CUHK BUSINESS

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How are businesses adapting to help reduce carbon emissions, preserve biodiversity and mitigate global warming?

Tap into the Rising Tide of Environmental **Awareness**

MAGAZINE OF THE CHINESE UNIVERSITY OF HONG KONG BUSINESS SCHOOL

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THIS ISSUE: TAP INTO THE RISING TIDE OF ENVIRONMENTAL AWARENESS

Doing business in the new normal is no longer about the pure pursuit of profits. Companies are increasingly being evaluated on how sustainable they are. How are businesses adapting to help reduce carbon emissions, preserve biodiversity and mitigate global warming? What standards are they being held to socially? And how can they align their governance practices to the increasingly wide array of stakeholders?

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Leading McDonald's to New Frontiers with Innovation and Change

As an integral part of Hong Kong's social fabric for 46 years, McDonald's has always been one of the most beloved fast food brands.

Randy Lai (EMBA 2005), CEO of McDonald's Hong Kong, took the reins in 2011 and continued the vision of Mr. Daniel Ng, "Father of McDonald's Hong Kong", to integrate Western fast food into the Hong Kong culture and evolve the business with innovation.

Meeting Customers' Evolving Needs through Innovation

Randy is constantly coming up with something new in food, service and the dining environment. She is reimagining different aspects of the business to meet the latest customer needs: "Customer behaviour is continually shifting. That's why we introduced 24-hour McDelivery, Engagement Kiosks and the McDonald's app over the past decade to provide greater convenience and options to customers." By taking the lead in transforming its business digitally, McDonald's is demonstrating a new operating model to the broader industry.

To Randy, innovation does not need to be completely out of this world. All it takes is to find inspiration from customers' daily dining preferences: "Customers love our new products such as the Angus Burger, the exclusive twisty pasta breakfast and the New Luncheon Meat series because they're in line with our brand positioning and meet the customers' expectation for fast food."

Indeed, no matter whether it is McDonald's restaurant at the Peak or in Shatin, customers can always enjoy high-quality and reasonably priced food. "This is because we follow the 'Golden Triangle' principle when we conduct R&D for our products. Everything we put out must meet our standards in three aspects: customer needs, brand image and feasibility." Randy added that it was because they needed to consider McDonald's brand image that they could not take the internet's call for a "McBeef Chow Fun".

With rice being a staple of the Chinese diet, customers from time to time indicated that they hoped to see rice in the menu of McDonald's. Of course, McDonald's could not just roll out a regular dish of rice. Instead, it launched the "Fan-Tastic" series of rice burgers in 2006. The name of the series also sent a positive vibe into the community. At the time, Randy was in charge of the promotional campaign, and the work earned her the HKMA Marketer of the Year award.

Yet after two years, Randy called the series off herself: "Many people are emotionally tied to their 'masterpieces', but I called it off as it was not perfect enough." Concluding from the experience, she thinks that putting system first and ego aside are the keys to success.

Adding New Elements to the Classic Big Mac

Speaking of her favourite signature work, Randy was most proud of the recent, hugely popular "Keung B Meal": "The Big Mac has been around for 46 years and I'm happy that the product has maintained popularity and kept up with the times." She adds: "We designed a chant for the Big Mac in 1984 and we're running it again, 37 years later. Last time, customers had to perform the Big Mac Chant at our restaurants. This time, they're asked to share their performance on social media. We also invited Keung To, the millennial icon, to promote our latest Big Mac Bacon, and gave the classic Big Mac Chant a new rhythm and some new rules. We received more than 680 short videos including some created by children. The campaign has successfully passed on the Big Mac Chant and extended the love of this product to a new generation."

▲ *McDonald's launched a new Big Mac Bacon in collaboration with millennial icon, Keung To. The product has been immensely popular and has become Randy's favourite project.*

One of the most prominent changes to the F&B business model has been the emergence of online food ordering platforms; they have become an integral part of daily life. McDonald's has been offering 24-hour McDelivery since 2009 and the service has given the brand a competitive edge during the pandemic. However, Randy does not consider online food ordering platforms to be McDonald's competitors or mere "suppliers". Rather, she thinks of them as partners: "We firmly believe that food delivery will become a new dining culture. That's why we are actively collaborating with online food ordering platforms and launching different promotional activities to expand the food delivery market. Our goal is to create a positive-sum outcome for all, guided by customer needs."

From Workaholic to Work-Life Balance

Randy conceded that she was once a hard-core workaholic. She used to think that leaving work after midnight was just normal business practice. That was until 2010 when she was appointed Managing Director of McDonald's Singapore and came to recognise the importance of work-life balance: "On my first day at the Singapore office, I was shocked to find that they'd switch off the lights at 5:30pm sharp. I discovered that it was customary for the

▲ *Randy gives back to her alma mater by sharing her wisdom with our undergraduate students at the Alumni Lecture Series. She also serves as an Adjunct Associate Professor in the Department of Marketing at CUHK.*

local staff to go home for dinner and not to check emails at weekends." Randy also learnt to leave work before nightfall herself and to wait and send out emails only on Monday. Now, unless there is something urgent, Randy will try not to send out emails outside of office hours and will leave work on time: "As a senior executive, I must leave the office on time. Otherwise, my colleagues will have to stay behind until even later." She has gradually embraced the adage of "trusting those you hire or not hiring those you don't trust". She realises she has a capable team working alongside her and they are capable of carrying their own weight. That allows her to lead through empowerment and delegation.

Keeping an Ear to the Ground

2021 marks Randy's 10th anniversary as the MD/CEO of McDonald's Hong Kong. Looking into the next decade, Randy says: "I grew up with McDonald's and I hope the brand will continue to be a part of the Hong Kong community for another 10 years and more. Presently, we have nearly 15,000 staff in Hong Kong and around 8,000 of them are under the age of 24. This means that McDonald's has one of the youngest staff profiles of any Hong Kong employer. In fact, for many young people, we're their first employer."

"Our company has a Hamburger University that teaches young people how to manage a business and helps them live out their potential through our world-class training system. The average age of our store managers is 32, and every one of them manages over a hundred colleagues and a large sales volume. This is both an invaluable opportunity and a challenge to many young people. Meanwhile, we are in the process of setting up a Youth Advisory Board to seek the opinions and insights of our young generation. We also hope to learn the latest knowledge from them through Reverse Mentoring. This will enable us to combine the talents of different generations to give our company a greater competitive edge. Young people these days consider a company's corporate social responsibility record when they choose a job. For this reason, our ESG policies now place greater emphasis on youth development."

Looking back at her EMBA studies at The Chinese University of Hong Kong (CUHK), Randy says apart from learning all kinds of theory, she cherishes the friendships she built with her classmates: "Although we graduated 16 years ago, we're still very close and we still keep in touch and meet regularly." Randy jokes that their relationship had even risen to a different level. Even when she misses gatherings or comes late and leaves early, her classmates are very understanding. They are just glad she is well.

