

GlobeScan x SVPHK Webinar

Creating Shared Value - Toward Business Models with Social Impact

19 March 2020 | 10:00 - 11:00am HKT



SHARED VALUE
PROJECT HONG KONG





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An aerial photograph of Hong Kong at dusk. The city's dense skyline is visible, with numerous skyscrapers illuminated by their lights. The Victoria Harbour is in the center, reflecting the city lights. In the background, the mountains are silhouetted against the twilight sky. The overall color palette is a mix of deep blues, purples, and warm oranges from the setting or rising sun.

GLOBESCAN

evidence and ideas. applied

Societal Trends Shaping Business in 2020



Agenda for today - Key Societal Trends [2019 Global Survey]

- Trust in Institutions
 - Declining legitimacy of established power
 - Erosion of business' social license to operate
- A growing sustainability wave
- Increasing consumers engagement around corporate responsibility and sustainability

The Research - Methodology and Coverage

Participating Countries
2019



R19_participating_countries

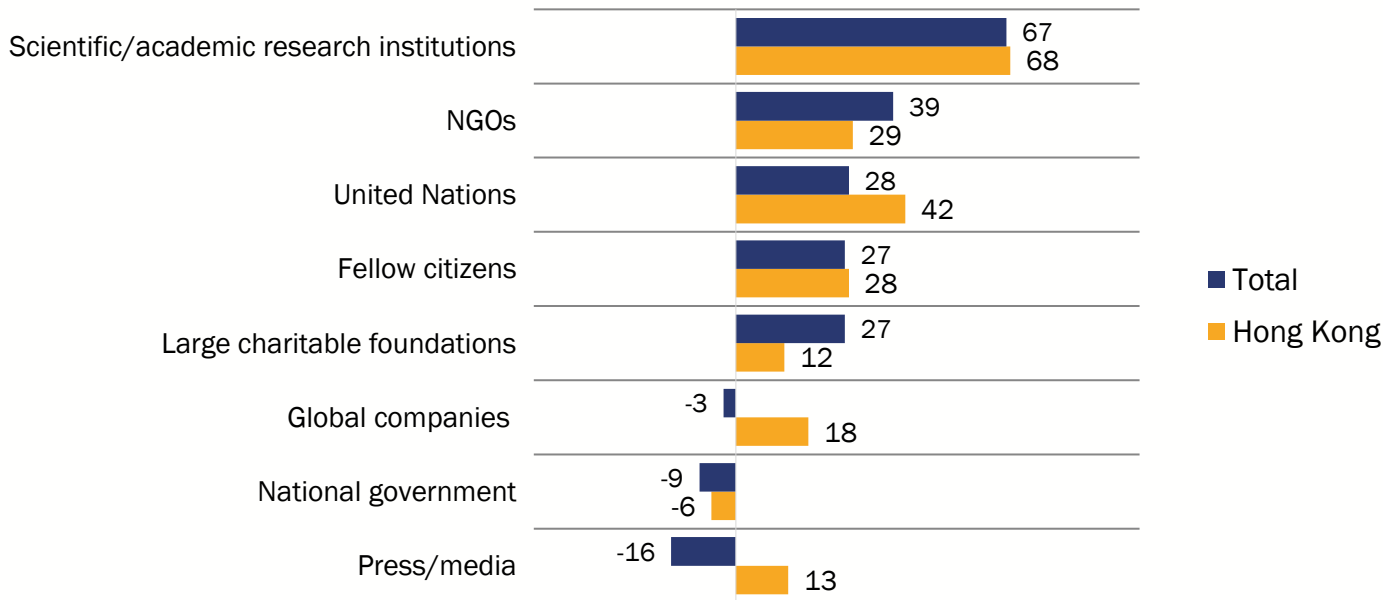
- Representative online samples of approximately 1,000 adults per country in each of 25 countries
- Samples representative of online population, weighted to reflect general population census data
- Online surveying between April and May 2019

Trust in Institutions



Global trust is high in science and academia, but has reached a low for press/media

Net Trust,* Average of 25 Countries**, 2019



R19_2

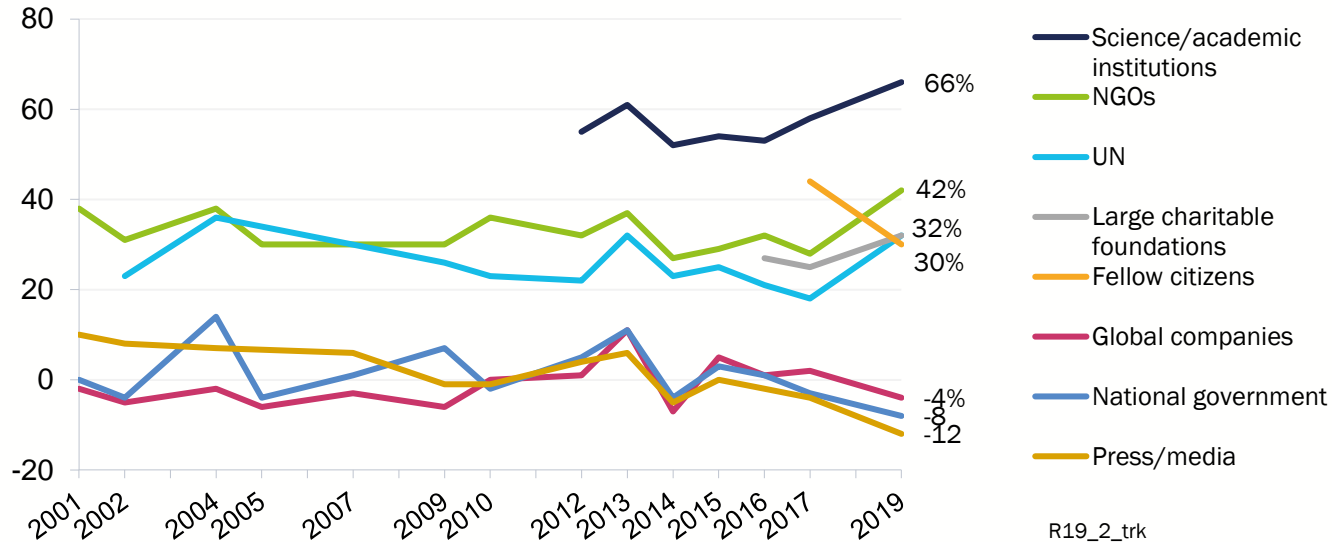
*"A lot of trust" and "Some trust" minus "Not much trust" and "No trust at all"

** A complete list of countries included is available in the "Notes to Readers" included as an appendix of this report.

T2. Please indicate how much you trust each of the following institutions to operate in the best interest of our society. Would you say you have a lot of trust, some trust, not much trust, or no trust at all in...?

