Stewards.
	Employed in a school gardening service.	Recognized schools as a potential market; opportunity recognition.
2005 June	Started City Greeny.	Seize opportunity as the incumbent firms were out-of-fashion / the wages offered for work in this industry were much too low to attract young people.
	Achieved second runner-up in a school gardening competition.	Gained reputation.
	Taught gardening to unemployed workers at one of the shelter workshops of Stewards.	To get by, but also recognized the potential of hiring the unemployed after training.
2006	Participated in Youth Business Hong Kong.	Borrowed money to set up a formal office/attracted new customers/ received advice
	Tried planting grass on roof using the office of a YBHK participant.	Testing new products for expansion.
	Hired a social worker.	Developed more and better gardening workshops for students.
	Met designers while doing jobs for private estates.	Entered garden design market.
2007	Diversified businesses.	Stuck in unfinished projects.

Figure 2: Entrepreneurial Dynamics of City Greeny



experience. Stewards provided re-training to unemployed youngsters, so that they could learn a trade skill for setting up their own business or become more marketable in the job market. Due to its religious affiliation, emphasis is placed on "Life Education". Students are taught to appreciate the value of life.[7] The Self-Employed Support Fund administered by the Labour Department provided funding to support the course.

A defining moment for Kane occurred during an internship that formed part of his course. Stewards arranged an internship in a school within the same charity group. In this way students could practise their new skills and earn stipends to support themselves. Noticing the school's garden and a potential opportunity to improve it, Kane spoke to school administrators. He learned that due to a small budget, the school could only afford to hire one gardener. At the same time, gardeners at the schools within the Stewards group tended to be old and were often incapable of or unmotivated in keeping up the appearance of the gardens. Moreover, youngsters refused to join the profession due to limited prospects and low wages relative to other jobs.

Phase II. Recognizing this as a business opportunity, Kane decided with the support (financial and spiritual) of his family to set up City Greeny. His family members, including several relatives, ran small businesses and, we believe, served as role models. This may in part explain Kane's own drive to become an entrepreneur. His first customer was a school in Tuen Mun referred to him by the Stewards. Kane believed schools provided a good market niche for a start-up because they required simple garden design (and therefore required less investment), paid generously, and were part of a network that could help promote his work. After completing work for his first customer, Kane was able to gain a few more schools as customers and even won an award for his garden design at a school.

As City Greeny's reputation grew, Kane relationship with Stewards led to another interesting opportunity. Stewards invited Kane to teach gardening to unemployed middle-aged workers.

7 Kane adopted this theme in the educational programmes that City Greeny offers.

Sympathetic towards their situation, Kane began to hire these workers when they had completed their training. He paid HK$30 per hour and allowed them to work flexible schedules. This was a win-win arrangement for both sides. Working outdoors was a demanding job. Nevertheless, workers gained a sense of purpose and felt less dependent on welfare. We think that these workers also proved instrumental in other ways. Given the workers' experience, they were able to learn quickly and to run the gardening projects with little supervision. This enabled Kane to free himself from routine work and focus on attracting new customers, ponder future directions, and expand the business.

Phase III. Eventually, a few housing estates became customers of City Greeny. As one project led to another, Kane embarked on more specialized projects that incorporate landscaping design. Design oriented projects were larger in size and consequently more profitable. Leveraging his relationships with schools, he also entered into the service market by providing gardening workshops to students. Income was generated from tuition fees and the sale of seeds for plants. The result was a more diversified and stable business. While teaching a workshop, Kane met a social worker who was eager to collaborate with him to provide more workshops on "Life Education". These developments meant that Kane required more resources and potentially an office to house employees and meet customers. They also meant more risk.

At this juncture, Kane discovered the service of another charity organisation, Youth Business Hong Kong (YBHK). YBHK assists disadvantaged youngsters in setting up their own businesses by providing them with loans, training, mentorship, and public exposure (see Appendix for further details).[8] Kane's motivation, track record, and need convinced YBHK to lend him $50,000 for the purpose of business expansion (SCMP, 2007).

Despite this funding,[9] business expansion proved difficult. For example, difficulties associated with his relationship with a mentor

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8 Being a social enterprise was not a funding criterion.

9 The mentor assigned was a businessman in the gardening industry. Consequently, Kane learnt little from him, apparently as a result of conflict of interest and a lack of rapport between them.

appointed by YBHK and Kane's lack of participation in gatherings of YBHK prevented him from expanding his skills and customer base. His networks (i.e., social workers and school administrators) were not as helpful as originally anticipated. In fact, paradoxically, they constrained his ability to pursue new business contacts and knowledge (Aldrich, 1999). And, although he was able to break into the landscape design and high-end services market, he was unable to manage the business and financial risk. For example, one large client took advantage of Kane's design, but did not pay for the service. Inexperienced and powerless, Kane was not able to resolve the issue. He also began to find himself under financial pressure to repay the YBHK loan. Kane recognized that he must learn quickly if he was to sustain his business.[10]

VI. Discussion

Based on the concept of social capital, we will now discuss whether and how the main actor used social relations and resources (information, influence, and solidarity) conferred upon him to facilitate his actions (Adler and Kwon, 2002). We categorize our observations relating to City Greeny's development according to the three levels of analysis introduced earlier (Kimand and Aldrich, 2005).