Randy says her favourite motto is something she got from Steve Jobs: "If you are working on something that you really care about, you don't have to be pushed. The vision pulls you." She explains: "I really love McDonald's. Each day, it's not work that I come back to; I come back to do something I enjoy and make a contribution to the Hong Kong community." With her entrepreneurial and innovative spirit, Randy will surely lead McDonald's to even greater heights in the years and decades to come.

Randy Lai (EMBA 2005)

Randy Lai is the CEO of McDonald's Hong Kong. With a vision to innovate for growth and build a better McDonald's, Randy leads over 245 restaurants and 15,000 employees, serving more than one million customers every day. Not only is Randy the first McDonald's CEO nurtured locally, she was also the first female Managing Director of McDonald's Singapore in 2010 prior to her current capacity. Under Randy's strategic leadership, McDonald's Hong Kong prides itself as one of the McDonald's global markets with the highest guest count per restaurant and highest digital guest count per restaurant per day.

Are Institutional Investors Taking Stock of Climate Change?

CUHK research shows investors are avoiding high-emission stocks due to growing environmental awareness and such actions have led public firms to reduce their carbon footprints

Climate change, including global warming and an increased risk of extreme weather events, from heatwaves to storms and floods, is widely considered one of the greatest existential threats facing humankind. Over the last decade and a half, perhaps recognising the influence exerted by financial markets in shaping business behaviours, environmentalists have accelerated their efforts in advocating responsible investment decisions among market participants. For example, a campaign called Fossil Free: Divestment that aims at stopping investment in fossil fuel companies has attracted the attention of high profile organisations such as the philanthropic foundation Rockefeller Brothers Fund.

But how successful have environmental campaigners been in affecting behavioural change among financial market participants? Are institutional investors staying away from carbon intensive stocks as a result? A group of researchers at The Chinese University of Hong Kong (CUHK) Business School think they have the answers.

The researchers – Darwin Choi, Zhengyu Gao and Wenxi Jiang, Associate Professors at CUHK Business School's Department of Finance – found that investors have significantly reduced their investments in carbon-intensive stocks since around the time the financial sector began to become more aware of environmental issues around 2015 and this wave of divestment has even led to increasing pressure on publicly-listed firms into taking a greener approach in their business operations and reducing their carbon footprints.

The new research results also come amid the recent publication of a comprehensive UN report that sounded a dire warning on climate change, noting that greenhouse gas emissions have already passed a point of no return that will prevent temperatures from rising over at least the next two decades.

The trio of CUHK researchers have long been studying the influence of global climate change on financial markets. An earlier paper titled "Attention to Global Warming" argued that retail investors pay more attention to climate change and sell down high-emission stocks after experiencing extreme weather conditions personally. Following on from this earlier research, they turned their attention to how climate change has impacted the heavyweight players on the investment sector – its institutional investors – in two new studies.

"Global warming is the reality that we live in. We already knew from our previous studies that climate change is an issue that affects investment decisions for individual retail investors that purchase stocks with their own money," says Prof. Choi. "What we wanted to find out was whether it had a similar effect on the larger players in the investment market. Investing on behalf of their stakeholders, institutional investors from sovereign wealth funds, pensions, university endowments, insurance and asset management companies have comparatively greater clout and influence. Do they behave in a similar way?"

Measuring Divestment

In one study titled "Measuring the Carbon Exposure of Institutional Investors", the three CUHK academics first constructed a new scoring system to categorise listed companies in the US as either high- or low-emissions. They then used this system to analyse how institutional investors with more than US$100 million assets under management (AUM) reacted to climate change.

The study found that this group of institutional investors reduced their holdings of high-emission stocks. They went from overweighting carbon-intensive stocks (relative to the market index) by around 0.5 percent in 2001, to underweighting them by between 0.2 percent and 0.7 percent in the period since 2015. Such a trend was not observed before the year 2000 when climate change awareness was less widespread.

> ***"Our results suggested that big institutional investors are avoiding high carbon emission stocks just like they are doing with so-called 'sin' stocks, such as tobacco, alcohol and gambling, since these companies' products were considered unethical."***
>
> — Prof. Zhenyu Gao

"Having settled this point, what we then wanted to find out was whether divestment by such a big and powerful segment of investors would actually make these environmentally 'sinful' companies do good," Prof. Gao adds.

Institutional Pressure

This is a question that the three CUHK researchers sought to address in their study titled "Global Carbon Divestment and Firms' Actions", which was conducted in collaboration with Mr. Zhang Hulai at Tilburg University. In this study, the researchers looked into how climate change affected a listed company's stock price valuation and whether this channelled down into its business decisions.

The researchers used data from 23 countries to measure financial institutions' exposure to stocks in high carbon emission industries, which are mainly in five categories: energy, transport, building, industry (such as those producing chemicals and metals) and agriculture/forestry. They then calculated a carbon ratio, which they defined as the weight of total high-emission stocks in a financial institution's stock portfolio. The study results showed that the aggregate carbon ratio fell over time relative to the market index, and the downward trend happens at the same time when steam began to pick up behind climate campaigns that sought to influence stock market investment behaviour such as the Fossil Free: Divestment campaign and Go Fossil Free campaign, as well as the adoption of the Paris Agreement – the international treaty on climate change – around 2015.

According to the study, the ratio of a high-emission listed company's market capitalisation to its total earnings (also known as price-to-earnings, or P/E, ratio) tended to be lower after 2015 if the company is located in a country with high climate change awareness. This was calculated based on a survey that sampled individuals' opinions on climate change from 111 countries. It found that a one standard deviation increase in climate awareness is linked to a six percent decrease in the high-emission public firms' price-to-earnings ratio, meaning that the company may be undervalued.

In addition, the study found that high-emission public firms situated in countries with strong environmental awareness also reduced their emissions from 2016 to 2018. It found a one standard deviation in climate awareness increase was associated with a 5.5 percent decrease in emissions by high-emission public companies. Furthermore, these public companies also increased their expenditures on upgrading their physical assets, research and development and filed more patents on products or processes that can provide benefits to the environment. Specifically, a one standard deviation increase in climate awareness was linked to a 3.49 percent increase in capital expenditure, a 6.49 percent increase in R&D investment and a 2.4 percent increase in green patents.

Growing Environmental Lobby Influence

However, the same results were not observed among high-emission private firms. The researchers thought that perhaps private companies did not face the same amount of divestment pressure from large institutional investors.

"We're not privy to the specific conditions under which individual firms make their operational decisions and thus we cannot claim that there's a causal link. However, at the very least, we are able to confidently say that the financial decisions made by the big institutional players in the investment sector, as well as those made by publicly-listed firms that affect their daily operations, go in the same direction. That direction is one that leads to lower carbon emissions and helps combat climate change," Prof. Jiang says.