Least-trusted institutions have further decreased in trust, while those most-trusted see increased ratings

Trust in Institutions, Net Trust,* Average of 17 Countries,* 2001–2019

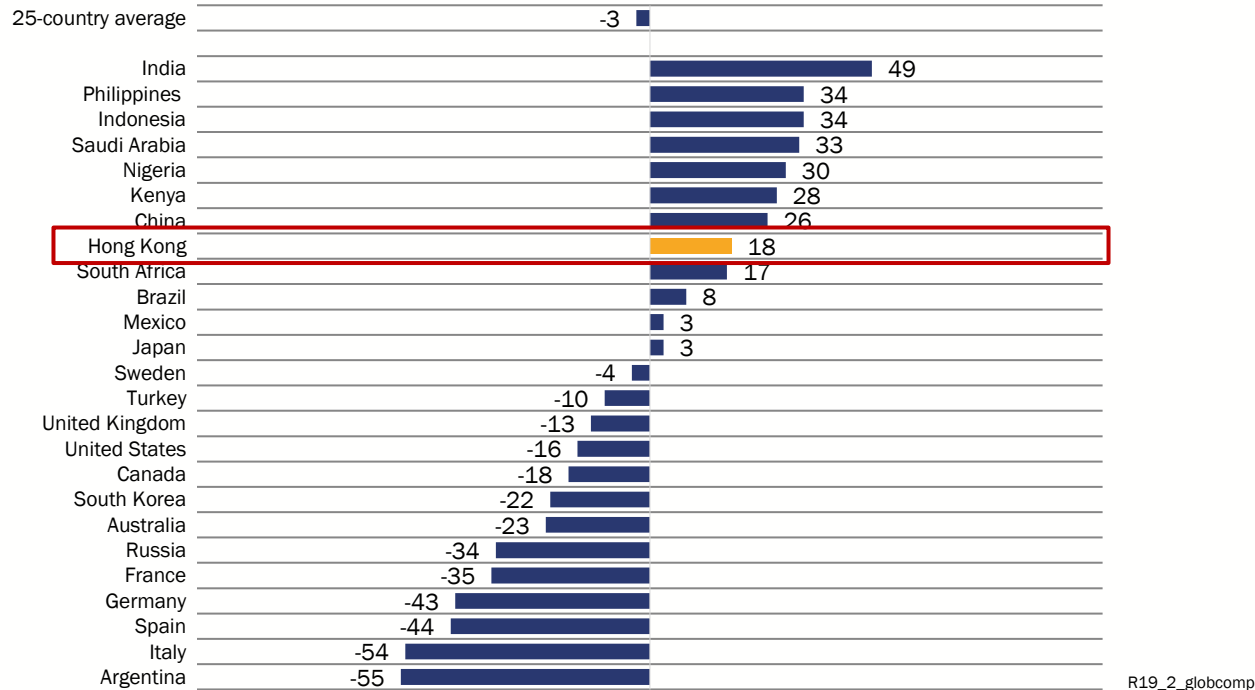


*Includes Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Kenya, Mexico, Nigeria, Russia, South Korea, Spain, Turkey, UK, and USA. These estimates are therefore slightly different from those of net trust for all 25 countries in 2019. Not all countries were asked in all years. This question was previously asked using an in-person and telephone methodology.

T2. Please indicate how much you trust each of the following institutions to operate in the best interest of our society. Would you say you have a lot of trust, some trust, not much trust, or no trust at all in...?

Asia and Africa more trusting of business, Europe shows least trusting

Net Trust* in Global Companies, by Country, 2019

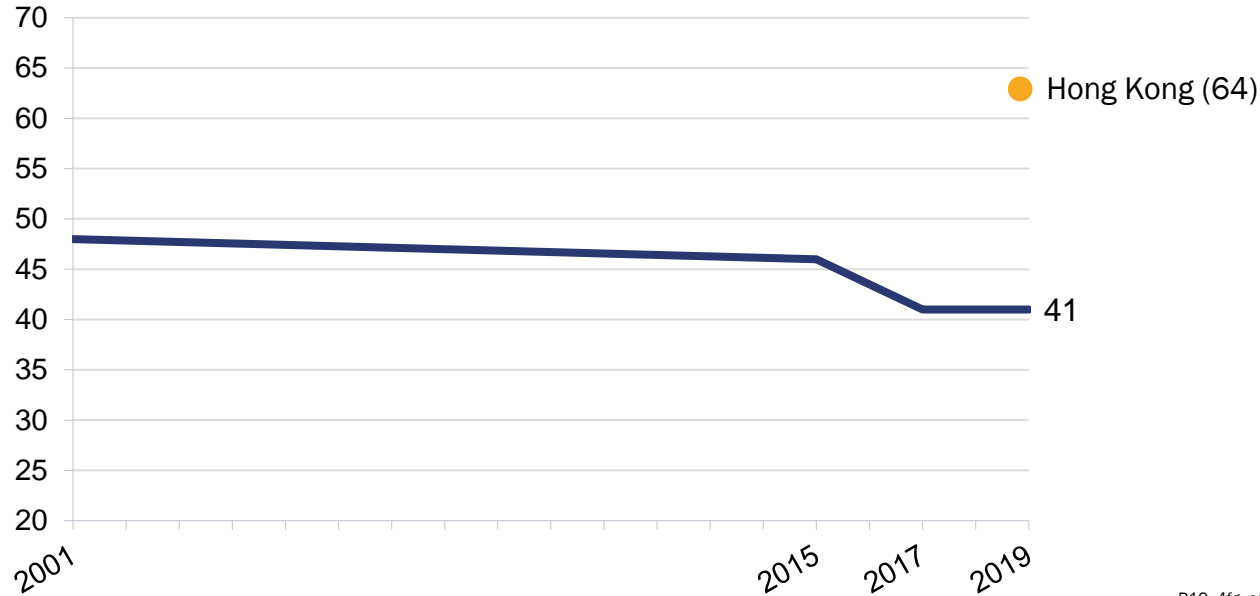


*"A lot of trust" and "Some trust" minus "Not much trust" and "No trust at all"

T2. Please indicate how much you trust each of the following institutions to operate in the best interest of our society. Would you say you have a lot of trust, some trust, not much trust, or no trust at all in...? Global companies operating in my country

People across the world have become less likely to agree that companies pay their fair share of taxes

Companies Pay Fair Share of Taxes, “Strongly Agree” and “Somewhat Agree,” Average of 18 Countries,* 2001–2019