Micro-level. Our first observation relates to Kane being an enterprising free agent (Pollock et al., 2004). Although he possessed little social capital or other resources to begin with, he utilized resources (e.g., knowledge and networks) made available by NGOs and the government (Self-Employment Plan of the Labour Department). In doing so he developed his own social capital (Pollock et al., 2004). Kane was able to "appropriate" his social relations (Coleman, 1988). For example, he opened training workshops for unemployed workers and in turn converted these training relationships into employment relationships. He was also able to convert service relationships with schools into partnership

10 Kane was able to weather the storm and later on restored a good relationship with YBHK.

relationships when he began to offer educational workshops for the schools. His success was subsequently showcased by the Labour Department and recognized as a successful outcome of their youth service programmes.

Kane's experience was starkly different from others who studied with him in the gardening course. They lacked the drive necessary to become entrepreneurs or establish a business. In contrast, Kane was entrepreneurial in the sense that he decided to pursue the opportunity regardless of the resources in hand (Stevenson, 1983). As Figure 2 illustrates, a lack of connection or complementarity between social organisations (e.g., between Stewards and YBHK) could prove to be a barrier to most individuals. However, through his own efforts Kane bridged these gaps to obtain needed resources. His dynamic behaviour also demonstrated how social capital at the micro-level can foster the development of trusting relationships essential for accessing resources, lowering transaction costs and developing competitiveness (Kimand and Aldrich, 2005).

Meso-level. Our second observation relates to inter-organisational networks and social capital. The case revealed both favourable and unfavourable dimensions. Cohesive relations should enable groups of organisations to engage in collective action, develop supportive networks, and generate spin-offs for collective learning (Kimand and Aldrich, 2005). Stewards, using its internal network, was able to mobilize branch units, such as schools and shelter workshops, to share information, for referral, and resource sharing. City Greeny profited from and may have also helped to strengthen such inter-unit supportive networks.[11] The solidarity or shared norm within Stewards is likely to have made these benefits realizable for City Greeny (Coleman, 1988). However, the reach of this network was confined to affiliates of the Stewards organisation. In City Greeny's case, an unfavourable outcome occurred when a network gap between NGOs became apparent, such as the lack of linkage witnessed between YBHK and Stewards.

11 For example, the founder of another new company, who originally met Kane in the Self-Employment Plan, told us that he also applied to YBHK in part due to his encouragement. This company, New Verdure Painting & Design Co. (www.newverdure.com), was supported by YBHK.

City Greeny had to bridge this gap in order to access different kinds of essential resources. A determined mind and diverse skills were required. An entrepreneurial spirit is therefore vital, so that when marketable knowledge is acquired, such as gardening, from one social entity, that resources can be obtained, such as a loan and advice, from another entity as the venture develops. This involves not just the discovery of resources but also the ability to undo old ties and nurture new ones. As we witnessed in this case, this is no easy task. Kane could not establish a trusting relationship with his mentor, or engage consultants or other incubatees from the YBHK. Ties with these parties could have enriched his financial or business know-how, ultimately helping him to avoid subsequent trouble. Moreover, when the business demanded that he established connections with a new group of individuals and organisations (networks), Kane was overwhelmed by his current networks comprised of social workers and school administrators. His capability to overcome such a predicament is certainly subject to debate, but so too is the question of how inter-organisational gaps act as a barrier and what might be done to help minimize this dynamic.

Macro-level. Our third category of observations relates to the efficacy and efficiency of institutions and the relationship between the state and local community (Kimand and Aldrich, 2005). The presence of generalized trust and shared norms were evident in the case. It is evident that the representatives of the NGOs showed concern for youth in Hong Kong and went to some length to provide support and assistance. The government and the community (e.g., private donors) were less visible, yet both contributed funding to make the programmes of the NGOs possible. Social enterprise in Hong Kong is therefore benefiting in two key respects. A sense of belonging and trust is emerging in society (Fukuyama, 1995), compelling individuals to do social good. This atmosphere is apparent in Kane's case, especially his sympathetic view toward the unemployed. Moreover, these institutions collectively reduce the risk of being a social entrepreneur by providing essential resources to budding entrepreneurs. In the case of Kane, Stewards (with the assistance of government sponsorship) offered training, market information, opportunity exposure, and job referrals, while YBHK provided financial assistance, advice, and business mentoring.