"What this means is that campaigning by environmentalists has led and is leading to a change in behaviour among large institutional investors, and this is possibly filtering down to real decisions that businesses make on the ground.

We expect environmental awareness will continue to exert an overarching influence on finance. The hotter our planet gets, the greater our concerns over climate change become, the stronger the proliferation of socially responsible investment funds the market demands, says Prof. Jiang, adding that a possible avenue for future research is to look into greater detail the mechanism under which institutional investor pressure can lead to changes in operational behaviour by companies that lower carbon emissions.

Prof. Darwin Choi

Prof. Darwin Choi is an Associate Professor in the Department of Finance at CUHK Business School. Before joining CUHK, he was an Assistant Professor of Finance at the Hong Kong University of Science and Technology from 2009 to 2016. He received his PhD degree in Finance from Yale University in 2009 and BS in Economics and BS in Engineering degrees from the University of Pennsylvania in 2004. Prof. Choi's research interests include behavioural finance, mutual funds and hedge funds, climate finance, and labour, focusing on how market conditions and investor psychology influence capital allocations.

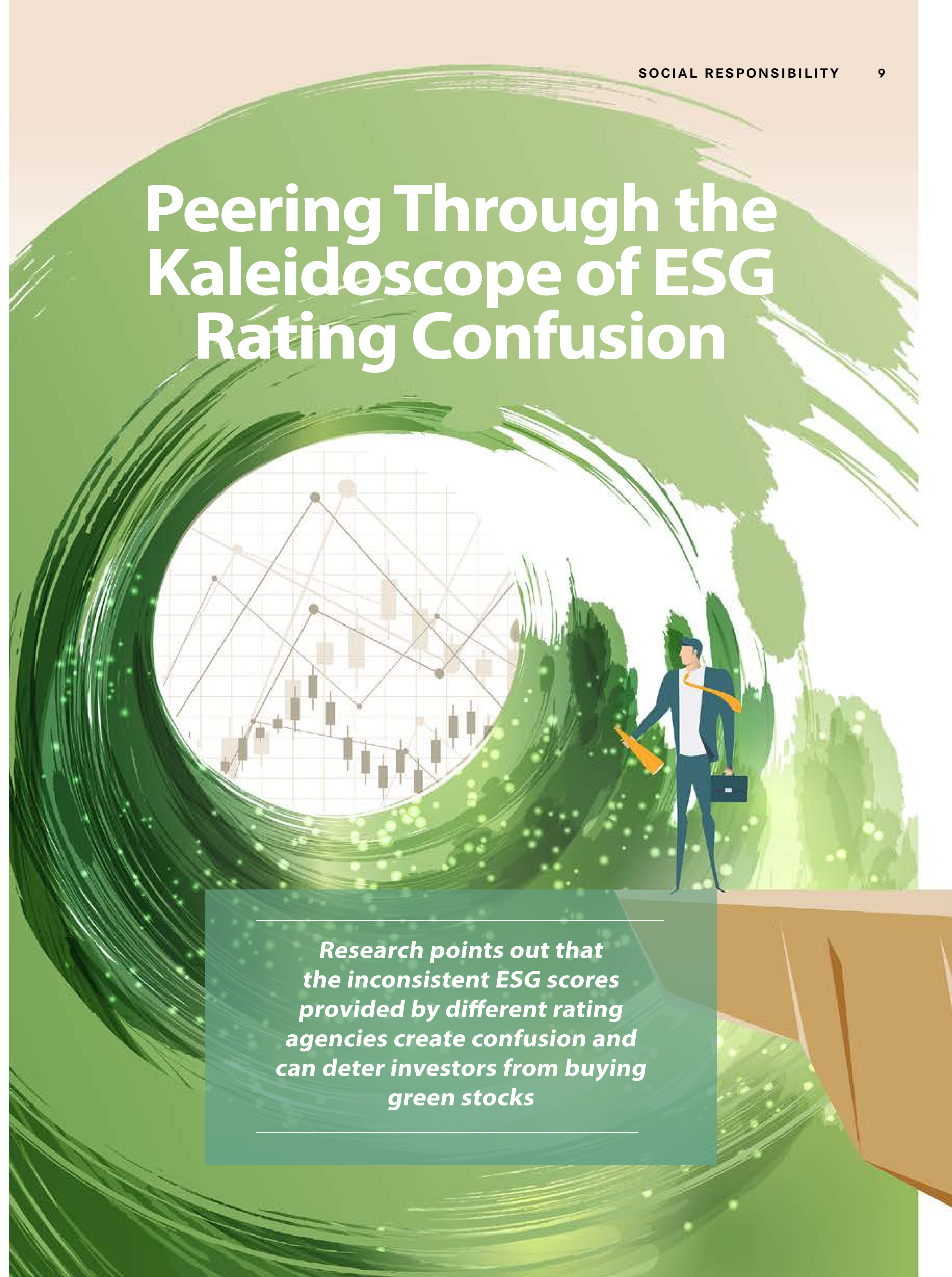
Prof. Zhenyu Gao

Prof. Zhenyu Gao is an Associate Professor in the Department of Finance at CUHK Business School. He received his PhD in Economics from Princeton University and MA in Economics as well as BS in Astrophysics from Peking University. His primary research interests are in asset pricing, behavioural finance, real estate finance, and Chinese economy. He received his PhD in Economics from Princeton University and MA in Economics as well as BS in Astrophysics from Peking University.

Prof. Wenxi Jiang

Prof. Wenxi (Griffin) Jiang joined CUHK Business School in 2015 as an Associate Professor in the Department of Finance. He obtained a PhD in Financial Economics from Yale University in 2015 and a bachelor's degree from Renmin University of China in 2007. His research interests include asset pricing, institutional investor, and behavioural finance. His research papers appear in the Journal of Econometrics, Journal of Finance, and Review of Financial Studies. He teaches undergraduate courses at CUHK and is the recipient of the Faculty Teaching Excellence Award (2017-18).

Peering Through the Kaleidoscope of ESG Rating Confusion



Research points out that the inconsistent ESG scores provided by different rating agencies create confusion and can deter investors from buying green stocks

Sustainable investing, once viewed as an outlier maybe only a decade ago, has never been more popular. To put things into perspective, sustainable funds in the US attracted record investment of nearly US$2 trillion in the first quarter of 2021, according to industry data provider Morningstar.

As demand for ESG (environmental, social and governance) investing grows, so does the need for better quality ESG performance data. However, a recent research study has found that ESG ratings of firms provided by different agencies can be confusing to investors and may be holding back the sustainable investment sector from realising its full potential.

Sustainable investing, also known as ESG investing or socially responsible investing, is an approach that asks investors to consider a company's ESG profile alongside its financials when making an investment decision. Such additional factors include everything from a company's energy use, waste and pollution, to its working conditions, participation in its community and diversity in its board of directors. Because of these considerations, it is not unusual for sustainability-minded investors to set maximum thresholds or even shy away altogether from less "ethical" sectors such as coal, defence, gaming or tobacco.