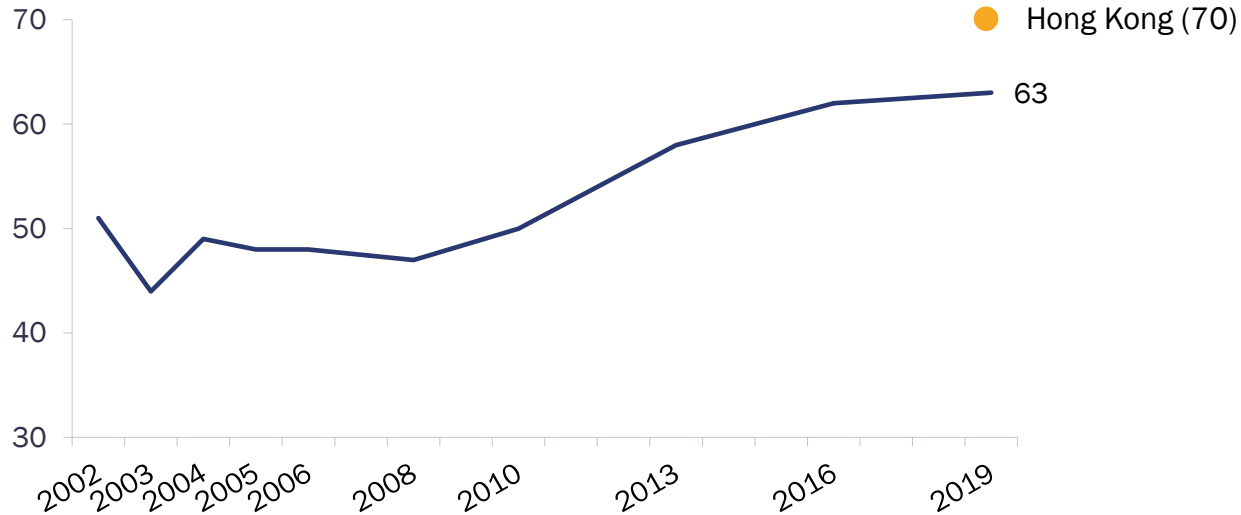
R19_4fg_comp

*Includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Kenya, Mexico, Nigeria, Russia, Spain, Sweden, Turkey, UK, and USA. Not all countries were asked in all years.

T4. For each of the following statements, please tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree. – Large companies pay their fair share of taxes in our country. – Companies pay their fair share of taxes on our country, “Strongly Agree” + “Somewhat Agree”

There is strong and growing support for regulating corporate responsibility

Governments Should Require Large Companies to Work toward a Better Society,
Agree (“Strongly Agree” and “Somewhat Agree”), Average of 18 Countries,* 2002–2019



R19_4d_trk

*Includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Mexico, Nigeria, Russia, South Korea, Spain, Turkey, UK, and USA. Not all countries were asked in all years. This question was previously asked in GlobeScan's Radar research programme, using an in-person and telephone methodology.

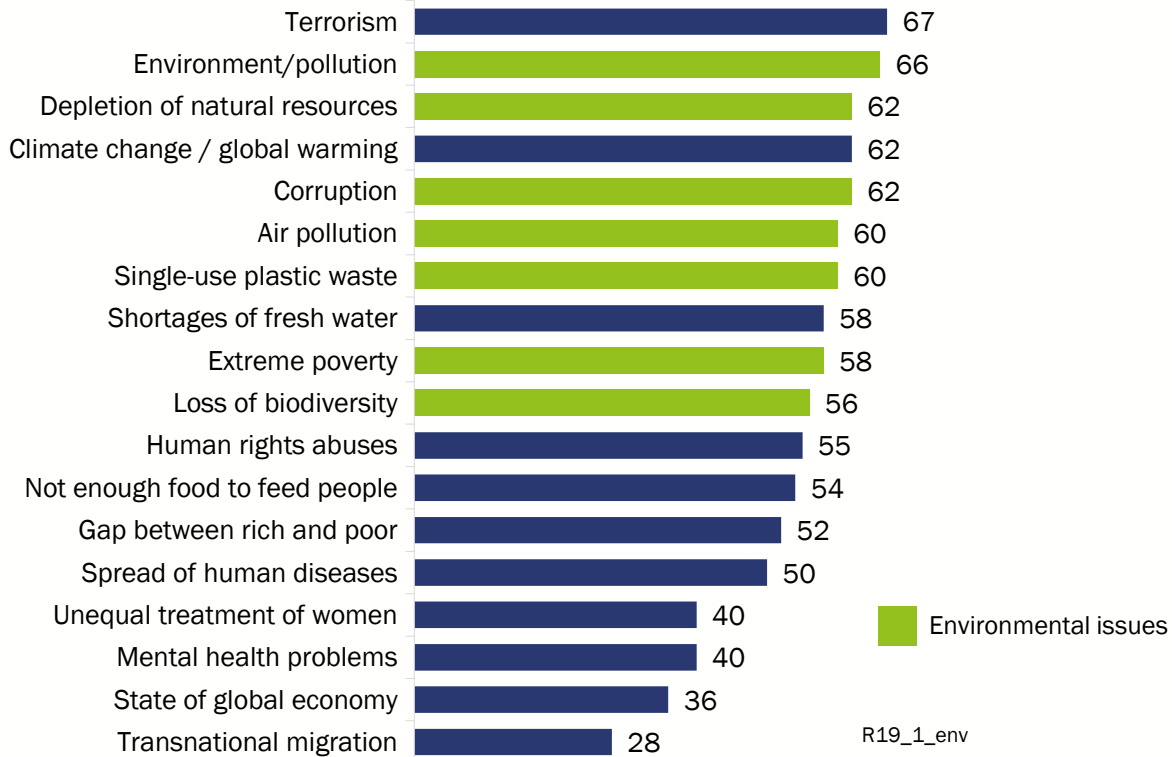
T4. Please tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements – Our government should create laws that require large companies to go beyond their traditional economic role and work to make a better society, even though this could lead to higher prices and fewer jobs.

A Growing Sustainability Wave



Majorities globally are very worried about a range of environmental challenges

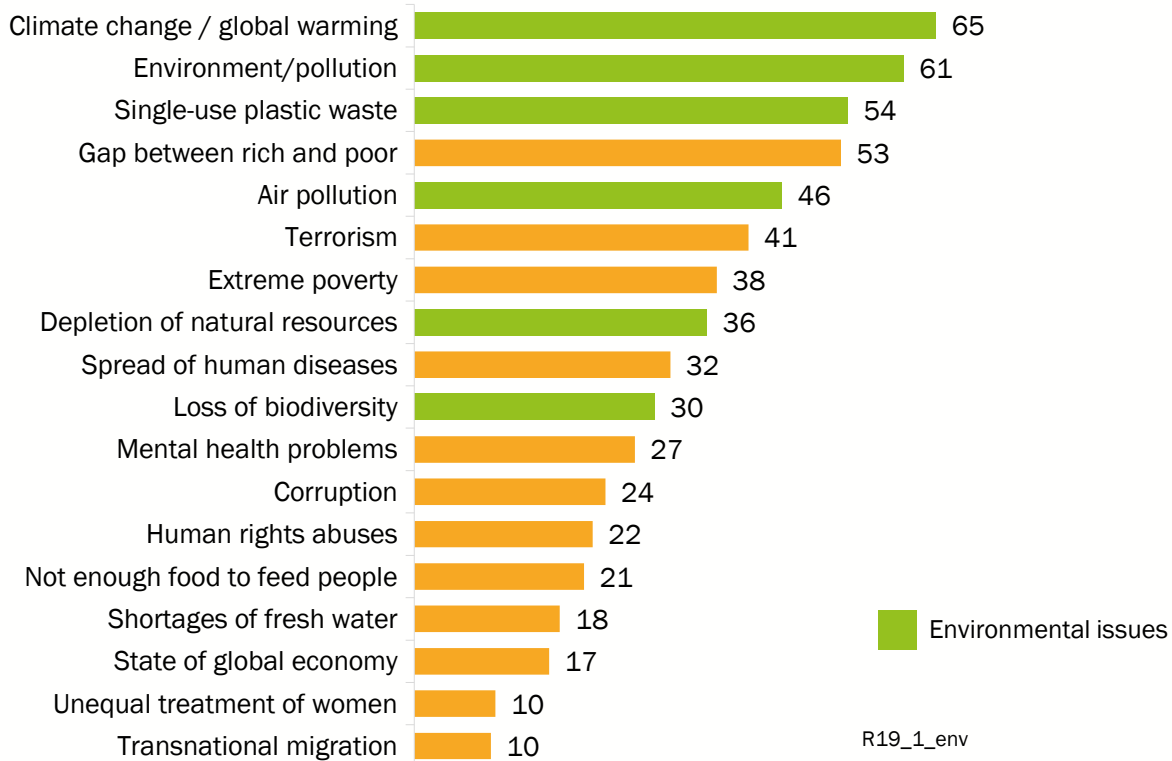
Concern about Global Issues, “Very Serious”, Average of 25 Countries, 2019



