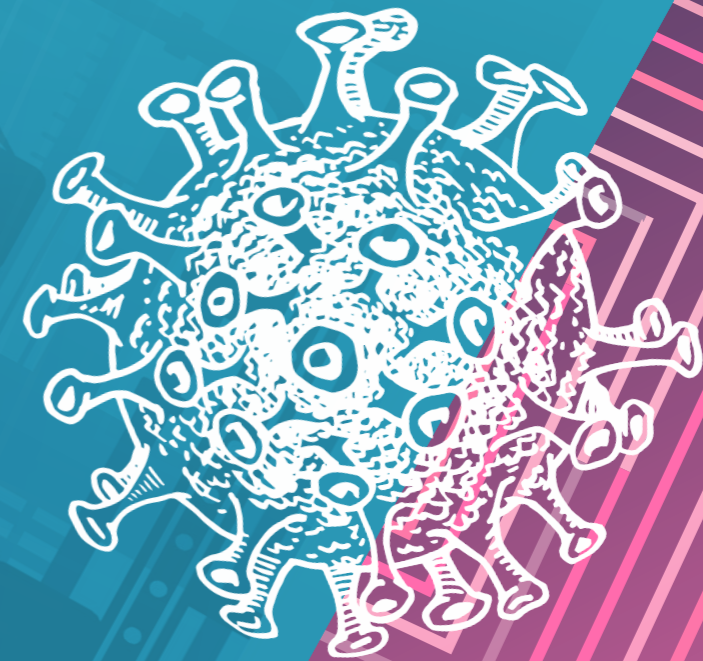


CUHK BUSINESS

2020
JUN



COVID-19 and *the Future* OF CHINESE MANUFACTURING

05
HOW CHINESE FIRMS
ARE BENEFITTING FROM
FAMILY OWNERSHIP

08
THE DARK SIDE OF
EMPLOYEE ENGAGEMENT

11
THE AUDIT COST OF
BEING ON CHINA'S
HURUN RICH LIST

14
PROF. LIN ZHOU TAKES
HELM

MAGAZINE OF THE CHINESE UNIVERSITY OF HONG KONG BUSINESS SCHOOL

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CREATE A FUTURE THAT YOU #LOOKFORWARD TO

“
We empower
our people so
they can seize
opportunities and
benefit from the
growth that will
take place.
”



Prof. Lin Zhou

*Choh-Ming Li Professor of Economics
and Dean of CUHK Business School*

THE CHINESE UNIVERSITY OF HONG KONG

- The Chinese University of Hong Kong (CUHK) was established in 1963 after the amalgamation of existing colleges which date back to 1949.
- The Vice-Chancellor and President is Professor Rocky S. Tuan.
- CUHK has eight faculties (Arts, Business Administration, Education, Engineering, Law, Medicine, Science, Social Science) and 62 academic departments.
- CUHK is ranked 46th in the QS World University Rankings 2020.
- CUHK is based on a collegiate system of nine colleges.
- CUHK has 20,000 students; 4,000 of whom are from outside Hong Kong.

CUHK BUSINESS SCHOOL

- The Dean is Professor Lin Zhou.
- The Business School comprises two schools – Accountancy, Hotel & Tourism Management; and four departments – Decision Sciences & Managerial Economics, Finance, Management and Marketing.
- It has over 4,400 students (full-time/part-time). Each year, over 500 undergraduate and postgraduate business students enrol in international exchange programmes during the regular school term.
- CUHK Business School is the first business school in Hong Kong to offer BBA, MBA and Executive MBA programmes.
- The MBA programme was ranked 50th in the world in 2020, and the EMBA programme was ranked 24th in the world in 2019 by *Financial Times*.
- The School runs dual MBA degree programmes with HEC Paris in France; Rotterdam School of Management, Erasmus University Rotterdam in the Netherlands; and McCombs School of Business, The University of Texas at Austin in the United States. It also offers joint postgraduate teaching programmes with Tsinghua University and Shanghai National Accounting Institute in China.



CONTENTS

02 COVID-19 AND THE FUTURE OF CHINESE MANUFACTURING

CUHK expert expects China to maintain its edge in manufacturing while accelerating its economic upgrade.

05 HOW CHINESE FIRMS ARE BENEFITTING FROM FAMILY OWNERSHIP

High family member involvement in management is linked to fewer problematic transactions, according to new study.

08 THE DARK SIDE OF EMPLOYEE ENGAGEMENT

New CUHK research reveals job engagement, when not properly managed, could lead to negative workplace outcomes.

11 THE AUDIT COST OF BEING ON CHINA'S HURUN RICH LIST

Study finds auditors tend to charge higher fees or use stronger language in audit opinions against clients listed on China's rich list.

14 PROF. LIN ZHOU TAKES HELM

Taking up deanship last December, Dean Zhou leads the School to tap into opportunities in the Asian Century and maintain its status as one of the top business schools in the world.

17 FROM LITERATURE TO MANAGEMENT: AN ADVENTURE RUNS FAR AND WIDE

Management professor Ribuga Kang has taken a very different path towards her role as a foremost analyst in business.

20 A TALE OF TWO CITIES: BUSINESS, INNOVATION AND TECHNOLOGY

From Hong Kong to Singapore and from business to innovation and technology, BBA alumna Stephanie Hung has always been a thinker, maker and learner.

24 A WHOLE NEW WORLD OF VR TRAVEL

BBA alumnus Lucas Leung founded a virtual reality company with the goal of revolutionising the tourism and hospitality sector.

26 5G SMART ROBOT JOINS THE BATTLE AGAINST COVID-19

MBA alumni Mark Mak and Eden Lu joined the entrepreneurial battle to combat COVID-19 that has spread around the world.

28 GETTING STRONGER TOGETHER AMID COVID-19

Amidst the adversity endured during the pandemic, CUHK Business School alumni share their insights on the challenges and opportunities that lie ahead.

30 #CUHKBUSINESSSCHOOL GOES ONLINE

CUHK Business School's doors of learning stayed open during the global coronavirus outbreak. Lectures, webinars, admission activities, and the workplace all went virtual for the first time.



EDITORIAL TEAM

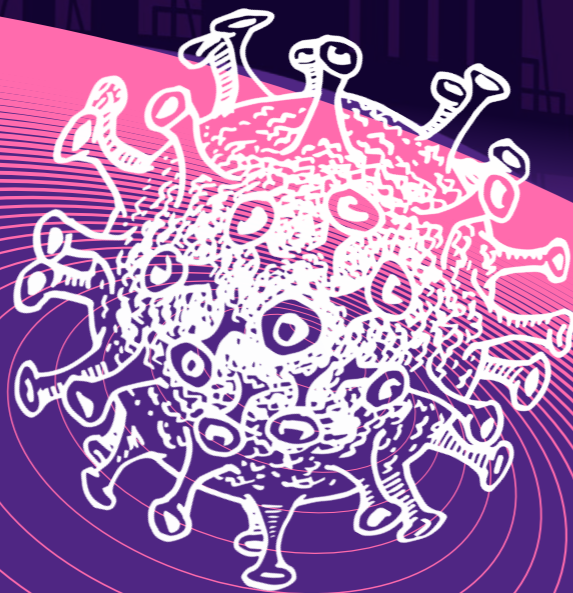
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COVID-19 and *the Future* OF CHINESE MANUFACTURING

Written by Raymond Ma
Managing Editor, China Business Knowledge @ CUHK



CUHK expert expects
China to maintain its
edge in manufacturing
while accelerating its
economic upgrade

China is expected to maintain a prominent role in global supply chains despite the COVID-19 pandemic, which has renewed discussions about whether countries around the world have become too reliant on Chinese manufacturing, according to one of The Chinese University of Hong Kong's (CUHK) leading researchers on global economic networks.

Jing Wu, Assistant Professor at CUHK Business School's Department of Decision Sciences and Managerial Economics, acknowledges that the pandemic, which resulted in an extended shutdown of factories across China following Lunar New Year, may lead firms which operate global supply chains to diversify their manufacturing base in addition to China as part of a stronger focus on risk management.

For decades, China has provided the bulk of components to manufacturers around the world. But even after new infections tapered off within its borders, factories have been slow to resume their normal production capacity. This has been blamed on a number of challenges including a shortage of labour due to the slow recovery of transportation links post lockdown, as companies scramble to ensure adequate protection for the workers against infection, and a shortage of parts from upstream suppliers.

A recent survey of companies in the US by the non-profit Institute for Supply Management reported 75 percent of respondents said their supply chain had been disrupted due to the coronavirus, with one in six, or 16 percent, having already revised their revenue guidance down by an average of 5.6 percent.

It also comes amid reports that Japan, one of China's biggest trade partners,

has earmarked US\$2.2 billion of its record US\$1 trillion stimulus package to help its manufacturers shift production out of the world's second-largest economy.

Prof. Wu says it is not unexpected that, as a result of the pandemic, national governments may become more aware of the importance of supply chain security in national security concerns and strengthen themselves against their exposure to foreign manufacturing risks.

"It is no surprise that Japan, the US and other countries would want to reconsider which products can be purchased from abroad and which products should be encouraged by policies to build local production capacity," he says. "From a risk management perspective, it makes sense to produce essentials such as medical supplies close to the market, just-in-time when demand surges."

He notes that Japanese culture in particular has traditionally focused on risk management. He expects some essential parts produced for the Japanese market to be brought home or to coastal areas in China which are closer to Japan. For the products that are sold to the overseas market, especially in China, their production is expected to remain in China.

Commercial Decisions

Noting the increasingly political nature of the discussion on China's role in global manufacturing, which in recent years gained steam with the election of US President Donald Trump who has pledged to return manufacturing to the North American country and heightened by the pandemic, Prof. Wu notes that at the end of the day it is the firm which makes the supply chain decisions, rather than a government or a nation.

"Capital will always chase opportunities and avoid risks. Whether it is a man-made trade war or a natural pandemic, to a certain extent, international capital has seen the need to diversify China's manufacturing risks," he says, citing the results of a research paper he co-authored, entitled "Not Coming Home: Trade and Economic Policy Uncertainty in American Supply Chain Networks".

"Companies may seek to diversify their manufacturing options while maintaining their main sourcing base in China," Prof. Wu says, despite the fact that the country has been able to wrestle control of new coronavirus infections. "It cannot be ruled out that some companies will shy away from 'putting all its eggs the same basket' when evaluating the future configuration of their supply chains."