> *"There's a lot of ESG data out there on firms and these can both be overwhelming and perplexing."*
>
> — Prof. Si Cheng

Perhaps due to its relatively recent arrival in the finance world – the term ESG investing itself was first coined by the UN Global Compact as part of a landmark 2004 study titled "Who Cares Wins", there is no universal standard nor a commonly accepted methodology for calculating ESG ratings among different agencies. According to KPMG, there are around 30 major ESG data providers worldwide in 2020. These rating agencies usually adopt different measurements when constructing their ESG scores. It is not uncommon for them to provide different ESG ratings for the same company. For example, Tesla Inc. is rated average by MSCI ESG ratings but categorised as high risk by Sustainalytics.

The new study "Sustainable Investing with ESG Rating Uncertainty" was co-conducted by Si Cheng, Assistant Professor in the Department of Finance at The Chinese University of Hong Kong (CUHK) Business School, Prof. Doron Avramov at IDC Herzliya, Prof. Abraham Lioui at EDHEC Business School and Prof. Andrea Tarelli at the Catholic University of Milan.

In their study, Prof. Cheng and her co-authors tested their hypothesis using US stocks from 2002 to 2019 and examined the ratings from six major ESG rating providers – Asset4 (Refinitiv), MSCI KLD, MSCI IVA, Bloomberg, Sustainalytics and RobecoSAM. In line with existing studies on ESG ratings, the research team also found considerable disparity across different ESG rating providers. They found that the confusion in the different ratings provided by the ESG rating agencies made sustainable investing riskier and decreased investor demand for stocks.

Ratings Disagreement

"Generally, because there's a lack of consensus in reporting, measuring and interpreting ESG information, there's a lot of ESG data out there on firms and these can both be overwhelming and perplexing. That's why it can be difficult for investors to ferret out the 'true colour' of a firm, whether that be, green, brown, or something in between," Prof. Cheng says. "That in turn feeds back into investor appetite in sustainable investment. If an investor is looking for ESG plays and they're not clear about the sustainability of the stock they're about to sink money into, then they obviously are going to think twice before proceeding."

Using data from the six ESG rating providers, the researchers generated an ESG score for each stock, as well as a score to measure the difference in the ESG scores between the six agencies in order to calculate the level of uncertainty in ESG ratings. According to the results, the average rating correlation is only 0.48, and the average ESG rating uncertainty is 0.18. For perspective, this means that a company could be ranked in the bottom third by one data provider but be ranked in the 59th percentile by another.

Using these scores, the researchers looked at how inconsistency in ESG ratings affected whether an institutional owner would invest in a particular stock, and the impact on the stock's actual performance on the market. The study considered three distinct types of investors. The first type is organisations such as pension funds as well as university and foundation endowments, which constrain their investments to socially acceptable norms (such as by engaging in socially responsible investing) when compared with other institutional investors which are more interested in generating financial returns, such as hedge funds.

The study found that institutions which were more constrained by investment norms were indeed in favour of greener firms, but were less likely to hold green stocks when there is a high level of inconsistency over ESG ratings. For companies with the highest ESG scores, norm-constrained institutions on average hold 22.8 percent of their shares, but only when the ratings put out by the different ESG agencies were in high agreement. When the correlation in ESG ratings between the different ratings agencies were low, institutional ownership level dropped to 18.1 percent.

In contrast, hedge funds invest more in brown stocks on average, and rating uncertainty mostly affects their holdings for brown stocks. For companies with the lowest ESG scores in the study, the researchers found that hedge funds owned an average of 15.7 percent of shares when there was high agreement between the ESG scores from different ratings agencies. This again dropped to 13 percent when the correlation in the ratings from different agencies diverged. The authors conclude that rating uncertainty matters the most for investors in their preferred investment universe.

And while companies which focus on improving their ESG performance are expected to deliver lower investment returns because they provide nonpecuniary benefits to investors, the study found that this was not always the case. Specifically, it found that brown stocks always outperform green stocks only when ESG ratings ambivalence is low. When there is a high level of agreement between the ratings of different ESG rating agencies, brown stocks surpass green stocks by 0.59 percent per month in absolute returns and 0.40 percent per month in risk-adjusted returns. But when inconsistency between ESG ratings rises, there is no clear relation between a company's ESG leanings and their stock performance.

WATCH PROF. CHENG'S RESEARCH

Market Implications

Lastly, the study implies that ambiguity in ESG ratings has an overall impact on the entire stock market. In particular, a higher level of ratings confusion is linked with higher market premium, as well as lower stock market participation and lower economic welfare for ESG-sensitive investors.

Green stocks are harmed the most when ESG rating confusion is high. Firms which take a more responsible path in their operations are disproportionately penalised if ratings agencies fail to agree on their ESG profile. This in turn would further limit their ability to make capital investment and generate a real social impact.

"In the face of uncertainty over a company's ESG profile, ESG-sensitive investors are just as likely to stop making ESG investments or engage in corporate ESG matters," Prof. Cheng adds.

Overall, the study results have significant implications for asset allocation, investor welfare, and asset pricing. In order to minimise the downside brought to ESG investing by rating inconsistency, Prof. Cheng and her co-authors suggest companies disclose more candid reports on their ESG performance. For ESG rating providers, the researchers advise them to further release and explain their measurement practices and methodologies. Furthermore, they argue that more public discussion on how to measure ESG performance of companies should help to elevate the quality of ESG ratings.

"Sustainable investing is on the rise. Therefore, the overall impact of ESG rating inconsistency will become even more prominent," Prof. Cheng says.

Prof. Si Cheng

Prof. Si Cheng joined CUHK Business School in 2016 as an Assistant Professor of Finance. Her research interest is on empirical asset pricing, and centres on two main themes: investment and delegated asset management. She received her PhD in Finance from National University of Singapore. Her papers appear in Journal of Financial Economics, Journal of Financial and Quantitative Analysis, Management Science, and Review of Asset Pricing Studies. She is also a Chartered Financial Analyst charterholder and a member of The Hong Kong Society of Financial Analyst.

Leaning on Innovation to Combat Plastic Pollution in Oceans

CUHK research studies firms in the plastic recycling industry that create ecosystems using blockchain technology. It finds that they can generate environmental impact and reduce local poverty while being financially sustainable

Plastic waste is a huge environmental problem faced by our planet, and it's a problem that many countries around the world are tackling head-on. Social enterprises and NGOs have also been springing up, each with different ways and new ideas to encourage and help the general public and businesses to reduce their plastic footprint.

It is with this in mind that a recent study has sought to take a closer look at some of the recently emerged innovative business models, including those which use cutting-edge blockchain and mobile technologies to connect and streamline the different participants in a plastic recycling supply chain, that are aimed at preventing plastic from entering the world's oceans.