R19_1_env

In Hong Kong, environmental issues are the most concerned topics

Concern about Global Issues, “Very Serious”, Hong Kong, 2019

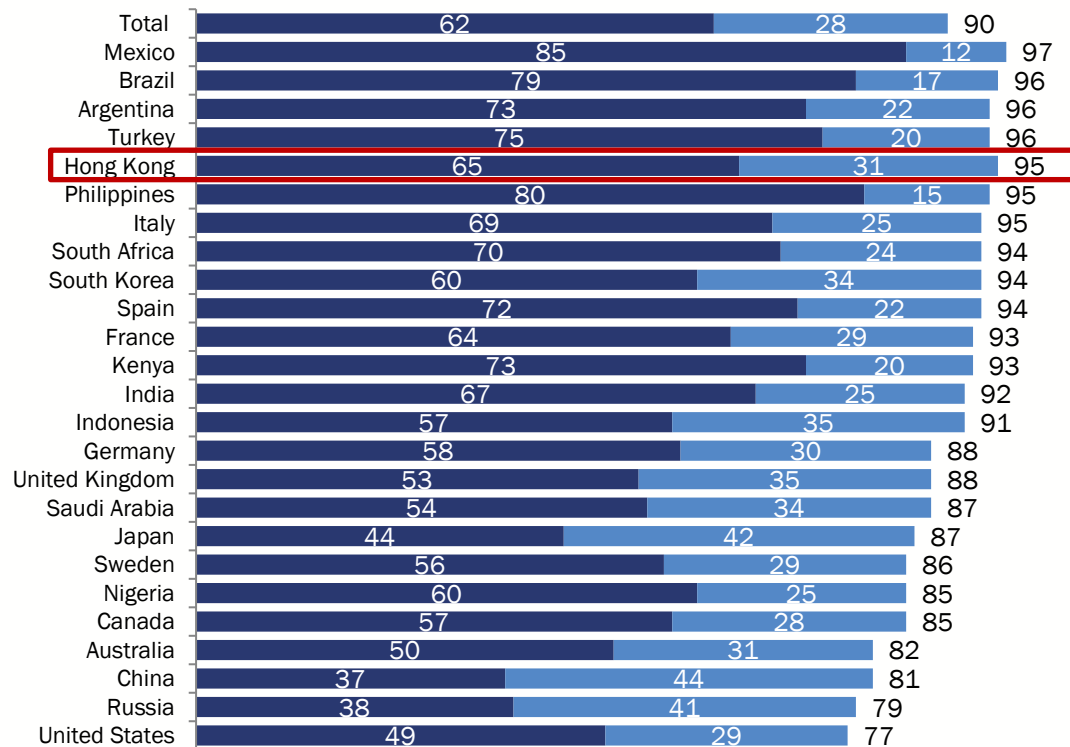


R19_1_env

Global consumers overwhelmingly consider climate change a serious problem

By Country, 2019

■ Very serious ■ Somewhat serious



R19_1o_likert

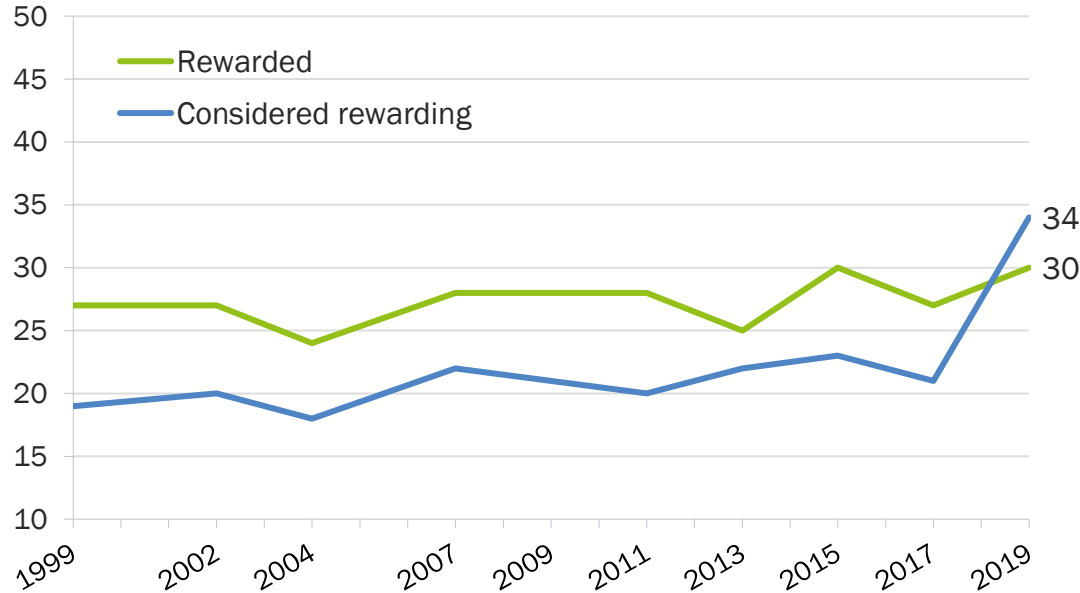
T1. For each of the following possible global problems, please indicate if you see it as a very serious, somewhat serious, not very serious, or not at all serious problem – Climate change or global warming, due to the Greenhouse Effect

Corporate Responsibility and Consumer Engagement



Consistent with previous years, about a third of consumers reward companies for socially responsible behavior

Rewarded Companies for Being Socially Responsible, Average of 16 Countries,* 1999–2019