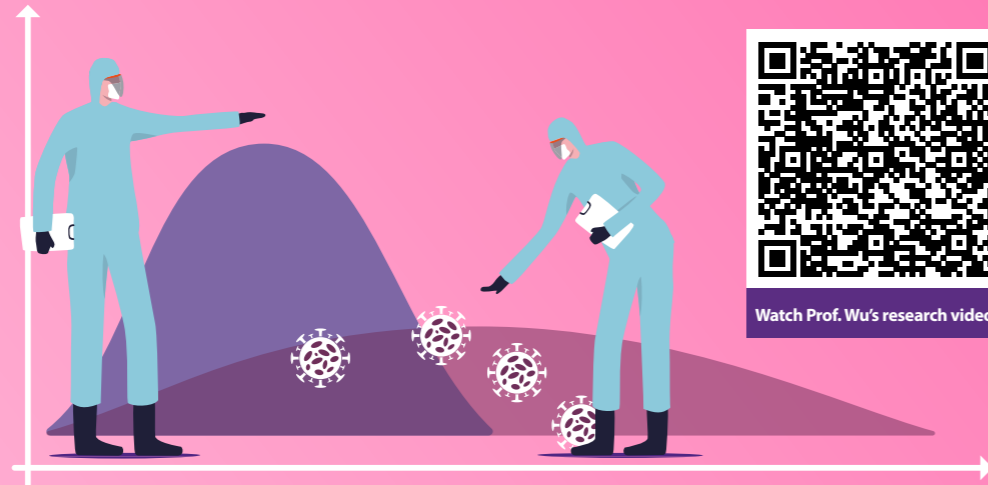
"China's advantage in manufacturing cannot be replaced in the short-term. At the same time, it is inevitable for China to upgrade its economy from polluting, export-led manufacturing economy towards a high-tech and service-driven one," he says, adding that the share of low to mid-tier manufacturing would likely decrease slowly as a result of the further economic development and industry upgrades. That process may be expedited by the pandemic due to weaker foreign demand.

The effects of this would be offset by China's ongoing industrial migration towards high-tech manufacturing, which is high-margin and tends to be less sensitive to labour costs and more likely to stay within the country once the industry is developed, he says.

To help it adapt to changing attitudes in global sourcing, China needs to

“ Companies may seek to diversify their manufacturing options while maintaining their main sourcing base in China. ”

– Prof. Jing Wu



Watch Prof. Wu's research video

change its strategic thinking on price advantage to continue its move up the value chain away from low-cost manufacturing reliant on cheap labour, understand the strategic considerations of foreign customers on supply chain resiliency and security under trade barriers, and strive to establish strong international brands.

At the same time, China should keep reforming-and-opening-up, including opening and entering potential new markets, he adds.

Globalisation 2.0

Given that the global supply chain shock has since spread around the world, a crucial question is whether the pandemic spells the beginning of the end for the current age of globalisation?

Prof. Wu notes that COVID-19 has disclosed disadvantages related to relying too much on sourcing, or off-shoring. It makes sense that more companies may try to produce their products locally, or closer to consumers.

“Globalisation also takes many forms besides in the physical product market or in the form of manufacturing

supply chains. It also includes financial globalisation, knowledge, and technology globalisation,” he says, citing another study he co-authored entitled “Global Supply Chains and Cross-Border Financing”. “While supply chain globalisation has matured, financial and technology globalisation is quite incomplete and accelerating.” He refers to this extended definition of globalisation as “Globalisation 2.0”.

On the other hand, while China continues to face the threat of tariffs and taxes in its as-yet concluded trade war with the US, he notes that the companies in the Asian economic behemoth may seek to accelerate the reconstruction of their global supply chain structure to effectively avoid trade barriers. In recent years, a growing number of Chinese companies have sought to widen its global manufacturing footprint, such as directly build factories in the destination markets such as the US, or ship components and assemble the final products in other countries. “A more global layout can enhance the flexibility of the supply chain, thereby reducing the negative effects of sudden risks,” he says.

In the new era of Globalisation 2.0, China should keep transforming from

export trade to overseas investment, encouraging its firms to acquire or open foreign subsidiaries, produce local and participate in overseas market competition, he adds.



Prof. Jing Wu

Prof. Jing Wu is an Assistant Professor in the Department of Decision Sciences and Managerial Economics at CUHK Business School. His main research fields are the operations-finance interface, economic networks, quantitative investment, and machine learning applications. Prior to joining CUHK, he served as an Assistant Professor in the Department of Management Sciences at College of Business, City University of Hong Kong (2016-2019). He also worked as a Quantitative Strategist at Deutsche Bank New York (2015-2016). He received his bachelor's degree in Electronic Engineering from Tsinghua and both his MBA and PhD (major in operations, minor in economics & finance) from Chicago Booth.



How Chinese Firms are Benefitting FROM FAMILY OWNERSHIP

New CUHK research finds managerial participation by family members linked to fewer problematic transactions

Written by Jaymee Ng
Principal Writer, China Business
Knowledge @ CUHK

Family ownership in modern corporations – despite being highly commonplace with household names such as Walmart, Volkswagen and Ford being high profile family-controlled examples in the West – has a bad reputation in emerging markets. Critics often argue that family managers often underperform their professional counterparts, and if they make unpopular decisions, it is often passed off as self-serving behaviour or made at the expense of public investors.

Contrary to this view that family-owned businesses carry substantial governance burden, new research by The Chinese University of Hong Kong (CUHK) Business School has found that among Chinese family-owned businesses, those with high family member involvement in management typically engage in fewer problematic transactions, benefitting minority shareholders in the process.

“ We find a higher degree of controlling family participation and more diffusion of firm cashflow and decision rights within the family is associated with fewer related-party transactions that are suspected of minority exploitation.”

– Prof. Joseph Fan

Entitled “Controlling Family and Corporate Governance”, the study was conducted by Joseph Fan, Professor at the School of Accountancy and Department of Finance at CUHK Business School in collaboration with Dr. Xin Yu, Senior Lecturer at The University of Queensland Business School.

Examining more than 1,200 emerging Chinese publicly-traded private sector firms, Prof. Fan and his collaborator looked at whether and how the partition and allocation of ownership rights within a firm’s controlling families enhances or weakens corporate governance from both the controlling owners and public investors’ perspective.

In-house Conflicts

The study divided conflicts within family owned businesses into three types. The first two types are widely recognised; they consist of conflict of interest between owners and managers, and that between the controlling family and minority shareholders. The researchers argued that a third type of conflict may arise as the family size grows and ownership rights spread among family members. For example, a self-interested family member may tunnel away firm resources at the expense of other family members.

Recognising these conflicts, the researchers then went on to examine whether the level of managerial participation by family members led to more or fewer related-party transactions – including acquisitions of assets, sales of assets, and trade of goods and services between a listed firm and a connected party, sales of equity from a listed firm to a connected party, and cash payment from a listed firm to a connected party.

These transactions are generally considered highly prone to conflicts of interest. The idea is that if family involvement in business is a symptom of weak governance and rent extraction, higher family participation should be associated with more pervasive related-party transactions suspected of expropriation, and vice versa, Prof. Fan explains.

“We find a higher degree of controlling family participation and more diffusion of firm cashflow and decision rights within the family is associated with fewer related-party transactions that are suspected of minority exploitation,” Prof. Fan says. In addition, the association between family participation and suspicious related-party transactions was more pronounced among firms subject to weaker market governance. The study also found that suspicious related-party transactions were fewer when more family members were both owners and managers.

“During our sample period, a change in government regulation occurred that aimed to curtail related-party loans of publicly traded companies. We find that controlling family participation mitigates related-party loans pre-regulation, but the effects disappear after the regulatory enforcement, again suggesting that controlling family participation in firms has been an important private governance mechanism that substitutes for the prior weak public governance,” says Prof. Fan.

Spillover Benefits

Prof. Fan says the findings were consistent with the theory that family businesses typically implement measures to align the interest and incentive of individual family members and to mitigate in-house conflicts, and that these governance measures often “spillover” to benefit other shareholders. However, the results also reveal that the family governance effects are weaker if family managers do not own shares, and even disappear if family owners do not serve as managers.

The governance effects are stronger when more siblings and parents of founders participate in the firms, while



more children participation weakens the effects. Prof. Fan explains that this gels with the fact that in many cultures, the founder of a family business is more likely to have their decision making questioned by senior family members, rather than their children.

While participation by the spouse of a company’s founder was not associated with more suspicious related-party transactions, participation by more distant relatives was associated with substantially fewer such dealings. This squares with the view that family goals and values diverge and trust dissipates the farther apart family

relatedness becomes. Hence, less close members of the family are more incentivised to monitor the business.

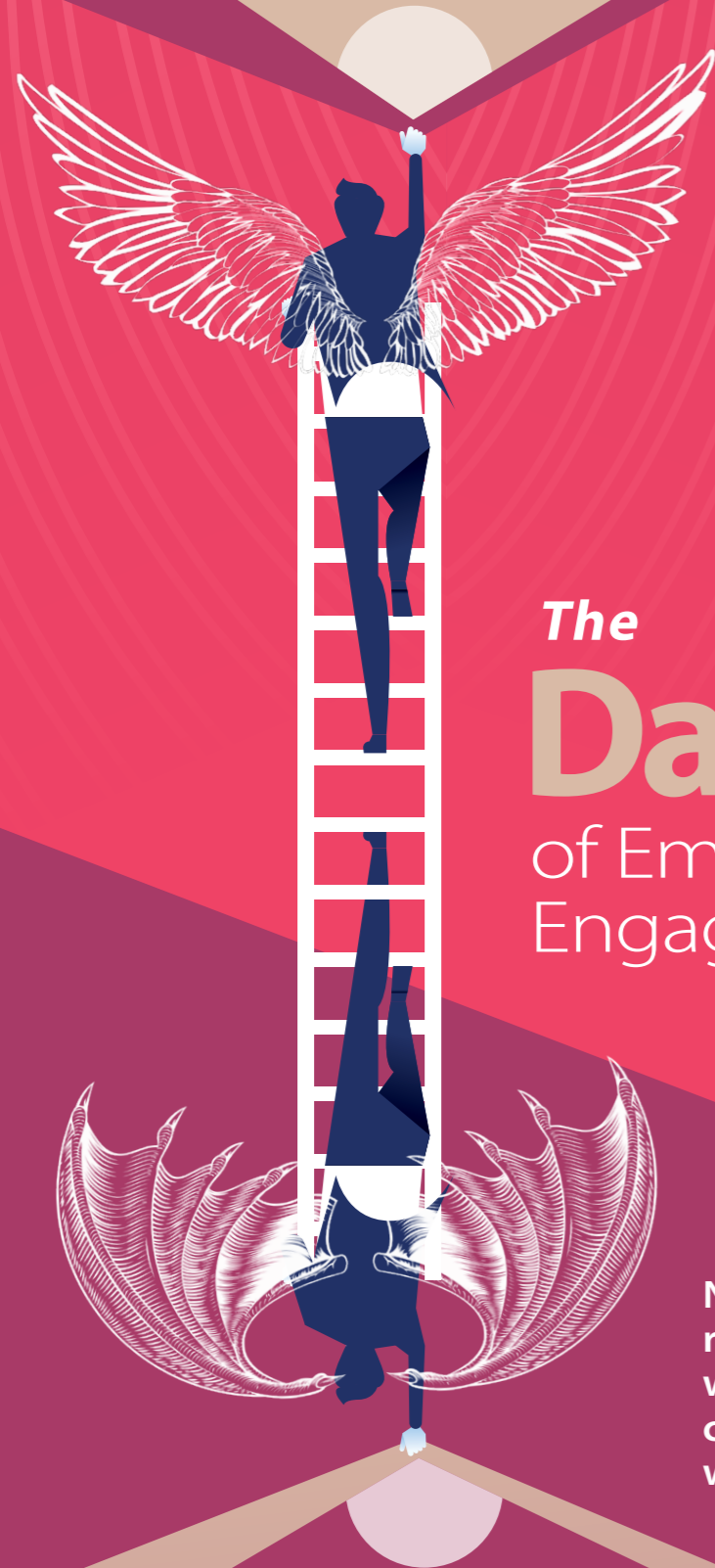
Speaking of future research, Prof. Fan admits much work remains. “These results suggest that both ownership incentive and monitoring ability matter to the effectiveness of family governance, in contrast to the negative and perhaps dominating view that controlling families are prone to conflicts with public minority investors,” says Prof. Fan. “However, we have yet to explore specific family governance mechanisms beyond family ownership and management that induce family incentives and mitigate conflicts of controlling family members. More research into this topic is warranted.”