The team, including top researchers at The Chinese University of Hong Kong (CUHK) Business School, found that the ability of such businesses to generate a healthy profit and make a positive environmental and social impact often depends on their product mix. Even more importantly, the study found that a company which aims at both maximising its profits and the amount of recycled plastic it deals with can actually generate a large social and environmental impact with just a slight sacrifice on its profitability, when compared to a solely profit-seeking firm.

> ***"The typical social enterprise, which often could sell its plastic offsets more effectively than a profit-making firm, can actually financially outperform their profit-centric peers."***
>
> — Prof. Sean Zhou

According to UN Environment Programme, only about 9 percent of all waste plastic produced has been recycled. The rest of it ends up in landfills, enters our waterways and finds its way to the ocean. The Great Pacific Garbage Patch, a collection of marine debris in the North Pacific Ocean, has an area of 1.6 million square kilometres and is roughly three times the size of France. Once entering the ocean, the waste plastic gradually degrades into smaller and smaller pieces and becomes Microplastics, which are plastics of less than five millimetres in diameter. These can get eaten by marine animals and endanger their lives.

A Plethora of Innovative Business Models

Responding to this environmental threat, some eco-friendly companies, such as Blue Avocado (a company that makes reusable grocery bags) and Litre of Light (a company that turns recycled plastic bottles into lights), are trying to replace plastic products with other more sustainable ones or turn used plastic into other products. Others are taking a decidedly different route – Plastic Bank and RePurpose Global are companies that seek to provide monetary incentives for people and businesses to stop plastic pollution and increase recycled volumes.

Headquartered in Vancouver, Canada, Plastic Bank develops and operates a mobile app that uses blockchain technology to connect collectors and processors as well as track the provenance of recycled plastic to make sure it is ethically sourced. It currently operates in five developing countries – Brazil, Haiti, Indonesia, the Philippines and Egypt. It bills itself as a "bank" because the company turns recycled plastic into a currency that those who collect plastic can use in exchange for money, food, water and even school tuition for their children. RePurpose Global is a plastic credit platform that enables individuals and businesses to become plastic neutral by funding plastic recycling.

The study "Innovative Business Models in Ocean-Bound Plastic Recycling" was written by Sean Zhou, Professor and Chairperson in the Department of Decision Sciences and Managerial Economics and PhD student Zhuoluo Zhang at CUHK Business School in collaboration with Prof. Opher Baron and Prof. Gonzalo Romero at the University of Toronto. In this paper, the researchers looked at the innovative business models adopted by companies like Plastic Bank in the plastic recycling industry of developing countries.

"For budding social entrepreneurs in this business, they typically must strike a balance between contributing to improving the environment, making sure there's a fair and equitable distribution of wealth within the recycling supply chain, and to at least avoid turning a loss," says Prof. Zhou.

"We find with a bit of ingenuity and some tinkering with the business model, it is actually possible to fill the three needs, that of environmental, social and financial, with one deed."

An Ecosystem

Plastic recycling is hardly a new business. Traditionally, scavengers collect plastic bottles or boxes and sell them to shops that process the materials. The companies studied in the research seek to break up this old pattern by introducing blockchain and creating an ecosystem for this environmentally-beneficial activity.

The new model goes something like this: A company connects scavengers and plastic waste processing shops with a mobile app, which registers the amount of plastic collected and processed and other related information via mobile app. At the same time, it also provides subsidies to both the scavengers and plastic waste processers to encourage them to use the app (so that the source of recycled plastic can be traced) and collect and process as much plastic as possible. Or if there's no existing recycled plastic supply chain in the region, the company would help to activate and build up one, often with financial support from a large corporation in a developed country.

To generate income, some companies would sell plastic offsets to environmentally-conscious individuals and businesses in more advanced economies. Plastic offsets are similar to carbon offsets, which is a reduction in emissions of carbon dioxide made in order to compensate for emissions made elsewhere. Each plastic offset represents a certain amount of ocean-bound plastic collected and processed. For example, Plastic Bank sells a unit of plastic offset at 50 US cents, which is roughly equivalent to collecting and recycling 1kg of ocean-bound plastic. In doing so, the company uses blockchain technology to verify that the recycled plastic is ethically sourced.

Alternatively, other companies make revenue by selling this ethically sourced and segregated plastic to manufacturers who use it to make eco-friendly products. Plastic Bank offers a programme called Social Plastic, through which it sells its collected ocean-bound plastic to other companies at a premium. Via buying these traceable social plastic and using them in their products, the manufacturers could fulfil their CSR commitment and improve their brand image, in addition to doing good to both the environment and society.

Bringing Benefits to the Supply Chain

The study found that when companies sell either plastic offsets or sustainably sourced plastic, the magnitude of the environmental and social impacts, as well as their profitability, depends on their relative market sizes. But, when they sell both types of products, they can generate a significantly larger environmental impact, benefitting plastic collectors by giving them a higher income, as well as making a higher profit themselves compared with selling either product alone.

Using collected data to calibrate model parameters, the researchers calculated that when a company sells both types of products, it could increase the amount of recycled plastic overall by 35 percent as well as increase profits in the local recycled plastic supply chain by 130 percent. Where there is heightened demand for plastic offsets (say in jurisdictions with higher environmental awareness), the launch of such a business model can increase the recycled plastic amount by 60 percent and the total profit for the recycled plastic supply chain by 200 percent.

Delving deeper into the numbers gives a more detailed picture of how different parties in the supply chain may benefit from the introduction of a company that applies technologies to connect local recycled plastic collectors and processors with external markets. If collectors sold their picked plastic directly to recycling processors, then the latter party would typically capture a larger portion of the profits in the supply chain.

However, when a firm like Plastic Bank is introduced into the equation, and it chooses to sell plastic offsets only, it brings with it positive environmental and social impacts, but the plastic collectors' share of the supply chain profits remains the same. If this firm instead sells segregated plastic, the environmental and social impact generated may be higher than if plastic offsets were sold only. More importantly, those who are at the bottom of the supply chain – the plastic collectors – would typically see their share of the supply chain profits rise compared to if they dealt directly with plastic processing firms.

Maximum Impact

Furthermore, when both products are sold, firms are typically able to make a positive environmental impact, give higher income to plastic collectors, and make a bigger profit than if they sold one of the product categories. However, firms which sell both products may actually make a smaller social impact than if they sell plastic offsets only. This smaller social impact occurs if the market of segregated plastic is small.

For the plastic collectors, they would typically capture a larger share of the plastic recycling supply chain profits than if the firm sells plastic offsets only, but less than if this firm sells only segregated plastic, the researchers found.

Finally, the researchers did a case study based on Plastic Bank and found that the launch of companies like it can generate both significant environmental and social benefits (relative to the baseline case without the firm), and that the social benefits were generally much larger than the environmental. The study also found that companies which aim at maximising both its profit-making and plastic recycling volume goals can generate a much larger social and environmental impact with just a slight sacrifice on its profitability when compared to a solely profit-seeking firm.