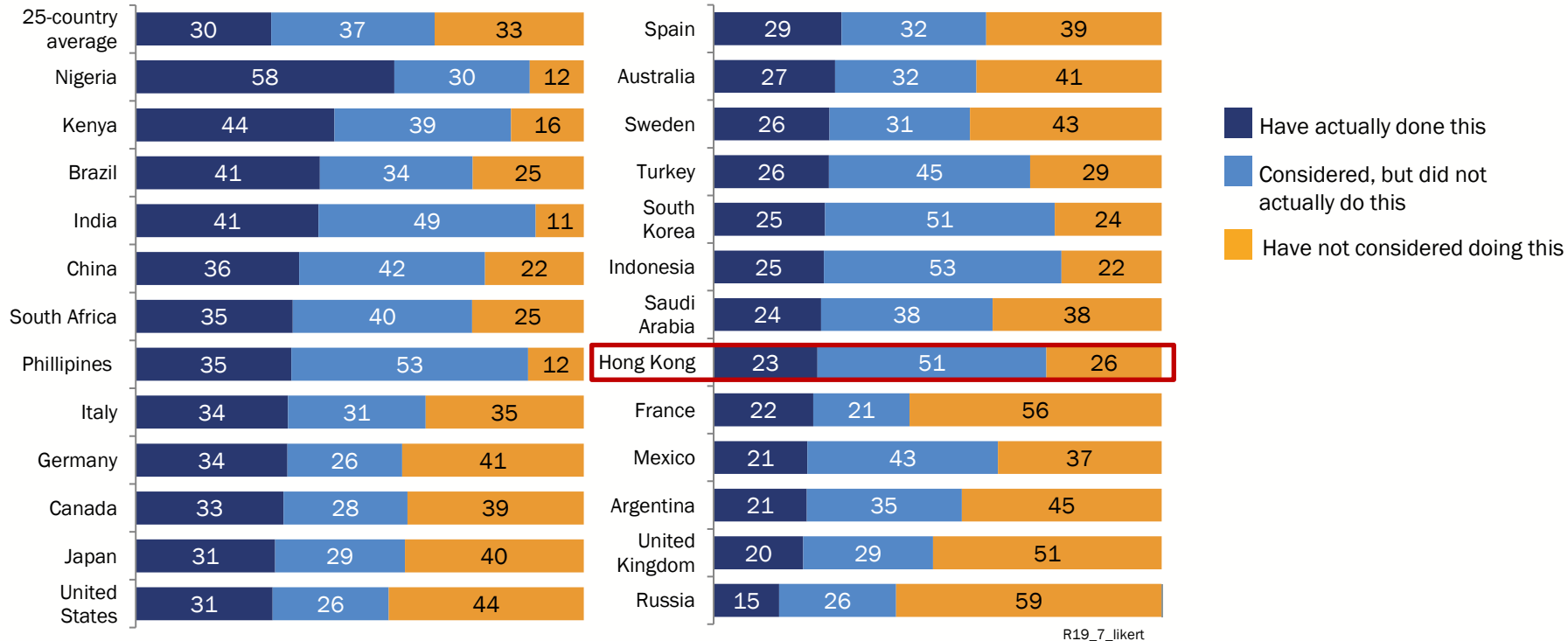
R19_7_trk

*Includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Nigeria, Russia, Spain, Turkey, UK, and USA. Not all countries were asked in all years. This question was previously asked using an in-person and telephone methodology.

T7. Over the past year, have you considered rewarding a socially responsible company by either buying their products or speaking positively about the company to others? Would you say you have...?

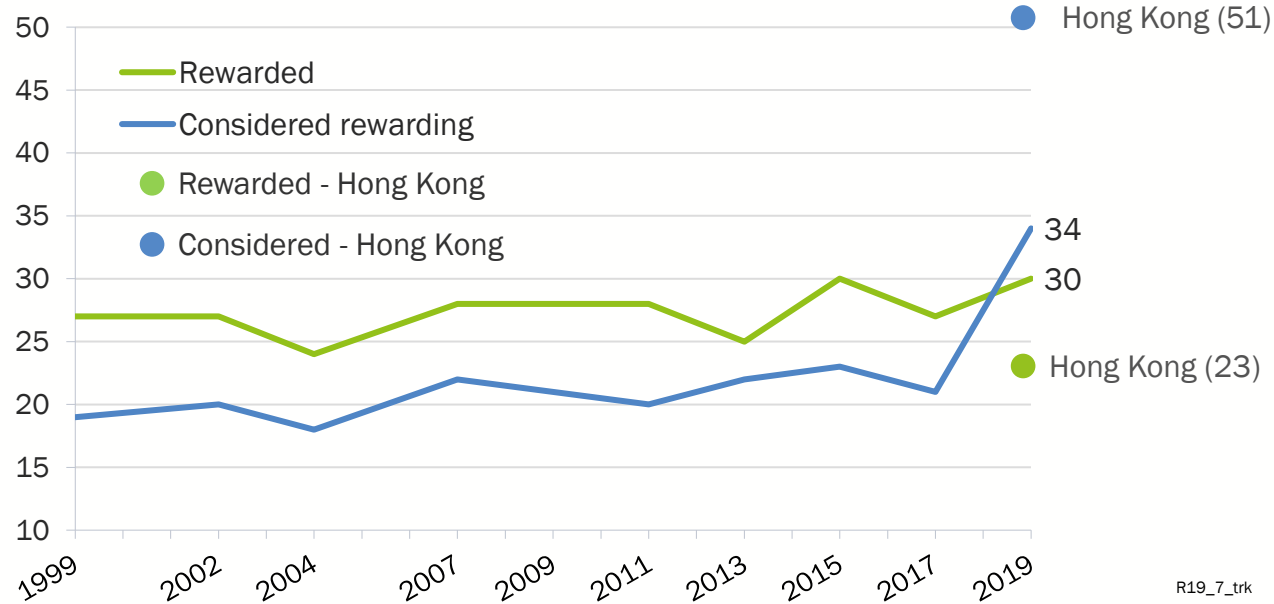
Most consumers have at least considered rewarding companies seen as socially responsible, but fewer than a third have actually done this

By Country, 2019



T7. Over the past year, have you considered rewarding a socially responsible company by either buying their products or speaking positively about the company to others? Would you say you have...?

In Hong Kong, people has strong intention to reward, although still taking insufficient actions



Enormous gap -
Big opportunity to
engage Hong
Kong citizens and
corporations on
social
responsibility

*Includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Nigeria, Russia, Spain, Turkey, UK, and USA. Not all countries were asked in all years. This question was previously asked using an in-person and telephone methodology.

T7. Over the past year, have you considered rewarding a socially responsible company by either buying their products or speaking positively about the company to others? Would you say you have...?