Prof. Joseph P.H. Fan

Joseph P.H. Fan is a Professor of School of Accountancy and Department of Finance at CUHK Business School. He is an expert in corporate finance and governance of emerging market firms. His recent research focuses on family business governance, including his pioneer research on Asian family firm successions, marriage and network creation, and family trust ownership.

Prof. Fan has published in top academic journals, including *Journal of Accounting and Economics*, *Journal of Accounting Research*, *Journal of Business*, *Journal of Finance*, *Journal of Financial Economics*, and *Journal of Financial & Quantitative Analysis*. He is the author of *The Family Business Map: Assets and roadblocks in long-term planning* and has been frequently interviewed by local and international media.



The Dark Side of Employee Engagement

New CUHK study reveals job engagement, when not properly managed, could lead to negative workplace outcomes

Written by Raymond Ma
Managing Editor, China Business Knowledge @ CUHK

Ask any human resources guru and they are likely to say unequivocally that employee engagement, or the degree to which workers immerse themselves in performing their jobs, is key to organisational success. Employees who are high in job engagement are described as being “fully there”; They are devoted, attentive and focused in their work roles, which are all traits that modern organisations crave in their workforce.

However, a new study conducted by The Chinese University of Hong Kong (CUHK) has revealed for the first time that while employee engagement does indeed lead to increased job performance, it could also lead to some workers being more territorial in the jobs, less information sharing occurring in the workplace or downright unethical behaviour.

Entitled “It’s Mine! Psychological Ownership of One’s Job Explains Positive and Negative Workplace Outcomes of Job Engagement”, the study was conducted by Kenneth Law, Professor at the Department of Management and Associate Dean (Research) at CUHK Business School, his students Melody Jun Zhang and Yolanda Na Li, and Prof. Lin Wang of Sun Yat-sen University and Prof. Yongyi Liang of Jinan University, who noticed that while much previous research has been devoted to the positive outcomes of job engagement, little attention has been paid to its potential costs.

“To the best of our knowledge, no study on the possible negative outcomes of job engagement in work related domains has been studied,” says Prof. Law, adding that the few studies which have examined negative outcomes have focused on non-work settings, such as whether it can lead to more family disputes.

Psychological Ownership

The researchers theorised that when employees are highly engaged in their jobs, they identify with their jobs and treat it as part of their personal identity – becoming what is known in psychology as the “extended self.” As a result, they feel they “own” the job.

On the one hand, this psychological ownership promotes on-the-job performance, proactive behaviour, and incites a willingness for employees to go above and beyond their formal job requirements in the daily execution of their duties – a concept known in management academia as organisational citizenship behaviour.

The flip side is that this ownership can also translate to resentment when employees feel their job “space” is being infringed, leading to territorial behaviour and knowledge hiding. As an illustration, a sales representative may decide against sharing product and customer information, know-how, and skills to promote sales with colleagues.

Job ownership could also generate actions that benefit the organisation but which falls short of being fair play – such as discrediting others’ performance and purposely excluding others in a work group – a condition known in academic circles as pro-job unethical behaviour.

In addition, researchers also speculated that how job ownership manifests itself depends on employees’ overall outlook or mindset. They posited that employees who are driven by a desire to achieve their aspirations and desirable outcomes – known clinically as an approach motivation

– tend to focus on the gains related to their ownership of their jobs. This translates into improved job performance, and a higher level of proactive work and organisational citizenship behaviours.

This contrasts with those of an avoidance motivation mindset, or people who focus on avoiding distressing problems and undesirable outcomes. For them, it was speculated that they were driven by concern over losing the ownership of the job, and are likely to engage in undesirable behaviours to protect what they perceived to be part of their personal possessions.



To test out this theory, the researchers sampled a large pharmaceutical company in southern China. They sent questionnaires to employees and their supervisors, who were asked questions to rate their job engagement, job ownership, performance, as well as their tendencies to engage in both good and bad workplace behaviour.

“Our findings are cautionary reminders that engaged employees may generate negative workplace behaviours.”

– Prof. Kenneth Law

Of the 353 questionnaires sent out, 178 valid responses were received. Analysis of the results confirmed the researchers’ theory that job engagement can lead to both positive and negative workplace outcomes. It found that engaged employees would perform positive workplace behaviours, regardless of their mindset, but employees with stronger avoidance motivation may engage in a concurrent set of undesirable workplace activities that lead to territorial behaviour, knowledge hiding, and pro-job unethical behaviour.

Also, it found no evidence that employees driven by an achievement or aspirational mindset are even more likely to engage in activities that benefit the organisation.

Workplace Implications

Prof. Law says this research has important and far-reaching implications for the modern organisational workplace. This is especially so for, but not the exclusive domain of, industries dealing with creativity, innovation and intellectual property.

“At the end of the day, job engagement will always have more advantages for an organisation than disadvantages. It’s when high job engagement is not being managed properly that it could lead to issues,” he says. The more engaged an employee, the higher their performance. When focused on the job instead of a career, engagement could also lead to lower employee turnover, since an employee is unlikely to find the exact same job they are attached to at another organisation.

“Our findings are cautionary reminders that engaged employees may generate negative workplace behaviours,” he says, adding that managers should at least be aware of this possibility and actively manage to reduce negative outcomes of employee engagement when it occurs. This could include the fostering of a high-trust environment to promote the perception that workers respect each other’s ownership of their respective jobs.

Another key possibility is to mediate an employee’s ownership of their job. “You can’t really take away psychological ownership, but you have to explain to employees that their focus is on the organisational objectives, rather than on the benefits they personally derive from their jobs,” Prof. Law says.

Managers should also be extra mindful of employees with an avoidance mindset, who are more likely to exhibit detrimental workplace behaviours. To counter this, he says managers should consider implementing policies and procedures to discourage the negative outcomes which may result. Finally, companies should develop training programmes, supplemented by personal coaching, to help employees manage their avoidance tendencies.

“Our results will make it easier to predict which individuals are more likely to generate positive or negative work outcomes among employees with high job engagement and job based psychological ownership,” Prof. Law says.

“We hope that our study will encourage further exploration into the consequences of job engagement in a more comprehensive way and to identify possible moderators that can alleviate the negative effects or amplify the positive effects,” he adds.



Prof. Kenneth Law

Kenneth Law is a Professor in Department of Management and the Associate Dean (Research) at CUHK Business School. Prof. Law’s areas of expertise are research methodology, human resource management, and management in Chinese context. He has published many articles in leading research journals such as the *Academy of Management Journal*, *Academy of Management Review*, *Journal of Applied Psychology*, *Journal of International Business and Journal of Management*. Prof. Law has served as an Associate Editor of the *Academy of Management Journal* and as a Senior Editor of *Management and Organization Review*. He is currently serving in the editorial board of the *Academy of Management Journal* and as a Consulting Editor of the *Journal of Occupational and Organizational Psychology*. Prof. Law received his PhD degree from The University of Iowa.

The Audit Cost of Being on China’s Hurun Rich List

Research finds auditors tend to charge higher fees or use stronger language in audit opinions against clients listed on China’s rich list



Written by Raymond Ma

Managing Editor, China Business Knowledge @ CUHK

More than a century ago, the American philosopher and psychologist William James first coined the term the “bitch goddess” in reference to the downsides of material success. In modern China, fame can be a lot of things but a new study has found it could lead to higher fees or a more severe audit opinion for the companies of their newly-famous and newly-wealthy owners.

Conducted by Prof. Donghui Wu of The Chinese University of Hong Kong (CUHK) Business School’s School of Accountancy and Prof. Qing Ye of Nanjing University, the study, entitled “Public Attention and Auditor Behaviour: The Case of Hurun Rich List in China”, looked at how auditing firms reacted when the controlling owners of their clients make it to the Hurun Report’s China Rich List, a ranking of the wealthiest individuals in the country launched in 1999.

Analysing 126 public companies in China between 1999 and 2012, the study found auditors were estimated to charge around 8 percent higher in fees to compensate for the higher audit risk after an entrepreneur associated with a company becomes listed on the China Rich List.

“Auditors respond to an increase in public scrutiny by becoming less acquiescent about clients’ irregularities. They issue more severe audit opinions or charge clients higher audit fees if their controlling owners get listed on the China Rich List.”

– Prof. Donghui Wu

It also found the level of severity in modified audit opinions – which are issued

if auditors find questionable practices in a company’s accounting books – increased by 6.3 percent for firms whose bosses appear for the first time on what the local media have dubbed the “slaughter list” in reference to a tendency for misfortune to befall those who appear in it.

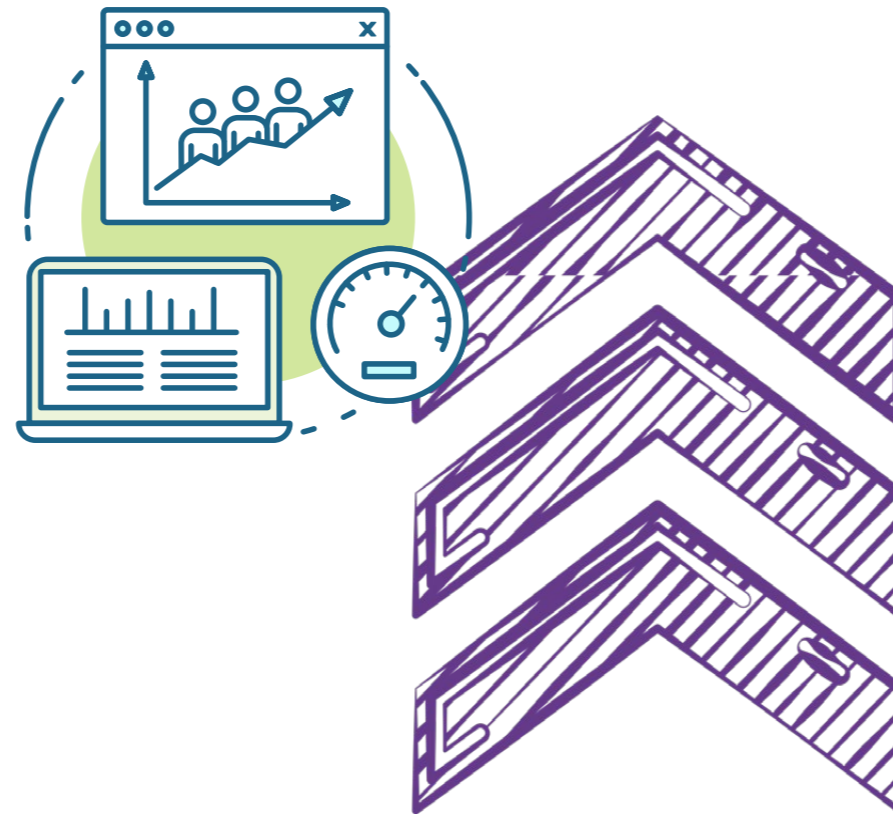
Increased Public Scrutiny

Prof. Wu explains that while China has experienced phenomenal economic growth on the back of decades of economic reform, creating a new class of wealthy entrepreneurs in the process, its values have remained egalitarian in nature, with the rich generally reluctant to disclose their wealth to the public.