"Taking this even further, we find that the typical social enterprise, which often could sell its plastic offsets more effectively than a profit-making firm, can actually financially outperform their profit-centric peers," Prof. Zhou says.

"By helping to build an ecosystem around plastic recycling, this new breed of social enterprises help to connect the dots and fulfil their triple mission – increase the recycled amount of ocean-bound plastic, reduce poverty in developing countries and become self-reliant financially," Prof. Zhou says. "Our results give support to the fact that social enterprises can also be financially successful while serving a public good."

Prof. Sean Zhou

Prof. Sean Zhou is a Professor and the Chairperson in Department of Decision Sciences and Managerial Economics at CUHK. He is also the Director of the Supply Chain Research Centre under the Asian Institute of Supply Chain and Logistics. Prior to joining the Business School, he was a faculty member at Department of Systems Engineering and Engineering Management, CUHK. He received his BS in Electrical Engineering from Zhejiang University, China in 2001 and his MS and PhD in Operations Research from North Carolina State University in 2002 and 2006, respectively. His main research area is supply chain management with particular interests in inventory control, production planning, dynamic pricing, and game theoretic applications. He serves on the editorial board of IIE Transactions and OR Letters.

Can Experiencing a Disaster Alter Spending Habits?

New research in China suggests earthquake survivors tend to spend more on entertainment and instantly gratifying activities while cutting back on education expenses

China has seen some of the most destructive earthquakes in history. For example, the devastating 2008 Earthquake in Sichuan province killed over 69,000 people, left up to 11 million people homeless and caused up to US$20 billion in property damage. The country sits atop seismically active areas, and it had 118 earthquakes in the past year. This setting provided the backdrop for a group of researchers to look at whether near-death experiences, such as major earthquakes, can influence people's spending patterns. They found that those who experienced major earthquakes early in life are more likely to "live in the moment" after a traumatic experience.

Jaimie Lien, Assistant Professor of Business Economics in the Department of Decision Sciences and Managerial Economics at The Chinese University of Hong Kong (CUHK) Business School and her collaborators became interested in how major earthquakes in China affect people's spending preferences.

> ***"People who have personally lived through an earthquake may develop a strong belief that another may happen again soon. This makes them treasure what they have and seize the day."***
>
> — Prof. Jaimie Lien

"Can a life-altering experience affect our outlook on life and change our spending priorities? When people get married, have a child, or retire, they often change their values and lifestyles, which consequently affect how they spend money," she says, "but what about for life events beyond our own control, such as natural disasters?"

The study "Major Earthquakes Experience and Presently-Gratifying Expenditures" was conducted by Prof. Lien, Prof. Qingqing Peng at Chongqing Technology and Business University and Prof. Jie Zheng at Tsinghua University. The researchers found that people with direct experience of major earthquakes tend to spend significantly more on travel and entertainment, luxury goods and health products after experiencing an earthquake while spending less on education.

"Chengdu in Sichuan province is a great example and was a source of inspiration for our study. The city is known for its laid-back lifestyle and its people are famous for their leisurely pace, but at the same time, it is also in a region that is prone to recurring catastrophic earthquakes," Prof. Lien says.

The researchers reached their findings after examining the major earthquakes that occurred in all of China from 1920 to 2008 and how it correlated with urban household spending from 2002 to 2009. They compared the spending patterns of families whose head of household was living in an earthquake-stricken area before a major earthquake and those that settled or were born in the area only after the major earthquake had passed.

Living for Today?

The study found that there was no significant difference in the saving habits between families which lived through a major earthquake, with those who did not. However, there were differences in how they allocate their family expenditures. Specifically, families with earthquake experience spent, as a share of total household expenditure, 0.3 percentage points more on entertainment and entertainment-related products, such as video cameras and computers. They also spent 0.1 percentage points more on trips, travels and other entertainment services.

In addition, those who experienced a major earthquake also splashed out more on clothing, jewellery, watches, which accounted for almost half a percentage point increase in the total family expenditure. They also spent about a quarter of a percentage point more on health-related devices, such as massage chairs, and Chinese health supplements, such as ginseng, royal jelly and bird's nest.

"Like designer clothing and jewellery, these types of 'health food' are considered luxurious and expensive, and are a show of status," Prof. Lien comments. "One of the reasons why people buy luxurious goods is to make themselves feel better in the present. After you've had a near-death experience, it's understandable and only human nature to want to feel alive and happy in the moment."

In addition, families with earthquake experience also spent significantly more on house cleaning services. Prof. Lien and her co-authors think that this is another example of how post-earthquake families tend to value more of their own time and focus more on improving their current quality of life.

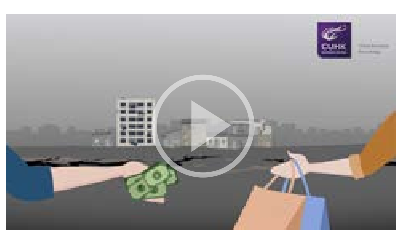
Another major difference in household expenditure between families which experienced an earthquake and those which did not, is on education. Families that experienced a major earthquake spent less on almost all types of education, including children's education away from home (such as public boarding school), tutoring and training. Specifically, the magnitude of the difference between spending on educating children away from the home by families which experienced an earthquake versus those who did not was as high as 3 percent of total household expenditure. Adult education, which is typically more focused on the present than educational expenditures on children, is the only type of education that families with earthquake experience spent relatively more on.

"Education is an investment in the future. It is probably not in long-term interest of any type of household, let alone those who survived an earthquake, to borrow from the future to spend in the present. It's another example how the altered spending habits of people who've survived natural disasters like earthquakes could potentially be harmful in the long-run," Prof. Lien comments.

Are Earthquakes Special?

While many economists and marketing gurus have focused on investigating how people spend money according to their long-term interests, this new research study took a different approach by examining how uncontrollable life events, such as earthquakes, can affect people's lifestyle choices that may conflict with their long-term interests.

The researchers suggest that future research could investigate the effect of earthquakes on consumption preferences in developed countries. It would be interesting to see whether there is a similar effect in a different demographic setting and whether other types of disasters would create a similar effect on people's consumption patterns.



WATCH PROF. LIEN'S RESEARCH

"Experiencing an earthquake first-hand is different from merely knowing about earthquakes. People who have personally lived through such an event may develop a strong belief that another may happen again soon. This makes them treasure what they have and seize the day," Prof. Lien says. "Future studies can investigate if there is something special about earthquakes in particular that would alter people's life choices, or whether similar effects also hold for other kinds of events that are out of our control."