SHARED VALUE PROJECT



Creating Shared Value

Aligning profit and purpose

Legitimacy crisis in the private sector

Businesses are seen as part of the problem



Loss of **trust**
from
stakeholders

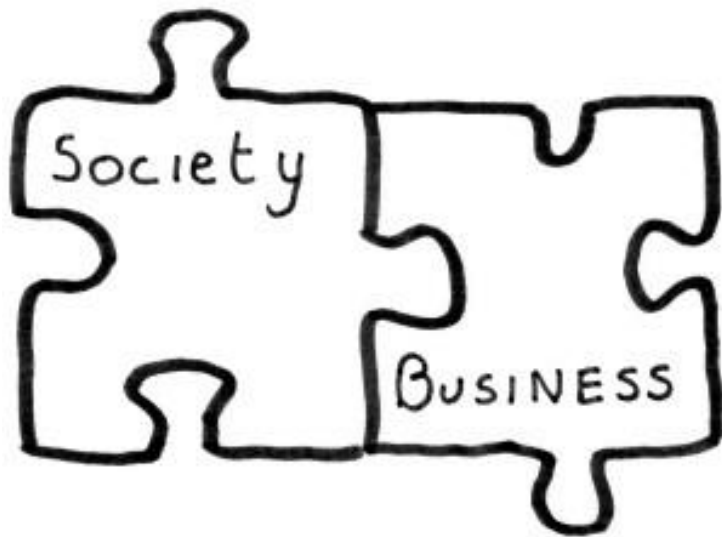
Uncertain
times for the
economy

Businesses must stay
relevant or die



Business depends on society

Healthy communities lead to good business



Inertia of 'business-as-usual'

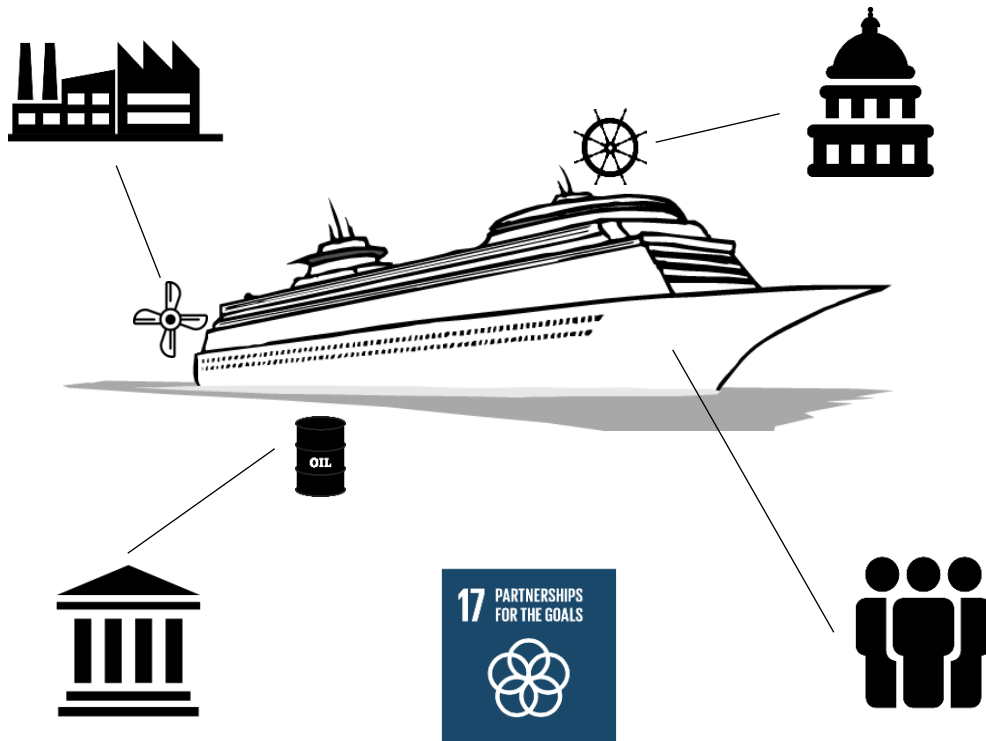
Difficult to empower innovation



Short-term
reporting/vision

No roadmap on
societal impact

Stuck in the way
we do business



New leadership

Aiming to serve all stakeholders

Fortune Change the World list



Business Roundtable
Statement on the Purpose of a Corporation



“Purpose is the engine to Long-term profitability” -
Larry Fink

What is Creating Shared Value ?

A business strategy to create competitive advantage



Shared Value is:

- Economic value for business **and** benefits for society
- Societal problems as **business opportunities**
- Consider **core assets & expertise** differently
- Making the pie bigger

Shared Value is NOT:

- Shared values
- Giving back, philanthropy
- Compliance

3 levels of Shared Value

Revenue generating or cost saving

Level I

Reconceive
products and
markets



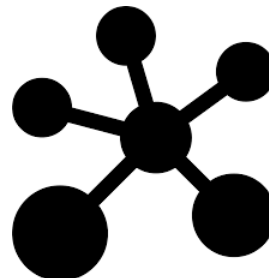
Level II

Redefine
productivity
in
value chains



Level III

Enable
local cluster
development



Reconceive Products or Markets

AIA Vitality Programme



- **Pain point:**
 - 90% of premature deaths linked to 4 behaviours (AU).
 - Represents significant costs in insurance claims.
- **CSV solution:**
 - 'Vitality' program rewards members for healthy behavior.
 - Includes discounts on shopping, entertainment and travel purchases.



Social Benefits

- Healthier Vitality members
- Improved mortality rates
- Shared data to improve wellness

Business Benefits

- Lower hospital admissions by 7.5% & reduced claims
- Positive interaction with policy holders

1. Know your health



Health check



Nutrition assessment



Fitness assessment

2. Improve your health



Healthy eating



Exercise & fitness



Lifestyle & wellbeing

3. Enjoy the rewards



Up to 50% off flights



Up to \$650 shopping vouchers



Leisure & entertainment

Redefine Productivity in Value Chains

Nestlé Cocoa Plan



- **Pain point:**

- Increasing demand for chocolate but limited cocoa supply
- Aging farmers combined with low income
- Lack of efficient agricultural practices

- **CSV solution:**

- Train and equip smallholder farmers for improved yields
- Three pillars: better farming, better lives and better cocoa



Social Benefits

- Improved livelihoods
- Regenerated soil
- Stronger communities

Business Benefits

- Resilient supply chain
- More regular & quality crops
- **175,000 tons** sourced or 1/3 of supply chain



Enable Local Cluster Development

NEO initiative in Latin America



- **½ of employers** struggle to find qualified employees.
- **20% of youth** (aged 15-29) are neither at work nor school. Among those who work, **6 out of 10** do it informally
- In 2012, 5 leading employers joined with the Inter-American Development Bank and the International Youth Foundation to **train 1 million youth**.
- Far more **robust and cost-effective** training and placement program than any one actor could build alone.

Social Benefits

- Reduced Unemployment
- **61%** employment rates for participants

Business Benefits

- New talent pool
- Higher engagement and retention

CATERPILLAR

 **Microsoft**



 **CEMEX**

Walmart 
Save money. Live better.