By publishing the names of billionaires in China, Hurun subjects the newly minted wealthy and the firms they control to public scrutiny. It also doesn’t help that many ordinary Chinese believe business people have amassed their wealth through political connections, favouritism, and corruption. “The Chinese public hold the belief that billionaires and their firms must have committed some ‘original sin,’” says Prof. Wu.

This is happening against backdrop of increasingly severe regulatory consequences for audit failures – witness the demise of “big five” Arthur Andersen shortly after being enveloped by the Enron fraud scandal, as well as a similar fate which befell Zhongtianqin, once the largest audit firm in China, around the same time over an accounting scandal surrounding client Yinguangxia, a conglomerate dubbed the “Chinese Enron”.

The study found that firms controlled by billionaires that appear for the first time on the top 200 rich list experience



a sharp increase in negative press coverage and regulatory enforcements. However, there was no evidence for such changes for firms linked to billionaires who appear for the first time on the list but with lower rankings and are thus less conspicuous and news-worthy.

“The predominantly negative publicity generated by rich owners’ presence on Hurun can entail greater regulatory scrutiny, exposing auditors to a higher risk of audit failures,” says Prof. Wu. This higher visibility thus means higher risks for auditors. In response, Chinese auditors have adopted strategies that shield them against potential and very public audit failures.

“Auditors respond to an increase in public scrutiny by becoming less acquiescent about clients’ irregularities. They issue more severe audit opinions after rich-listing events,” Prof. Wu

adds. “To keep overall audit risk at an acceptable level or alleviate the impact of future losses, auditors also charge clients higher audit fees during the post-listing period.”

Higher Fees Versus Stricter Audit Opinion

The study also found that auditing firms were more likely to issue a more severe audit opinion when the way an entrepreneur generated their wealth is associated with dubious transactions or practices, such as privatisation of state assets, involvement in tax evasion, opaque information disclosure, or the prevalence of corruption in the region where the company is located. For these clients, auditors do not significantly increase audit fees, implying that even opinion shopping is not an option for auditors to protect themselves against higher risks.

The opposite is true for firms without such associations, with auditors compensating for higher risks by increasing audit fees. This implies that the auditing firm is devoting more effort to addressing possible audit problems that may invite press scrutiny. This overall effect is more pronounced for the larger audit firms which are more concerned with their reputation or audit partners with more conservative auditing styles.

“The Chinese public hold the belief that billionaires and their firms must have committed some ‘original sin.’”

– Prof. Donghui Wu

Finally, in rendering audit opinions, auditors tend to be more concerned about the risk of companies which are owned by entrepreneurs that may drop off the top 200, but they were indifferent for this group when it comes to pricing. Interestingly, not all companies are negatively affected after their entrepreneurs appear on the rich list: some do not experience an increase in negative press coverage likely because their entrepreneurs are seen as heroes by the public. For such firms, there is no evidence showing that auditors become tougher in rendering opinions or increase audit fees.

Prof. Wu says the study’s findings that auditors are concerned with the presence of the controlling owners of their clients on the Rich List may appear counter-intuitive. After all, earning a spot can advertise the entrepreneurs and their companies’ business success, generating benefits in the product and capital markets.

“We believe our evidence squares institutional features in China’s

transitional economy, where getting rich can be associated with corruption and rent-seeking activities. As we illustrate, rich owners’ presence on the Hurun list draws negative media coverage and entails greater regulatory scrutiny over their firms. Like other rational economic agents who choose actions to maximise their utilities, Chinese auditors respond to rich listings by adapting strategies that shield themselves from potential backlash against publicised audit failures,” he says.



Prof. Donghui Wu
Donghui Wu is a Professor in the School of Accountancy and Director of Centre for Institutions and Governance at CUHK. His main research interest is in the use of accounting numbers in the political/regulatory process as well as accounting, auditing, and finance issues in China. Based on his research on the Chinese capital market, he was recently named by a bibliometric study published on Abacus as the second most prolific researchers in the world. Prof. Wu’s research findings were cited by regulators to support public-disclosure policy. He is currently Associate Editor of China Journal of Accounting Research and Ad Hoc Editor of Contemporary Accounting Research.



Prof. Lin Zhou Takes Helm

Whether it's tapping into opportunities created in the advent of the "Asian Century" or maintaining its unique status as one of the leading business schools in the world's gateway to China, the key to expanding on CUHK Business School's success is to continue to "look forward" and respond to rapid change

Written by Raymond Ma
Managing Editor, China Business
Knowledge @ CUHK

In taking up Deanship on 9 December 2019, Prof. Lin Zhou confidently stated his vision for the school. "I want CUHK Business School to be one of the leading business schools not only in Asia, but for the entire world."

This goal is entirely within reach, according to Prof. Zhou, pointing out that the 21st century, being dubbed the Asian Century for the region's expected resurgence in economics, politics as well as culture, will translate into huge opportunities not only for its people but also for business schools. Rapid growth entails rapid change, and as a leading business school, CUHK Business School is well positioned to help different segments of society – from students to businesses – to navigate it.

"We empower young people so they can seize opportunities and benefit from the growth that will take place," he says, adding that being in the midst of the great Asian transformation – after spending more than twenty years in the United States at both prestigious institutions such as Princeton University, Yale University, Duke University and a dynamic public university Arizona State University – was what brought him back to the region in the first place.

Another advantage that makes CUHK Business School stand out from the pack is the university's Chinese roots. The traditional Chinese culture has not only buttressed the longest living civilisation, it also has impacted many other Asian societies. Hence, CUHK is able to offer a comprehensive Asian perspective to businesses elsewhere that are eager to look to Asia to replicate business practices and processes that have driven the region's blistering economic growth.

Change will also come to CUHK Business School. "Like any business school, we need to be working with our stakeholders because things are changing rapidly so we need to change as well," Prof. Zhou adds, noting that the school must stay ahead of the curve in the knowledge and content delivered.

“ I want CUHK Business School to be one of the leading business schools not only in Asia, but for the entire world. ”

– Prof. Lin Zhou

The continued advance of technology also means the school must endeavour to push the envelope in how content is delivered, he says. The school must expand digital learning and experiential learning, figuring out how they could best be adapted to CUHK Business School's existing curricular to help students learn more efficiently and effectively.

While on the programme level the school has been highly successful in maintaining strong ties with stakeholders such as its alumni and corporate partners, Prof. Zhou intends to increase outreach of the school as a whole to seek support and guidance from all sectors of society.

This extends to outreach of other CUHK faculties as well. "Business now is more complicated. It's impacted by forces ranging from politics to social movements and technology," he says, adding that this meant that CUHK Business School should seek to build its cross-faculty ties – such as in engineering and the social sciences – in order to provide the most

comprehensive education to students so they are equipped to address this increasingly complex business world.

Prof. Zhou also says he was highly excited by the opportunities posed by the establishment of CUHK-Shenzhen in 2014, and will seek to forge a closer relationship with colleagues there. "We are going to try to see if we can provide joint teaching programmes in addition to the joint research institutes we already have in place," he says.

It also follows that the school should continue to develop closer ties with the business sector, not only to enhance the quality of education provided to students, to help them seek out lucrative job opportunities, but to stay glued to the latest changes in business practices that are relevant to management thought leadership.

"Talking to business partners will help us enhance the level of our research both in its rigor and its relevance," Prof. Zhou says.

On the concept of balance, says Prof. Zhou, who spent the bulk of his early career teaching and in research, focusing on fundamental topics in economic theory including game theory, mechanism design as well as social choice and welfare, this applies equally to the divide between education and research.

"The primary responsibility of a university is to provide quality education to young people. Teaching is and always will be of the utmost importance, but on the other hand, to be a leading university you have to have research capabilities so you can provide students with the most advanced knowledge in different fields."

"Research is a very important area for a university which aspires to be the very best university in the world, so we must keep a proper balance. With the university well-endowed in both financial and human resources, I am confident we can do both."

“ We empower young people so they can seize opportunities and benefit from the tremendous growth that will take place. **”**

– Prof. Lin Zhou

Following on the heels of this two-term stint as the Dean of Antai College of Economics and Management at Shanghai Jiao Tong University, where he transformed the school from a domestic name into a global player in business education, Prof. Zhou also says he's interested in applying the skills and network acquired in his previous job and while sitting on the board of various accreditation boards

to help raise the awareness of CUHK Business School on a global level.

Strategic planning will be a crucial task for Prof. Zhou, who adds he is excited for the opportunity to liaise with the stakeholders to revise the school's vision and mission for the next five year strategic plan starting in 2021. "Dean Kalok Chan and his team did a great job raising the academic research capability and reputation of the school, we will leverage on that and move the school forward in many directions."

In face of the unprecedented challenges brought about by the coronavirus pandemic, Prof. Zhou says the school seeks to bring its considerable knowledge and skillsets to help society. He believes that with a forward-looking attitude, CUHK members will navigate this historic moment to emerge as a more resilient community. Besides the smooth resumption of classes, he will be busy in the coming year reaching out to students, faculty members and corporate partners to seek views on the way forward for the school.