What is interesting about these laudable efforts is that the respective institutions were not fully aware of the collective good they produce. While NGOs and the government communicate with each other, they were not cognizant of the outcomes of each others' programmes (e.g., who was trained and what was the content). To a certain extent, this is understandable as each institution has its own mandate and scope of operations. Governmental units also contend that they should focus on executing policies without interfering in the affairs of NGOs. In this respect, social institutions work independently and autonomously in Hong Kong. Excessive brokerage and zealous cohesion has been acknowledged to stifle innovativeness (Adler and Kwon, 2002). Overly strong solidarity within institutions may inhibit collaboration and collective learning. The lesson from City Greeny is therefore that enough room must remain between institutions for enterprising individuals to maneuver and combine resources in new ways, so that novel ideas and platforms can become possible (Pollock et al., 2004).

VII. Recommendations for Promoting Social Entrepreneurship

Our first recommendation relates to the fact that Kane was the only entrepreneur to emerge from the gardening class. [12] Social organisations must identify those individuals who are inspired to become entrepreneurs versus those who merely wish to re-enter the workforce. Social entrepreneurs must be opportunity-driven, flexible in their networking to acquire resources, passionate about doing social good, capable of connecting diverse groups in building their own networks, and satisfied by the gratitude and affection of beneficiaries (Haugh, 2005). Tests and personal observations are needed to spot entrepreneurs (Timmons, 1999), for instance, when they are involved in training programmes or other social purpose activities. Special attention and resources, based on the social capital

12 The founder of New Verdure also said that he was the only entrepreneur from his design and printing class in the Self-Employment Plan.

framework (Alder and Kwon, 2002), are also needed to cultivate ability and opportunity networks and motivate individuals to become social entrepreneurs.

The second recommendation relates to increasing the success rate of social entrepreneurs. Hong Kong is well endowed with resources for enterprising individuals. The challenge then becomes how to lower or share risk in the entrepreneurial process and to provide essential resources in a timely fashion. One dimension of this need that surfaced in the case of City Greeny had to do with the quality and transparency of information. Our study revealed that the information possessed by different institutions was fragmented and disconnected. Stakeholders in social enterprises can therefore benefit from designating "brokers", who are trustworthy and informative, to identify gaps and connect otherwise disconnected parties (Pollock et al., 2005). The establishment of a platform to provide information about the locations and providers of training, jobs, market information, advice, and loans is also important.[13] These measures, barring excessive brokerage (Alder and Kwon, 2002), can facilitate dialogue as well as the sharing of lessons among different parties (e.g., see HKEJ, 2007c). The key then becomes identifying and serving the specific needs of entrepreneurs at the right time and building policies essential to existing local and regional initiatives (Cooke, 2001). Organisations in the community should remain independent whilst at the same time continuing to be creative in their approach, as exemplified by YBHK in the case of new start-ups. Organisations that provide other much needed resources, such as early stage and growth financing (Emerson, Freundlich, Fruchterman, Berlin and Stevenson, 2006), should also be established.

VIII. Conclusion

In this chapter we explored the nuances of a social enterprise's development. Our investigation of City Greeny demonstrated that

13 Note the newsletter edited by K. K. Tse and the platform established by HKCSS.

community organisations and social capital play a central role in the emergence of social entrepreneurs and social enterprise in Hong Kong. It is hoped that social organisations can glean lessons from this study in their quest to develop innovative programmes and initiatives that stimulate social entrepreneurship. At the same time, the study also offers scholars some guidance about possible directions for future investigations into social capital and social entrepreneurship (Aldrich and Martinez, 2003; Kimand and Aldrich, 2005).

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Appendix

Youth Business Hong Kong

Adapted from http://www.yen.org.hk/ybhk/new/index_e.htm

By working in partnership with the local business communities, YBHK provides access to finance for business start-ups and supports young people through an intensive and extensive programme of business mentoring. It helps to encourage involvement in the local community, by inviting established business executives and experts to coach young business starters not only in the area of business, but also by sharing with them gleaned wisdom on developing the right attitude towards life. YBHK provides four core services:

- **Seed Money:** A maximum of up to HK$100,000 will be provided as an interest-free business start-up loan. This will be determined by the Vetting Panel who approve of a viable business plan.
- **Business Mentorship and Professional Consultancy:** *Business mentors* will be drawn from amongst fellow entrepreneurs, senior executives in corporations and industry, consultants and other professionals.
- **Business Support:** YBHK will provide or liaise with partners for suitable business hardware and resources support as well as business networks as required for business start-ups.
- **Information and Networks:** YBHK will provide business information while providing young people with access to local business networks.

Note that the Chinese University of Hong Kong Centre for Entrepreneurship (www.cuhk.edu.hk/centre/entrepreneur) is a research partner of YBHK.