Creating Shared Value

Making business part of the solution



Business as
problems solvers



Societal issues as
business opportunities

Align profit & purpose

New
revenues

Cost
savings

Innovation

Competitive
advantage

Sustainable
growth

Future-
proofing

Resilience

Legitimacy

Employee
engagement &
Talent
acquisition

Supplier
relationship

TRUST

Customer
loyalty

Investor
trust

Shared Value Project Hong Kong

The roadmap to a purpose-led business



Corporate-
funded

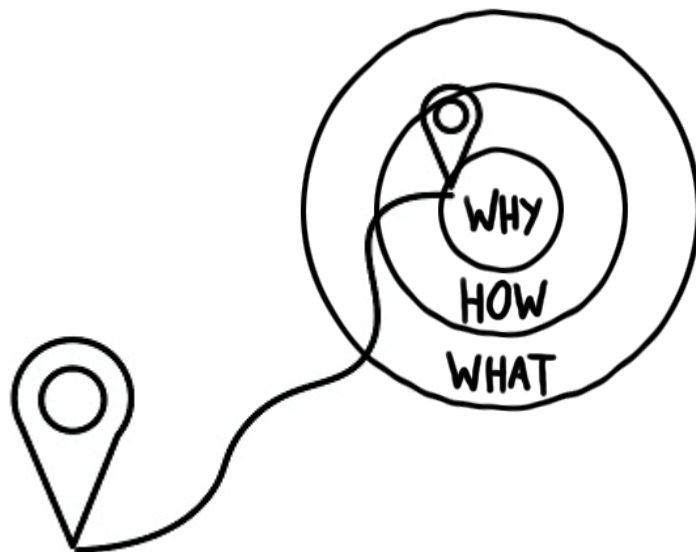
Part of a global
SV network

Not-for-
profit

Membership
organisation

CSV as the roadmap to corporate
purpose

SVPHK as a long-term
partner on the journey



Our members

Leaders in their community



accenture



HSBC 



新世界發展有限公司
New World Development Company Limited



G
FOR
GOOD



tricolor

3 tiers:

- Founding
- Industry
- SME

**THE
EXECUTIVE
CENTRE**

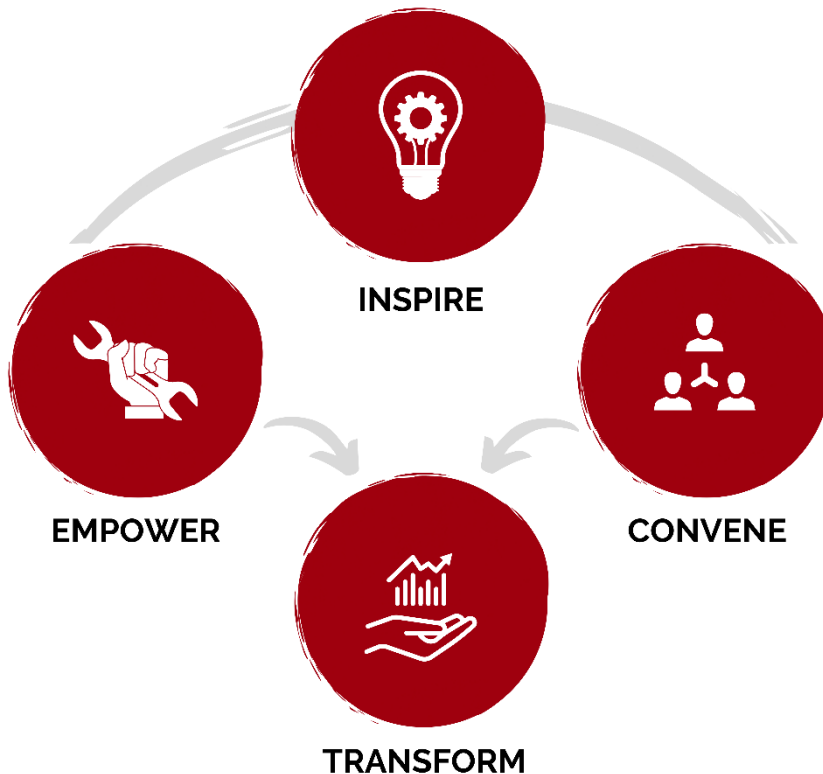
Our pillars




How business
impacts society

Employee
engagement

*Trainings,
Deputies' meetings,
Workshops*



Build the business
case for CSV

*Public events
for advocacy*


How society impacts
business

Apply the business lens
on societal issues

*Roundtables and
Ideation sessions on
HK-relevant issues*

Innovate with disruptive
business models

Task Forces

Thematic Initiatives

Building the muscle

Creating Shared Value for
Hong Kong's needs



Mental
Well-being

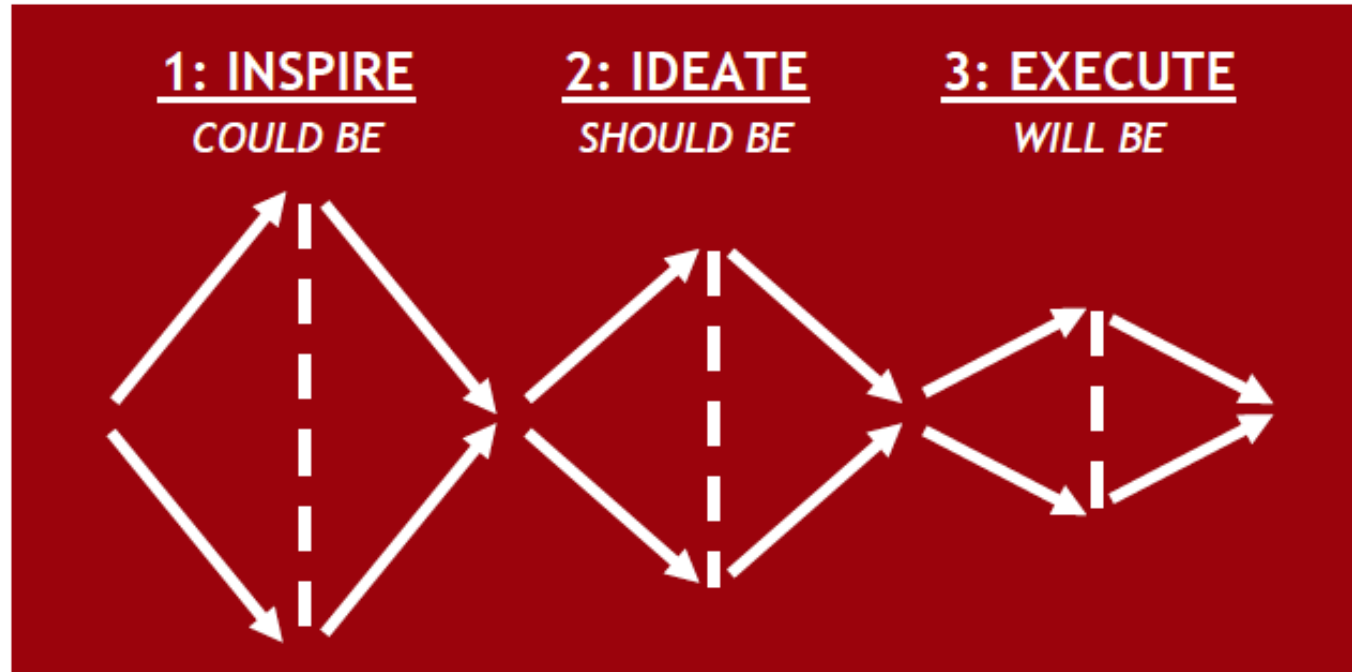
Ageing Society

Youth
Development

Climate
Change TBC

Striving for Human-Centered Design

An iterative journey



Business Case for Mental Well-being

CMHA HK Report: Cost of Mental Ill Health for Employers in HK

Mental health – a priority for professional services employers in Hong Kong

The price of mental ill health to employers

\$45-180 MN
absenteeism

4 days per year
absent due
to employees
experiencing
mental ill health

\$4.7-10.0 BN
in presenteeism

64% of employees
go to work knowing
their productivity
will be impacted due
to mental ill health