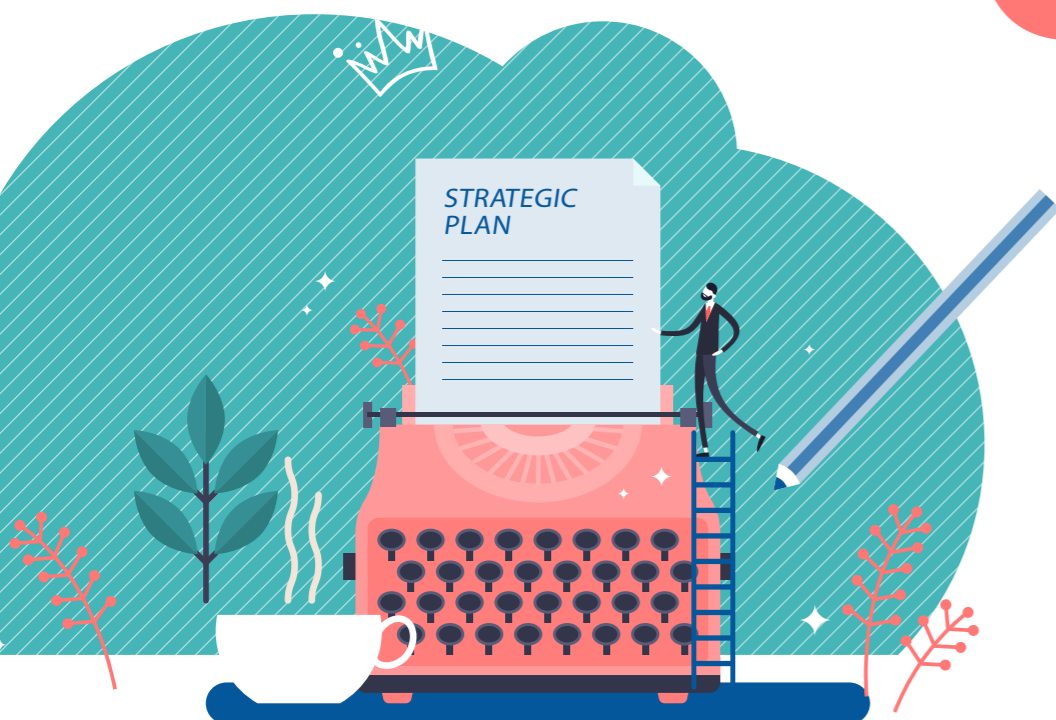


Prof. Lin Zhou

Lin Zhou is the Dean of CUHK Business School and Choh-Ming Li Professor of Economics. He has a distinguished academic career for over 30 years. He was an Assistant and Associate Professor at Yale (1989-1996), a tenured Associate Professor at Duke (1996-2001), and a WP Carey Professor at Arizona State University (2001-2008). He also served as a University Chair Professor at Shanghai Jiao Tong University (2008-2019) and the Dean of Antai College of Economics and Management (2010-2018). His research interests include game theory, mechanism design, social choice and welfare. Much of his work was published in leading economics journals, including *Econometrica*, *Review of Economic Studies*, *Journal of Economic Theory*, *Games and Economic Behavior*, etc. In 1993, he was awarded the prestigious Sloan Research Fellowship in economics. In 2009, he became the first Econometric Society Fellow elected from the Greater China region.

From Literature to Management: A Path to a Creative Approach to Research

Ribuga Kang, Assistant Professor of the Department of Management at CUHK Business School, has taken an unusual path towards her role as an educator and management theorist



Unusually for a management professor, Prof. Ribuga Kang has a bachelor's degree in French literature from Korea University in Seoul. She previously worked in the auto industry before heading back into academia, pursuing an MBA from Seoul National University. This was followed by a second master's degree, this time in Management, from the London School of Economics and Political Science, and then a PhD in Business Administration, Strategic Management and Entrepreneurship from the Carlson School of Management, University of Minnesota. From literature to business, Prof. Kang's journey has allowed her to take a creative approach to research.

A Rich and Varied Career

While many professors work in university all their lives, Prof. Kang began her career as an analyst in the corporate sector working for the Hyundai Motor Company before studying her PhD and becoming a professor. Analysing competitors prepared her for a future as a theorist in management. Hyundai's ventures into the US and China gave her insights into how to convince customers about a brand's reliability, especially when that brand is unfamiliar. "The work experience in the Korean automotive industry helped me a lot for my research. The insights gleaned there acted as a reference point to supplement some of my research results," says the professor.

Prof. Kang's research interests focus on alliance partner choice, innovation, and how firms should balance between exploration and exploitation. But her journey to analysing businesses came surprisingly from her undergraduate studies in literature. While many people might see the two disciplines poles

apart, Prof. Kang regards business and the humanities as complementary. "We read a lot of books and had so many discussions about understanding people, words, and society. It helped me understand business phenomenon, human behaviour, and made me more creative in interpreting things," she says.

The Benefits of International Experience

Having studied around the globe, Prof. Kang uses this experience to compare working environments in different countries, allowing her to draw on different perspectives for her current research. "I use data from all over the world to garner deep insights, including the US, Korea, Hong Kong and China, and look to see if this can be applied to different countries and institutions," says Prof. Kang.

It is a perspective she also encourages her students to adopt, who Prof. Kang says can always benefit from exposure on an international level. "I tell them to experience different cultures and nowadays you don't actually have to physically be there. One can take a course internationally and online, or on social media, and you can meet people from anywhere," she says. "Try to understand different people and cultures and that will always expose you to more opportunities," Prof. Kang adds.

Teaching with an Eye on Real World Applications

Prof. Kang has been in Hong Kong for five years. Her current professorship is her first role after completing her PhD in the US. Globetrotting around the world, what made her choose to settle in Hong Kong at CUHK Business School? "I wanted to live in a big city, and universities in Hong Kong have been known for their good research environments and scholars. All

these factors made me very interested. Hong Kong is not a surprising choice for Asian scholars. We are international here and I wanted to culturally be in a global place," says Prof. Kang.

“ *The theories, framework and tools students learn should not only be concepts, but help them to understand society and real business phenomena, and can be utilised in work or when reading the news.* **”**

– Prof. Ribuga Kang

To Prof. Kang, Hong Kong is also a familiar and friendly city and that made the choice easy to make. In teaching strategic management, her style is practical and focuses on how the knowledge being taught is applicable to the real world, so students can understand why firms make decisions using concepts from the course.

"The theories, framework and tools students learn should not only be concepts, but help them to understand society and real business phenomena, and can be utilised in work or when reading the news," says Prof. Kang.

The hands-on approach is something that students crave, and Prof. Kang takes every opportunity to use practical examples from her career to illustrate her teachings. "Students are more excited when they understand context. They can understand why firms do the things they do better. Case readings set the right background to spawn interesting discussions and unleash their creativity, and it is a great experience for everyone. Without practical application, students may think things are too abstract and they don't catch what the theory means," Prof. Kang says.



Pioneering Research with Corporate Implications

Prof. Kang was drawn to her field of alliance and partner choice among firms, C-suite decision-making and innovation. "C-suite executives, especially CEOs, are so important to alliances and it is absolutely captivating to look at their decisions and attitudes to the risks of partnership. When they are given appropriate incentives, they take more risks for benefits – and I argue incentives are important to risk and innovation. I also look at how masculinity affects alliance choices made by CEOs," says Prof. Kang. "But masculinity is very hard to capture, so we look at different parameters such as facial bone structure to get a hint of it," she adds.

Her work was among the first research studies to analyse the relationship

between CEOs and corporate alliance decisions. So what tips would she share with companies who are seeking to build alliances?

"It's crucial to build trust. Individuals build partnerships, relationships, and alliances based on friendships and trust. But how do we build that on a firm level? I would say long-term relationships are better than short-term ones for building trust," says Prof. Kang.

While academia can often seem divorced from the real world, Prof. Kang is part of a new generation of scholars that are proving research can be trendy, cutting edge, useable and relevant to students entering business.



Prof. Ribuga Kang

Ribuga Kang joined CUHK Business School in 2015, having completed her PhD in Management from the Carlson School of Management, University of Minnesota. Her research focuses on the relationship between alliance partner choice and innovation, examining how agency problems affect alliance partner choices and how firms should balance between exploration and exploitation. Prof. Kang earned her bachelor's degree in French literature from Korea University, and master's degree in Management from Seoul National University and London School of Economics and Political Science. Prior to joining the academia, Prof. Kang worked as an industry analyst at Hyundai Motor Company in Seoul, Korea.

A Tale of Two Cities: Business, Innovation and Technology

From Hong Kong to Singapore and from business to innovation and technology, Stephanie Hung has always been a thinker, maker and learner

Stephanie Hung (BBA 1991) has been working in the information technology industry since graduating from The Chinese University of Hong Kong (CUHK). More than 20 years ago, she migrated to Singapore and has worked in a number of global tech giants since. She now holds a senior role in ST Engineering (STE), a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. Besides being familiar with innovation and technology development, she also has unique insights into the tech race between Singapore and Hong Kong.

Although Stephanie studied Business Administration with a major in Finance at CUHK, her interest has always been in computers and technology. She began to learn programming as a secondary school student and was inspired by Microsoft founder Bill Gates for changing people's lives with "A computer on every desk and in every home". She shares, "Every new technology makes an impact. I'm interested in integrating new technologies with our everyday lives and applying them to how we learn, work, play and live." This made her decide to choose a career in IT after graduation.

Making a Head Start at IBM

Her first job was at multinational technology company IBM in Hong Kong, responsible for helping corporations computerise their work. Her most memorable experience there was assisting Cathay Pacific with the relocation of its data centre from Hong Kong to Australia. When Stephanie got married and moved to Singapore with her husband, she joined IBM Singapore in 1996 to lead a team that helped Singapore Airlines develop an integrated Enterprise Resource Planning (ERP) system to streamline workflow and

raise its productivity. After she left IBM, she also worked for other well-known technology companies such as HP and Microsoft, partaking in many key, unforgettable projects.

While at HP, she was leading the P&G Strategic Outsourcing team to focus on the largest merger & acquisition business integration with Gillette and many consolidation and optimisation work streams. At Microsoft, she was responsible for the Public Sector Group, assisting the whole of government, education, healthcare, public safety and national security sectors in implementing the Collaboration and Productivity Platform to enhance the quality and efficiency of government services. Besides working for internationally renowned tech companies, Stephanie also co-founded a start-up called Skylab Holdings in Singapore, overseeing an internet of things project to monitor the efficiency of solar systems across the island, the controllers and the network performance.

Transforming Singapore into a Smart City

From Hong Kong to Singapore and from a global tech giant to an emerging start-up, Stephanie has been in the tech business for almost three decades and has accumulated a wealth of invaluable experience and insights. Her background caught the eye of Singapore's biggest national defence and engineering company, ST Engineering Ltd. A panel of senior executives of the Group personally recruited her in 2018. Headquartered in Singapore, STE employs about 23,000 people across offices in Asia, US, Europe and the Middle East, serving customers in the defence, government and commercial segments in over 100 countries. With more than 700 smart city projects across 130 cities in its track record, the Group continues to

help transform cities through its suite of Smart Mobility, Smart Security and Smart Environment solutions.

Stephanie is now the Senior Vice-President of STE, responsible for the Singapore business and new business development in cloud computing and platform business models. One of the key projects is to provide Singapore with a Smart Nation Sensor Platform (SNSP) and Lamppost as a Platform (LaaP) throughout the country. Besides illumination, there are multiple use cases including collecting environmental data such as temperature, humidity, rainfall, pollution, video surveillance for pedestrian safety, and situation awareness for relevant government agencies' analysis. This will in turn support the government in making better policies on city planning, crowd control, traffic, and environmental protection and ultimately turning Singapore into a smart city.

“Every new technology makes an impact. I'm interested in integrating new technologies with our everyday lives and applying them to how we learn, work, play and live.”

– Stephanie Hung

STE has recently expanded its business scope to commercial clients, and such change has created more possibilities for Stephanie. Since the advancement of technologies such as cloud computing and artificial intelligence have become increasingly rapid and their application has become ubiquitous, her role to tap into these opportunities has become vital to the organisation. Stephanie says her current job is even more challenging than at the well-established tech companies she has worked in the past. She is now involved in building organisation capabilities, and business development strategies, meaning her knowledge of business

administration learned at CUHK is being put to good use.