Prof. Jaimie W. Lien

Prof. Jaimie W. Lien is an Assistant Professor of Business Economics in the Department of Decision Sciences and Managerial Economics at CUHK. Her main research interests are in behavioural and experimental economics, including decisions under uncertainty, social cooperation and competition mechanisms, and consumer finance among other topics. Her research methods include statistical field data analysis, laboratory experiments and collaborations on applied theoretical modelling. Prof. Lien's research has been published in Nature Communications, Proceedings of the National Academy of Sciences, Games and Economic Behavior, Journal of Economic Behavior and Organization, Experimental Economics, and American Economic Review Papers and Proceedings, among other academic journals.

Driving Social Purpose through Innovative Business Education

Economics scholar Dr. Fred Ku loves to create innovative learning experiences to engage students and take them beyond the realm of textbooks and theories.

In Dr. Fred Ku's physical and virtual classrooms, it is not uncommon to find students playing simulation games, working on business cases or even creating short videos to present economic concepts. The economics scholar loves to create innovative learning experiences to engage students and take them beyond the realm of textbooks and theories.

"Lectures could be boring, or even painful especially when we have to do them online. By adopting a game-based approach, lectures and maths can be turned into something fun and exciting," notes Dr. Ku. "Besides, by encouraging students to apply their learning into real-world situations, I hope to nurture young minds with a sense of social purpose and the drive to create positive change for society."

An Educator on a Mission

> **"Purpose in businesses is becoming increasingly important."**
>
> — Dr. Fred Ku

Dr. Ku is a Senior Lecturer in the Department of Decision Sciences and Managerial Economics of The Chinese University of Hong Kong (CUHK) Business School. He is also the Associate Dean of Undergraduate Studies, the Co-Director of the Integrated BBA Programme, and the Associate Director of the Programme for Economic Education at the Economic Research Centre of the Hong Kong Institute of Asia-Pacific Studies.

Underlying all these titles, Dr. Ku is a passionate educator on a mission. "My teaching philosophy is to cultivate socially responsible leaders in the age of innovation, who not only possess competent business skills but are also passionate about making a difference in society. Tech and innovation as well as social good are two inseparable bases of all my classes."

Dr. Ku considers that businesses do not operate in a vacuum, but rather, they interact with the environment and generate direct and indirect impact on the community and its people. For this reason, he believes that for a business to succeed, they should strive to be profitable on one hand and, on the other, bring positive impact to society.

"The idea of Creating Shared Value (CSV) was first advocated by Michael Porter and Mark Kramer in Harvard Business Review in 2011. It refers to the practice of creating economic value in a way that also creates value for society by addressing its needs and challenges. CSV is set to empower innovation and growth and remains one of the most important business concepts today. It is crucial, especially as we prepare for the post-pandemic recovery, for our students to learn and embrace CSV.

He adds: "Purpose in businesses is becoming increasingly important. I can't wait to see how our students use their knowledge and skills to craft their future, and to create social impact at the same time."

Reimagining Teaching with Case-Based Learning

In order to help students contextualise abstract theories and translate them into practical knowledge, Dr. Ku adopts a case-based approach that emphasises "learning by doing".

"It is important that students have the opportunity to apply their technical, analytical, problem-solving and creative skills to solve real-world problems. In the process, they will stay relevant, and develop the competencies needed to contribute effectively in the workplace."

The pandemic has put teaching innovation to the test. Despite its constraints, Dr. Ku shared that online learning has in fact opened up novel possibilities. "It became an opportune time for us to invite guest speakers and students, not only from Hong Kong but from all over the world to our virtual classroom." For example, in the course Responsible Business, Dr. Ku invited professors from Taiwan, Japan, Poland and the UK to lecture using cases in their own regions. Unsurprisingly, the results went beyond expectations.

"Students were able to learn about the practices and challenges of responsible businesses in different geographies." In collaboration with National Chiayi University, the class was attended by students in both Taiwan and Hong Kong. "Many students found the experience illuminating. Interacting with students from different backgrounds, even virtually, has broadened their horizons on a global level. We will explore the potential of this approach further."

From Textbook Knowledge to Social Solutions

To walk the talk, Dr. Ku set up a platform called Business Education for Social Good (BESGO) that promotes CSV, corporate social responsibility, social entrepreneurship and social innovation in business education.

In one project, BESGO partnered with Social Venture Hong Kong and organised a "Bootcamp for Talents of Social Innovation". Students visited local communities and social enterprises in Sham Shui Po and Kwai Tsing to gain insights into the issues and challenges faced by locals. They also took part in workshops to brainstorm business solutions which contribute to social good while achieving reasonable financial returns.

In another project, students undertook a CSV Consultancy Project with the K11 Art Mall. They designed and implemented the promotional plan for the digital fitness exhibition of Brainrental, a Hong Kong-based creative trio, at the mall. Dr. Ku shares, "Many students reported that the programmes offered them an eye-opening experience – something they couldn't have learnt from lectures or textbooks."

Dr. Ku explains this further: "In this way, when students graduate and enter the industry, they can ask themselves: What can my company do to advance social welfare and make money? This kind of mindset is something that I'd like to instil in my students."

Passing the Torch and Drive for Social Good

In addition, Dr. Ku championed the Young Economist Scheme (YES) with Prof. Michael Fung of the Department of Decision Sciences and Managerial Economics. Under the scheme, student volunteers were assigned to mentor and support disadvantaged secondary school students on economics study, giving them a taste of contributing to social purpose and education equity.

Anita Ng (Professional Accountancy [PACC] 2018) was one of the students who joined YES during her time at CUHK. The scheme had a profound impact on her. As a graduate majoring in Professional Accountancy with a minor in Linguistics (Hong Kong Sign Language), Anita became a secondary school teacher in economics for deaf and hard-of-hearing (DHH) students. This opened an entire new world for the students, as they were previously unable to take economic classes due to the lack of teachers who could master both sign language and economics.

Working with Dr. Ku, Anita also launched "Economics on Hand", a project that aims to embed sign language and other visual aids into teaching and learning resources in economics for DHH students.

Eternal Passion for Teaching

> **"The sparkiest moment is when I see my students captivated with passion and inspiration in class."**
>
> — Dr. Fred Ku

All of these efforts demand unyielding passion and boundless ingenuity. How does Dr. Ku keep up his educational verve? "To me, teaching is a career replete with sparky moments. I enjoy interacting with students and exploring new teaching methods. I feel accomplished when our effort is recognised by the faculty, the university and professional bodies. I get energised as I share my insights and research findings at conferences. Above all, the sparkiest moment is when I see my students captivated with passion and inspiration in class."

With his spirit and dedication, Dr. Ku has nabbed multiple teaching awards since joining CUHK in 2009 – Faculty Teaching Awards, Faculty Teaching Merit Awards, the Vice-Chancellor's Exemplary Teaching Award, the Teaching Excellence Ambassador Award, and the Exemplary Teaching and Learning Sliver Award at the eLearning Forum Asia (eLFAsia) 2020.