\$0.7-2.2 BN
in turnover

6-9 months of
an employee's
annual compensation
cost per turnover

Many
other costs

1. Team productivity
2. Opportunity cost
3. Reputational cost

\$130 MN
in EAP spending

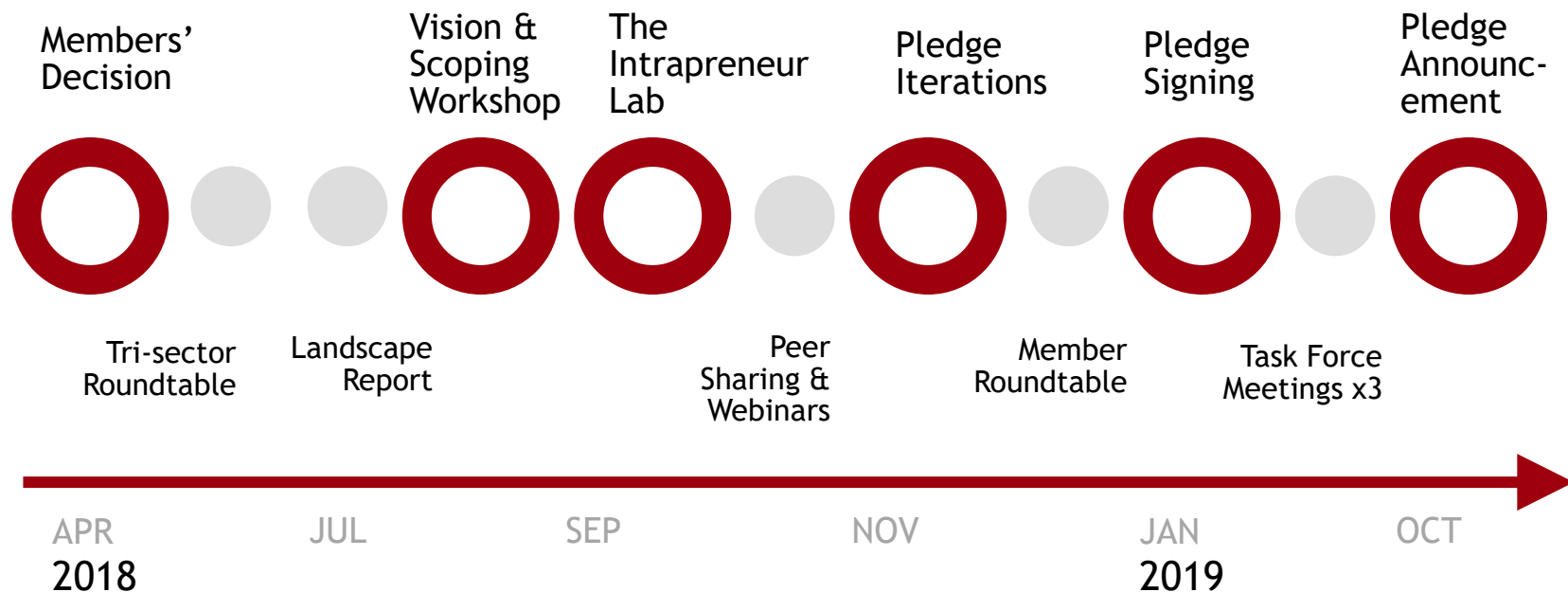
Total costs
associated with
mental ill health
represent 40-90x
of EAP spending

Mental ill health costs employers

5.5-12.4 BN HKD per year

Mental Well-being Initiative 2018-19

Improving productivity and well-being outcomes



Insights: CSV for Mental Well-being

1. Data is crucial for change
2. Beyond workplace stress
3. Anonymity at work
4. Community is key
5. Self-management is most effective
6. Early intervention is more cost-effective

Ageing Society Opportunity Matrix

Considering Older People as...

	Customers	Talent	Community Members
WORKING			
LIVING			
CAREGIVING			

Convening Tri-Sector Expertise

Tri-sector Roundtable & Directions Workshop



LIVING



WORKING



香港大學秀圃老年研究中心
Sau Po Centre on Ageing
The University of Hong Kong

HUMANSA
仁 山 優 社

CAREGIVING

Business Case for Ageing Society

- Between 2018 and 2038, the elderly population (65+) in HK will almost double from 1.27 million (17.9%) to 2.44 million (31.9%) respectively. That is, nearly 1 in 3 people will be senior citizens in 2038. ([Office of the Government Economist, HKSAR, Feb. 2019 paper](#))
- The market potential is vast, yet local businesses are “failing to cash in on [the] ‘silver economy,’ with 70% of elderly people feeling let down by choices and services.” (Consumer Council, [SCMP](#), Oct. 2018)
- Employers are seeing increasing pressures on the “sandwich generation” as the population bell curve shifts to a [higher elderly dependency ratio](#). Informal caregivers will almost double to 89,000 by 2040, while cost to employers (lost productivity, etc.) will triple to HKD 5.3bn ([HSBC Cost of Eldercare 2019 report](#)).

Sample Insights: CSV for Ageing Society

1. We must challenge biases and perceptions on ageing and understand aspirations of **different types of older people**.
2. We currently underestimate the **growing population of working caregivers** in Hong Kong - and the costs to business and talent.
3. Older people are **undervalued as talent** and start to get discounted when they in fact bring different strengths.
4. Businesses are not capturing the **growing Silver Age economy** in Hong Kong and specific user needs.
5. As longevity increases and healthcare improves, people's **life stages are not necessarily linear**, but cyclical.

Align profit and purpose

Create Trust and Competitive advantage



Redesign
everything

Collaborate
to get ahead

Measure your
impact

Tell your
stories

Let go of pre-
conceived notions

Solve problems in
partnership

Build the business
case

Communicate the
journey

Invent new
business models

Collective
impact

Demonstrate
impact

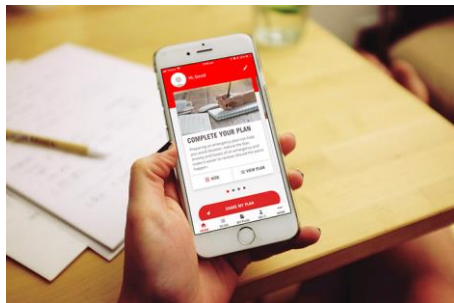
Build
trust

Shared Value mindset in a crisis

How to build resilience in a volatile world



iag



- Partnership with Australian Red Cross
- **Get Prepared app** provides tools to help communities prepare for, respond to and recover from emergencies.
- Easy process to establish a network of contacts, consider relevant risks in their location and create checklists of actions to undertake.
- Improves communities preparedness
- Reduces claims



新世界發展有限公司

New World Development Company Limited



- Setting up local production line for high-quality, affordable masks to meet rising demand.
- Secures supply for their own operations
- Investing in NanoDiamonds-coating technology in partnership with Master Dynamic.
- Community preparedness
- Supply chain resilience
- New revenue stream

Thank you!

Contact Us:

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