The Lesson of a Lifetime

"A professor once shared this principle in doing business with us: 'Offer what others don't offer. Do better than what others do. Lower prices when others do better. Exit when others lower their price.' That means when we do business, we must understand the market and come up with innovative and unique products or services. When competitors have similar offerings, we must work on our quality and pricing. If we can foresee that the profit margin is too low, it is better to quit early," Stephanie recalls. This is a principle she takes to heart by committing thorough research before submitting a tender for a project. She studies what the client needs, analyses the market and the strengths and weaknesses of her competitors, runs forecasts on budgets and the expected returns before coming up with the best strategy.

Looking back at her time at CUHK, Stephanie says she enjoyed taking non-business electives to widen her breadth of knowledge. "Dr. Lee Tien Ming's 'Ways of Thinking' was one of my favourite courses. He taught me how to identify conscious and unconscious biases and fallacies, and guided me to develop my independent thinking." Stephanie thinks this independent thinking has enabled her to avoid her own blind spot and spot tactics used by opponents in business negotiations and to make the right decision. In an era of information overload and social media, one must think independently to tell right from wrong rather than just going with the flow.

Besides studying, Stephanie was also actively involved in extracurricular activities during university. She was an executive committee member of AIESEC's CUHK chapter. She organised

internship exchange programmes for students to go overseas and to the mainland so that they could meet friends from all over the world and immerse in other cultures. Likewise, she also invited foreign exchange students to intern at Hong Kong companies. The frequent contact with the IBM Hong Kong office during that period aided her to land an internship and eventually a permanent position at IBM, and the rest was history.

Universities Pivotal in Promoting Innovation and Technology

In recent years, countries and regions around the world have been actively promoting innovation and technology development. Both Hong Kong and Singapore have spared no effort and are often seen as competitors. Stephanie thinks that as Asian financial centres, both cities benefit from advantages in financial liquidity, access to fund as well as frequent technology exchange and good business networking. This helps to stimulate new ideas and creativity, which put both cities in a good position in innovation and technology development. However, given the small market size, they must look beyond their domestic markets.

She thinks Hong Kong's strength lies in its geographical proximity to China and its massive market. The rapid growth of the Greater Bay Area, and Shenzhen in particular, and the similar language and cultural backgrounds give Hong Kong companies an edge when entering the Mainland market. Whilst Singapore also needs to set its eyes on neighbouring markets, it has to work harder to overcome language and cultural barriers.

To promote the development of innovation and technology, Stephanie thinks collaboration with universities is inevitable. Universities can form partnerships with the government and start-ups: Universities can conduct research, and the government can offer funding and encourage start-ups to commercialise the research and release it to the market through knowledge transfer. Through working with businesses, universities can understand market needs and pursue research that meet these needs. Universities can also place students at internships at businesses, or assign them to help companies conduct research so that their knowledge can be put into practice. This allows students to accumulate work experience while gaining market insights.

CUHK: Home of Entrepreneurship

Although it has been years since Stephanie made Singapore home, she stays up-to-date with the development of her alma mater. CUHK continues to encourage student entrepreneurship and commercialisation of research output. In addition, every year the university holds an entrepreneur day and a competition where angel investors are invited to evaluate business plans with potential. Stephanie believes these events help to foster an atmosphere that inspires creativity, which is essential for promoting innovation and technology in the long run.

Having lived in Singapore for over twenty years, Stephanie thinks both Singapore and Hong Kong are cosmopolitan cities that are incredibly convenient in many aspects. The common use of Chinese and English makes Singapore an ideal place

for CUHK alumni to relocate. She encourages CUHK students to seize the opportunity to go on overseas exchange to broaden their horizons, learn about different cultures and develop a global perspective. It will be beneficial for their careers whether they work in Hong Kong, Singapore or other countries in the future.

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Stephanie Hung

Stephanie Hung (BBA 1991) is the Senior Vice President, Singapore Business, Electronics Sector and Cloud Business, InfoSoft at ST Engineering. She is leading the Singapore Business teams, driving customer engagement and experience, new business developments and strategic alliances. With over 25 years of experience in the technology sector, Stephanie is an innovative and dynamic leader. Spanning her formative years at IBM, HP and Microsoft servicing clients from airlines and airports, banking and financial services institutions, to manufacturing and consumer packaged goods industry, and public sectors, she accumulated many years of industry knowledge in the business and IT transformation journey. She has been business advisor in providing business and technology consultancy to companies and start-ups in striving for digital transformation, innovation, industrial internet, connectivity, and sustainability.

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A Whole New World of VR Travel

Alumnus leverages virtual reality to help companies to promote tourism and hospitality sector

Technologies such as virtual reality (VR) and augmented reality (AR) have changed how video games are played and applied. Mobile games such as Pokémon Go and the VR rollercoaster at Ocean Park are perfect examples. But what about using VR to promote tourism? Lucas Leung (BBA in Hotel and Tourism Management 2013) founded TraVR HK Limited a few years ago, with his eyes set on revolutionising the industry with technology.

Disney Internship Leads to a Career in Tourism

Besides aviation, cruise, hotel and sightseeing, tourism also covers MICE (meetings, incentives, conferences, exhibitions). On the day of the interview with Lucas, we were greeted by a one-metre tall robot hostess that self-navigates using a 3D model of the premises. "As the robot guides

guests to where they want to go, it simultaneously collects data such as which group of visitors would like to go to which booth. It's very useful for organisers to evaluate the outcomes of events."

Despite being highly familiar with the latest developments in information technology, Lucas did not come from such a background. During his three years at university, it was his internship at Disney in Orlando, Florida in the US that gave him the most unforgettable experience. "I was with Cirque du Soleil at the theme park, responsible for daily operations. Working with performers and employees from different parts of the world, getting to understand different cultures and the ways people do things allowed me to gain valuable knowledge about theatre and theme park management. It solidified my passion for tourism."

A Lesson Learned at CUHK Entrepreneur Day

When Lucas was a committee member of the Society of Hotel and Tourism Management at CUHK, he and his friends hosted a wide range of events, such as orientation camps, BA Festival and annual dinner. These experiences helped to train his event management skills and creativity with promotion. Lucas later realised that the exposure is especially useful in the MICE projects during his career.

After graduation, Lucas was offered a management trainee position at Swire Travel, a subsidiary of Swire Group. He was given the chance to rotate across different departments. His multi-aspect tourism knowledge and skills acquired at university were put to good use. During his work, he learned about aviation and hotel operations with the ticketing department and assisted with the planning of a large

event with the MICE team. He also supported the organisation of a cruise to Taiwan with 4,000 passengers for a renowned international kindergarten. After the training was over, he was assigned to the company's account servicing department, responsible for managing corporate accounts such as banks and hotel groups. In doing so, he accumulated plenty of knowledge and experience in the industry from this job.

At that time, innovation and technology were all the rage and revolutionised many industries. E-payments for the financial sector and ride-hailing apps for the transportation sector were notable examples. These success stories made Lucas wonder: How come there was no tourism specific innovation? At the time, he was also a frequent guest at CUHK Entrepreneur Day, where he picked up on the latest trends and learned from the experience of start-ups. VR games presented him with a life-changing opportunity. "The 360-degree panorama feature in VR is perfect for introducing tourist attractions and for clients to select hotels and venues. It gives clients a taste of being at the location, which is far superior to videos, photos or text descriptions." Lucas took the plunge to start his own company in 2017.

Satisfaction Gleaned From Success

Starting from scratch was worlds apart from working in the sheltered environment of a large corporation. "When I represented an established big name in business negotiations, it was easier for me to get the best deal. Now that I'm running my own start-up, industry network only got me one foot in the door. Ultimately other parties only care about how much value you can add to their business." Initially, Lucas tried to cut costs and increase profits by using the study room in a public library as his mobile office. Since no calls were allowed, every call he made to his clients had to be done outside the study room, and he had to go back into his "office" after every call. It was a tough but memorable time.

Fortunately, the seeds he sowed are starting to bear fruit. More and more organisations are becoming open to

using VR as a promotional tool. "My first client was referred by a CUHK alumna. It was a VR Q&A game for a tourism bureau. The gimmick was that contestants needed to look for the clues in the 360-degree panorama." As more partners joined his business, the company became better established and things started to pick up. Clients now include tourism bureaux, airlines, hotels, travel agents, event production companies and wedding planners.

Lucas says he prefers the challenge of running a start-up to working in a big company. "Of course, it means a lot of hard work and you could be quite broke in the first few years, but you can turn your ideas into reality. You're in control of your own destiny."

Anime an Inspiration in Overcoming Hurdles

In terms of revenue, Lucas's main business is VR content production, but this is just a small part of his grand scheme. "We want to create a VR travel hub that hosts and streamlines all travel-related VR resources for different agents and platforms to use. We can also provide add-ons such as allowing users to decorate the venue in VR. Our ultimate goal is to provide one-stop technologies and solutions that can take the tourism industry to another level!"

Lucas acknowledges that there are even more challenges ahead for his start-up: the global VR travel market is still in its infancy, and VR applications have not been popularised, but he is fully confident in the future of his business. "We believe the market will eventually develop a breakthrough software. By then our competitors won't be able to copy our business model because they haven't had the foresight to master planning and positioning in the VR market."

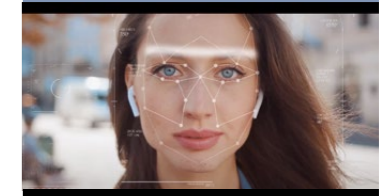


Lucas is not an anime fan per se, but the Chinese name of his company was inspired by an element in a Japanese anime he watched by chance. It means: "an inner energy that does not give up". He aspires to be the protagonist of the story to achieve his goals with unwavering will.

This article is first published by the Alumni and Corporate Affairs Office at CUHK Business School.

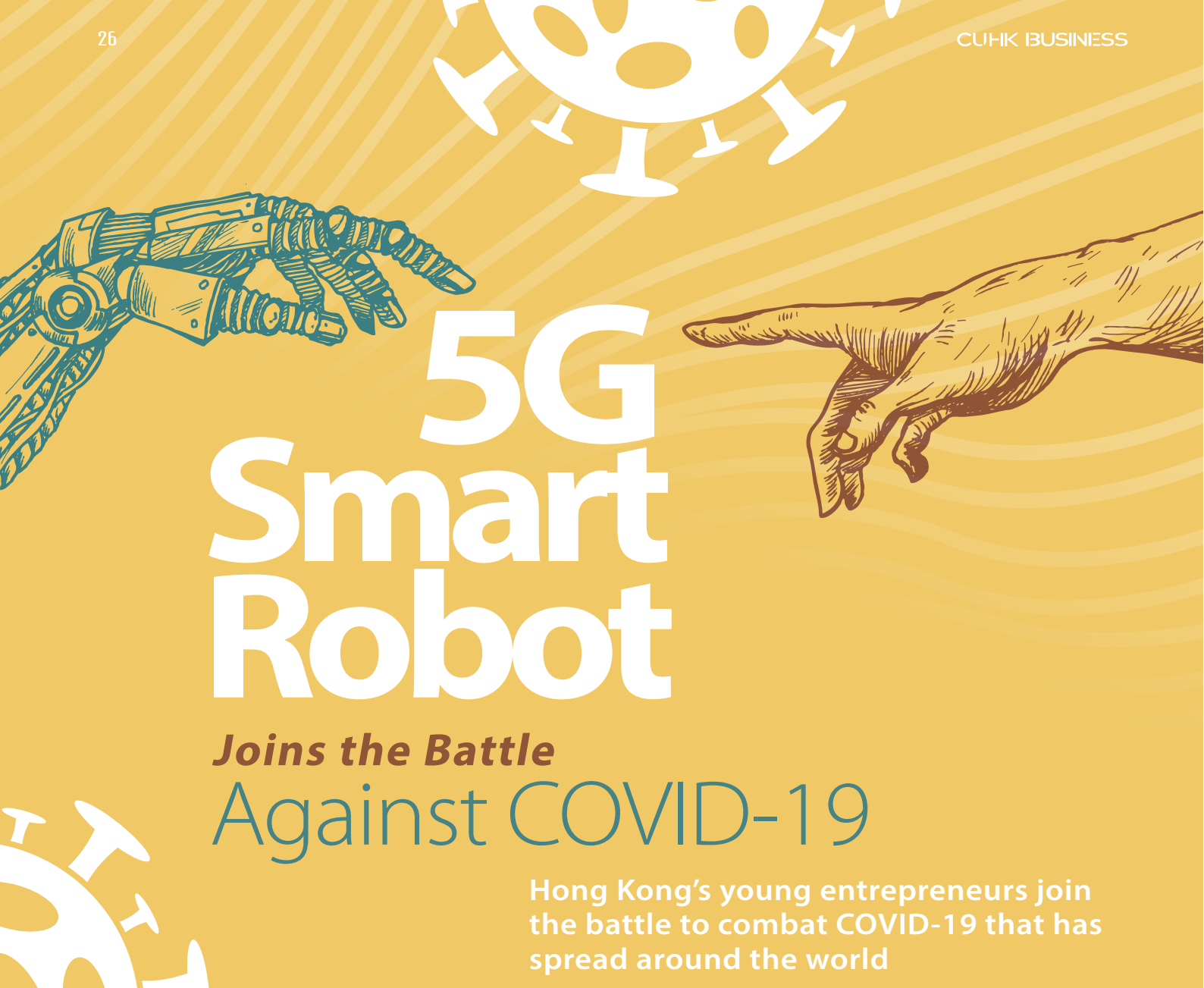


DISCOVER MORE about CUHK's School of Hotel and Tourism Management



Lucas Leung

Lucas Leung is the founder of TraVR HK Limited. Established in 2017, the company aims to create a whole new "smart travel habitat" for the tourism industry by leveraging virtual reality, artificial intelligence and other innovative technologies. Lucas graduated from CUHK's BBA in Hotel & Tourism Management programme. During university, he interned at Harbour Plaza Hotel Group and Walt Disney World Resort in the US, which equipped him with in-depth hospitality and personal-touch experience in the tourism industry. After graduation, he joined the Management Trainee programme of Swire Travel Limited and was assigned to Leisure Travel, MICE, Corporate Account Management and other departments for building comprehensive business horizons.



5G Smart Robot

Joins the Battle

Against COVID-19

Hong Kong's young entrepreneurs join the battle to combat COVID-19 that has spread around the world

Mark Mak (MBA 2011) always had a childhood dream of becoming a robot superhero, and he got a chance to build something akin to this when he met like-minded classmate Eden Lu (MBA 2011) while they were attending the part-time MBA programme at The Chinese University of Hong Kong (CUHK). Together, they founded Roborn Technology in 2017 and successfully developed China's first 5G Motion Control Humanoid Robot in 2018.

Through knowledge exchanges with business partners, the duo learned that different sectors in an industry's supply chain typically have different requirements in terms of speed and strength. They consequently adjusted their business plan from creating a one-size-fits-all standard robot to making bespoke models to serve different purposes.

5G Gives Rise to the Epidemic Prevention Robot

Earlier this year, Roborn developed a smart 5G robot to monitor body temperatures in public places, and trace people who have come into close contact with infected patients. This epidemic prevention smart robot uses artificial intelligence to support teams assigned to contain the spread of the virus. It is equipped with an infrared thermometer and Roborn's 5G AIR PEP system that allow the detection and monitoring of body temperatures at specific locations. Once the device detects an abnormal body temperature, it alerts staff to identify and track down the suspected patient.

Mark, Co-Founder and Chief Technology Officer of Roborn, shares, "Unlike fixed infrared body temperature detection devices that are widely used, this robot can move

to different locations to detect the temperature of various people, and the robot's path can be adjusted if necessary." The robot's screen also displays epidemic prevention information, and advises people with an abnormal body temperature on the measures to be taken. Mark says body temperature measurement in public places is expected to become the norm in curbing the spread of the virus. To futureproof the robot, it comes compatible with 5G technology and supports Wi-Fi and 4G mobile network connections.

Assembling the Puzzle Pieces

Specialising in designing and creating humanoid robots with its motion control technology, Roborn began deploying the concept of its 5G epidemic prevention smart robot on the first day of the Lunar

New Year. Two days after the Chinese government locked down Wuhan – the Hubei provincial capital at the centre of the coronavirus outbreak – Mark and Prof. Larry Poon, Adjunct Professor of the Department of Marketing at CUHK Business School, discussed designing an epidemic prevention robot using Roborn's technology.

"We sourced most of the robot's components and accessories in Hong Kong and used some components of our other robots to assemble the prototype," Mark shares. Roborn was also in touch with suppliers in the US and Europe as most factories in mainland China had suspended operations due to the outbreak. Mark says the project is self-financed by his team and it aims to relieve the pressure on front-line healthcare workers and increase the efficiency in the detection of body temperatures.

The robot was tested at medical centres in Hong Kong and at Cyberport, where the tech start-up is located. The robot is now being deployed at the Electrical and Mechanical Services Department's headquarters, Correctional Services Department and Transport Department, etc.

The First 5G Motion Control Humanoid Robot

Developed in collaboration with China Mobile and ZTE Corporation, Roborn's previous 5G Motion Control Humanoid Robot earned the company numerous technology and business accolades, including the Hong Kong Awards for Industries 2019: Technological Achievement Award, the Hong Kong ICT Awards 2019: ICT Startup Grand Award and ICT Startup (Hardware & Devices) Gold Award, and the Hong Kong Awards for Industries 2018: Equipment and Machinery Design Grand Award. The company has expanded its presence to several Greater Bay Area cities such as Guangzhou, Dongguan and Jiangmen to acquire additional talent in science and research

and form collaborations with local universities and research institutes.

Before Roborn was founded, Mark had been working on the algorithm and design of the humanoid robot for a few years. The 2003 SARS outbreak in Hong Kong and the 2011 Fukushima Daiichi nuclear disaster in Japan prompted Mark to ponder: What if a robot could perform dangerous tasks such as disinfecting a contaminated area or inspecting a disaster area? Would that reduce casualties? This aspiration motivated him to make his childhood dream a reality.

Chasing after Their Dream As a Team

In retrospect, Mark and Eden pinpoint three factors that have played an important role in their start-up experience. Firstly, they seized opportunities and reaped the benefits of being first to market. They considered 5G a paradigm-shifting information technology. Besides motion control humanoid robot, autonomous car, and 4K livestreaming, there are many untapped vertical markets waiting for entrepreneurs with a vision.

Secondly, it is important to assemble a team with shared passion. Mark and Eden's employees are strongly working towards the same goal. Since there are no other motion control humanoid robots in the market for comparison, they must develop their technologies in-house. They can only overcome all the challenges with endless passion. Mark and Eden are grateful for their passionate employees. Their enthusiasm is one of the many drivers for the success of Roborn.

Finally, tackle problems together with your partner. With an industry chain that grows larger every day, it is not possible for the company to do everything by itself. For example, if you want to perform long distance motion control tests that go beyond municipal, provincial or national

boundaries, partnerships with other organisations are indispensable.

Mark and Eden's story resonates with a famous quote by John Lennon, "A dream you dream alone is only a dream. A dream you dream together is reality."

This abridged article is based on the original stories published by the Alumni and Corporate Office of CUHK Business School and China Daily.



Mark Mak

Mark Mak is the Co-Founder and Chief Technology Officer at Roborn Technology responsible for tech and strategies. He held an MBA degree from CUHK and a Master of Philosophy degree in Electronic and Computer Engineering. Mark has extensive experience in robotic and engineering, he once worked for a number of tech companies including tech companies in NASDAQ. He invented the Motion Control Humanoid Robot "ME" and its algorithm.

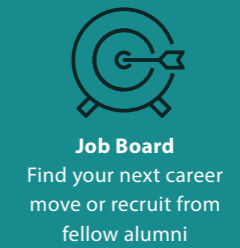


Eden Lu

Eden Lu is the Co-Founder and Director of Roborn Technology responsible for marketing and corporate brand strategy. He graduated from CUHK with an MBA degree. He has extensive sales and marketing experience. Prior to establishing Roborn, he worked in international luxury brands and was responsible for operations, brand management, customer experience, and business development.



To better support our alumni to navigate these challenging times, CUHK Business School has continued to update and enhance our Alumni Portal to allow users to harness the power of our alumni network.



GETTING #StrongerTogether AMID COVID-19

The ongoing pandemic has affected us all. In light of ongoing efforts to persevere and overcome this difficult period together, CUHK Business School presents a selection of insights by our alumni on the challenges and opportunities that lie ahead. We hope these will help you prepare and look forward to the future during this difficult time.

If you are not alumni (yet) but would also like to support our students who are undergoing a period of uncertainty and difficulty caused by COVID-19, you can provide internship and job opportunities to our students/alumni or make a donation to CU RELIEF Fund.

We do not know when the next wave of pandemic will arrive, but one thing we know for sure is that united we emerge as a stronger community. Let us stay connected and support one another!



PROF. ANDREW CHAN

BBA – Marketing; PhD – Marketing & International Business
Professor, Department of Marketing
Co-Director, EMBA Programme

“Many students and friends ask how we can deal with the disruptions caused by COVID-19. I believe they should review this first: ‘Are we always set to meet the challenges of the future?’ If we are, we should not be concerned. Tomorrow will be a better day. This pandemic will pass. After the storm, the sun will shine again. We need to embrace the future and use our heart and sincerity to continue offering our contributions to the world.”



PROF. LISA WAN

Integrated BBA; MPhil – Marketing; PhD – Marketing
Associate Professor, School of Hotel and Tourism Management
Director, Centre for Hospitality and Real Estate Research

“This COVID-19 outbreak will bring us some opportunities. For example, we never thought that we needed to pick up online learning so quickly. Due to this pandemic, many students and teachers across the globe could adapt to online learning and teaching within a short period. Recently, some industry practitioners approached me on how to apply virtual reality (VR) to tourism development. This is actually an opportunity ripe for exploitation. More and more people may accept this new idea in the future.”



ANDY ANN

EMBA 2009
CEO & Founder, NDN Group
President, CUHK EMBA Alumni Association

“I have two career tips for our students and alumni. First, you have to demonstrate that you feel passionate about your job. Second, it is about your ability – how you can help the company grow. We are all going through a huge challenge during the pandemic period. I encourage every one of you to step up and take action. During the downtime, it is the best time for us to demonstrate our abilities and to show that we have passion in our lives. Hold on and stay strong! If you need any support from our EMBA Alumni Association, please feel free to contact us. We can provide you with career advice, mentorship, or have a chat to see how we can help.”



CLAUDIA LAU

EMBA 2019
Director, Customer Services and Claims,
MetLife Limited

“In an unstable job market, I would encourage job seekers to try their best to get into the industry first. You would be able to find out more about learning opportunities that lie ahead and how you can develop your potential after stepping in. For those who are already working, remember to stay passionate in your job. A slight twist of mindset makes a huge difference. I hope everyone can stay hopeful despite the adversities faced. Where there is a will, there is a way. Let’s work hard together!”



RAYMOND LO

BBA in International Business 1983; MSc in Global Business 2003
Director, Ethno International Limited
President, CUHK BBA Alumni Association

“You cannot change the larger environment, but you can change your mentality. Accept the things you cannot change, do your best, and live in the moment. The BBA Alumni Association provides a platform for students and faculty to interact with the elite from private and public sectors. Alumni can participate in our events of four areas: events and academic affairs, membership and mentorship, communications, and Greater China liaison. I hope to see you at our upcoming events!”



ARMSTRONG LEE

Integrated BBA 1993; MBA 1995
Managing Director, Worldwide Consulting
President, CUHK MBA Alumni Association

“I will suggest job seekers to concentrate their efforts in job hunting. Focus on a few industries that you are interested in. Conduct thorough study on the industry dynamics, competitive landscapes, customer profiles, and background of the upstream and downstream partners. MBA Alumni Association includes around 4,000 members from most MBA programmes – including full-time, part-time and One MBA, EMBA, EMBA Chinese etc. For alumni, I encourage you to participate in more alumni activities so that you can make friends with alumni from different generations and all walks of life. For students, please join our elite mentorship programme. In this programme, our prominent alumni from different sectors will become your mentors, your friends and your coaches.”



WINNIE CHE

BBA in Hotel and Tourism Management 2011
Senior Manager, Asset Management, Phoenix Property Investors

“Despite the disruption in the past few months, it is also a time of opportunity to reflect on ourselves and identify our potential areas of improvement. It is a good time to learn new skillsets and prepare ourselves for the challenges ahead. It is definitely a very challenging time for students and alumni alike. I believe we should learn how to accept and embrace the negative emotions within ourselves. It is okay to be not okay – seek help and support by talking through it with someone else, and we can go through the headwind together.”



SAMMY SHUM

Integrated BBA 2003; EMBA 2019
Senior Vice President, Sales and Marketing, Haitong Securities
International Securities Group

“Like the graduating class this year, I also experienced a freeze in hiring process during my job search in the SARS epidemic back in 2003. However, a rainbow always follows the rain. Even if your job opportunity is not ideal, you can identify your interest through gaining exposure to different areas of work. As long as you have prepared your mindset and skillset, they can be put to good use when the next opportunity arrives.”

#CUHKBusinessSchool

Goes Online

During the global coronavirus outbreak, the doors of learning at CUHK Business School stayed open. In addition to moving the classroom online, seminars and admission activities also went virtual to combat the limitations posed by the pandemic and to prepare for the challenges ahead.

The pandemic has revolutionised the way organisations work and the way students study around the globe. Technologies such as video conferencing, cloud solutions and instant messaging have become the new daily essentials in connecting one another. With social distancing policies in place, the transition from offline to online classes at CUHK happened within a short space of time. Students, faculty and administrators have all worked hard to adapt to the new technologies during this period.

Online teaching is more than a technical challenge, and can sometimes be even more difficult than face-to-face lectures. Its essence is about how you curate the lecture content and plan interactions with students. Prof. Tingting Fan, Assistant Professor of Department of Marketing shares, "During a lesson, I have to check polling questions, chat boxes, and the raise-hand button to keep my students

attentive. Group discussion, examples and jokes are carefully designed so nothing goes wrong online." She also strives to drive more engagement by talking to students individually and getting them to work together.

While the pandemic put economic activities on pause, this is not so for learning. To this end, CUHK Business School has run a myriad of talks on trending business knowledge topics. The areas covered include, but are not limited to, impact and angel investments, entrepreneurship, design thinking, FinTech, data visualisation, oil ETFs and even innovations on online dating. These webinars have enabled interested students and individuals to stay ahead of the curve during this stay-at-home period.

Often during recessions, the pursuit of higher education is considered one of the best investments. Besides holding online information seminars, various units of the school sought to prepare

future students for tomorrow. To help prospective candidates recalibrate their career path and stand out in the global job market, our MBA programmes invited alumni to share ways to invest in themselves and find opportunities during a recession by holding information sessions. The School of Hotel and Tourism Management also presented thematic talks on innovation and future prospects in the hospitality industry, as remaining resilient in the pandemic and embracing opportunities are keys to survival.

At CUHK Business School, we consider education to be more than about the simple transfer of knowledge. It is about how to change the way we do things to improve our lives. While online teaching and learning have become the new normal, the school will endeavour to continue to improve its teaching as it seeks to train the next generation of world business leaders.



MBA

LOOK
FORWARD
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37,000
Business
Alumni **Globally**

FIRST
MBA Offering an
**Entrepreneurship
& Innovation**
Concentration in Asia

50/50
Customise Your Study
Pace with **FLEX MBA**
(50% Online /
50% On-campus)



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A CONSULTATION**
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Team now!**

Understand more about our Entrepreneurship & Innovation concentration here.

SCHOOL NEWS HIGHLIGHTS



DEC 2019

CUHK Business Student Teams Crowned Top Winners at HKICPA Business Case Competition 2019

Two student teams from CUHK brought home the champion, first runner-up, best performance team and best presenter awards at the Hong Kong Institute of Certified Public Accountants (HKICPA) Business Case Competition on 1 December 2019. Through two rounds of blind review of written reports, reviewers from practice, corporates, and universities selected six finalist teams from Mainland and Hong Kong respectively to enter the final round. With their forward-thinking mindsets and innovative solutions, the CUHK teams were able to impress the judges and came out top among over 580 teams from various universities in Hong Kong, China and Macau.



DEC 2019

CUHK Finance Researchers Win 2019 AAM-CAMRI Prize in Asset Management

The research paper co-authored by Associate Professor Prof. Jie Cao, Assistant Professor Prof. Xintong Zhan and PhD student Elaine Zhang from the Department of Finance at CUHK Business School, together with Prof. Sheridan Titman of The University of Texas at Austin won the 2019 Asia Asset Management (AAM) – Centre for Asset Management Research & Investments (CAMRI) Prize in Asset Management. The winning paper entitled “ESG Preference and Market Efficiency: Evidence from Mispricing and Institutional Trading” explores how the trend towards socially responsible investing affects the informational efficiency of stock prices. It was hailed as the most original and groundbreaking paper in the thinking, practice, policies and issues affecting the Asian asset management industry among the approximately 80 other submissions.



JAN 2020

Prof. David Ahlstrom Named as a Most Highly Cited Researcher for the Third Straight Year

David Ahlstrom, Acting Chairman and Professor of Department of Management at CUHK Business School, has earned the honour of being named to the list of “Highly Cited Researchers 2019”. He is among the world’s top researchers who have demonstrated significant and broad influence reflected in their publication of multiple highly cited papers, as cited by fellow academics. It is the third straight year Prof. Ahlstrom has made it to the list, in which only 0.1 percent of professors are named. In 2019, 113 researchers around the world were identified as Highly Cited Researchers in the Economics and Business field, and Prof. Ahlstrom is among the five listed researchers in this major subject area in Asia.



JAN 2020

CUHK-Tsinghua FMBA 20th Anniversary Celebration

Celebrating the 20th anniversary of CUHK-Tsinghua University MBA Programme in Finance (FMBA), “Meet the Deans” and a celebration carnival cum dinner were held on 11 January at Tsinghua University. The “Meet the Deans” event fostered an in-depth exchange among FMBA alumni, Prof. Bai Chong-en, Dean of Tsinghua University School of Economics and Management, and Prof. Lin Zhou, Dean of CUHK Business School. Following this event, the guests and alumni attended a celebration carnival and dinner themed “growth and change”. It was heart-warming to see how far FMBA alumni have come over the years and how they continue to thrive today. The FMBA Programme, jointly run by CUHK and Tsinghua University, was one of the first educational collaborations between Hong Kong and the mainland. Not only has the programme nurtured a vast talent pool for the mainland’s financial sector in the past two decades, it has also become an important link between Hong Kong and China.



JAN 2020

Dialogue with Women CEOs and Mentorship Programme Workshops Promote Mentor-Mentee Synergy and Cohesiveness

To encourage meaningful connections and engagement between mentors and mentees, the Dialogue with Women CEOs and Mentorship Programme organised a series of interactive workshops on 11 January 2020. Over 100 secondary school students, business student leaders and mentors participated in the event. Comprising a series of workshops, the event was designed to help students gain hands-on experience in building a favourable impression in social business situations and building team cohesiveness. Working in groups, mentors and mentees participated in dining etiquette session and worked together on a variety of international cuisine dishes. The workshops were followed by a bonding and consultation session, with enthusiastic and lively discussions between mentors and mentees on future career and personal aspirations.



FEB 2020

CUHK Management Professors Named Most Prolific Contributors to Leading International Business Journal

Shige Makino, Professor of Department of Management at CUHK Business School, was awarded the *Journal of International Business Studies* (JIBS) Gold Medal. He was the only gold medalist from Asia among the 16 scholars recognised by the Academy of International Business for their substantive intellectual contributions to JIBS in the field of international business. He has published over 50 peer reviewed articles in a number of leading journals, including *Academy of Management Journal*, *JIBS*, *Journal of Management Studies*, *Organization Science*, and *Strategic Management Journal*.

Kevin Au, Associate Professor of Department of Management, Director of Centre for Entrepreneurship and Director of Centre for Family Business at CUHK Business School, was also awarded the Silver Medal as one of the most prolific researchers with at least 5 substantive contributions in JIBS over the past half century.



MAR 2020

CUHK Alumni Wins the 1st FINSPIRE Hackathon

A team of CUHK fresh graduates took home the championship in the first “FINSPIRE FinTech Online Hackathon” co-organised by Convoy and Cyberport. Participating teams were required to come up with prototypes to fintech problems and create presentations within 48 hours. The CUHK team proposed a prototype which digitalises the data from health reports with AI, and provides customised promotion, health status and recommendations of insurance products. Their unique and innovative ideas are widely applicable to various aspects in fintech and daily life, and were highly regarded by the judges.



APR 2020

CUHK Business School Alumni on Forbes' 30 Under 30 Asia 2020 List

Four alumni from the MBA and BBA in International Business and Chinese Enterprise (IBCE) programmes have made it to Forbes' 30 Under 30 Asia 2020 list. They are Winnie Lee (IBCE 2018), founder of the micro-influencer marketing platform Spread-it; Gerardo Salandra (MBA 2016), founder of the AI chatbot platform Rocketbots; Chester Szeen (IBCE 2016) and Teresa Chan (IBCE 2018), co-founders of the kid-oriented financial management platform Mellow. Selected from over 3,500 nominations and assessed by senior industry figures, the young leaders are lauded as “disrupting industries and tackling major global issues” and giving us “ample inspiration to stay hopeful”.