New Horizons, New Possibilities

Dr. Ku is also continually widening his gamut of responsibilities. For instance, he now teaches business economics and analytics courses for undergraduate, MAcc, MBA and EMBA programmes. Since 2017, he also took on the administrator roles of Assistant Dean and Director of the Integrated BBA programme, which enable him to create a lasting impact beyond the classroom. In August 2021, he picked up the baton from Prof. Andy Wong to become the Associate Dean for Undergraduate Studies, shouldering greater responsibilities for the school community.

As he looks forward, Dr. Ku's zeal for education shows no imminent signs of abating: "I hope to see how we may foster even more synergy among our comprehensive undergraduate programmes. I also see opportunity to grow our alumni engagement in breadth and depth and offer greater support to international students."

WATCH DR. KU'S STORY

Dr. Fred Ku

Dr. Fred Ku is the Associate Dean (Undergraduate Studies) and Director of the Integrated BBA programme at CUHK. With an expertise in business economics, he teaches courses on microeconomics, macroeconomics, managerial economics, and business statistics for EMBA, MBA, MAcc, MSc and UG programmes. As a pioneering educator, he has also produced over 10 educational videos, and developed teaching cases and an interactive classroom game for his students. Dr. Ku has led and participated in various teaching and learning projects supported by CUHK and other universities. He also provides consultancy services for the Education Bureau and Trade Industry Department of Hong Kong.

An iBanker Turns Entrepreneur to Build Better Medical Care

Former investment banker Daniel Ni (MBA 2018) has long wanted "to dream and to build" for greater social good. Seeking inspiration, he took his entrepreneurial dream to CUHK Business School, where he found his way, a sea of support and a mentor he calls his "bólè".

Daniel spent his formative years in Shenzhen during the city's meteoric rise to become a powerhouse of innovation, technology and enterprise. As the southern Chinese city shot to global prominence, Daniel was also intrigued to broaden his horizons and find his place in the world. Thus, after completing middle school, he enrolled in Japan's Waseda University and completed his Bachelor of Economics degree. Then, he headed to Beijing and took up the position of an analyst at an investment bank.

"It was a very good job that offered me invaluable experience and exposure," Daniel says. But he found something amiss. He admitted that while he enjoyed studying companies and marvelling at their products and services, he regretted not being able to take part in their creation. "My long-term plan has always been to carve out my own career and business venture. I want to create my own products and services that contribute to society."

Daniel's entrepreneurial genes soon came knocking at the door. After almost three years working for the investment bank, Daniel revisited the idea of starting up on his own business. With this in mind, he decided to take up an MBA and use those two years to explore, learn new skills and draw up his plan for a different future.

Fertile Ground for Aspiring Entrepreneurs

As Daniel searched for the right programme, he was intrigued by the entrepreneurship training, courses and platforms that CUHK's MBA offers. He saw ample opportunities for personal and entrepreneurial growth, from resources such as the Pre-incubation Centre (Pi Centre), Pan-Asia Venture Development Platform (PAVD) and Private Equity and Venture Capital Club (PEVC Club) to collaborations between the Business School and other faculties and external partners.

Embracing the opportunities, Daniel hit the ground running. For example, during the "New Venture Business Project" course, he shared the early strategies and business planning for an idea for a medical start-up that would become Cornwall Medical and received input from his classmates to refine the ideas. As president of the PEVC Club, he organised and supported numerous start-up activities to advance not only his own entrepreneurial aspirations but also those of other students. At one of the club's events, he met Dr. Samson Tam, who is a CUHK alumnus and the founder of HK INNO Angel Fund, one of the biggest angel funds in Hong Kong. After several meetings with Samson, Daniel seized the opportunity to join INNO as a part-time investment manager.

Meeting His Bólè

This experience soon led Daniel to Simon Wong, a former CUHK MBA graduate. Simon spotted Jack Ma's brilliance before he founded Alibaba and became one of the legendary entrepreneur's earliest investors. Before long, Simon also became Daniel's bólè (a connoisseur who recognises and cultivates talent in others), and later even his mentor and business partner. In 2018, they raised a seed funding of HK$60 million with other partners to found Cornwall Medical.

"Truth be told, it wasn't I who chose Daniel; he chose me," Simon says. "At the time, I invited Daniel to give this HIFU (High-Intensity Focused Ultrasound) technology a look when he had time, and he helped put together a brilliant business plan. He even offered to invest his own money into the venture. We saw the promise of this technology not only as a business but as a way to deliver better medical care for the masses and advance China's medical R&D. I admired that. I'm just happy to have identified such a talented person and to have him join the business."

Although Daniel often extols Simon's profound influence on his life and career, he admits it was a relationship that evolved over time. His relationship with Simon has always been grounded in integrity and guided by intellectual honesty: "Being intellectually honest means we objectively and honestly assess ourselves and others. We do not overestimate ourselves or underestimate others." This enables people to better appreciate and validate other's contributions. It is a mindset that Daniel learnt from Simon and continues to take to heart.

▲ *MBA alumni Daniel and Simon (left) founded Cornwall Medical with other business partners in 2018.*

Creating Social Value

> **"Diseases that harm require therapies that harm less."**
>
> — Sir William Osler

Along with the mission to improve other people's wellbeing, Cornwall Medical bases their philosophy on a quote by Sir William Osler, the "Father of Modern Medicine", who said: "Diseases that harm require therapies that harm less."

As a case in point, one of Cornwall's most transformative solutions is HIFU ablation therapy for patients suffering from uterine fibroids and adenomyosis. Traditionally, treatment of these diseases require painful surgery or even the complete removal of the uterus. Cornwall's revolutionary solution offers a non-invasive alternative treatment. "There is no need for surgery or general anaesthesia, and the patient does not bleed or scar. Best of all, it obviates the need to remove the uterus. This means that patients no longer have to fear the repercussions of therapy and can safely receive an effective, pleasant treatment experience."

Achieving a Sparky Moment

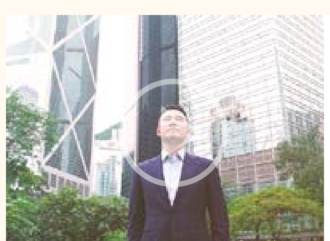
Daniel is proudest of a case involving a patient who had been suffering from adenomyosis all her life. Every month, the patient experienced excruciating labour-like pains during her period that would last for days on end. None of the previous treatments worked, and the patient turned to Cornwall and their HIFU ablation therapy for help.

The whole operation took about two hours to complete, and the procedure ablated the diseased tissue, the culprit of her lifelong misery. Daniel remembers vividly seeing the patient and her family leaving the medical centre: "They were having a party! We were so proud that our solution was able to help her. I think this was one of my sparkiest moments."

From Helping Patients to Building Better Systems

Daniel is already eyeing bigger goals. In addition to helping patients, he wants to enhance the medical system in mainland China, starting with the Greater Bay Area. "Medical resources and quality healthcare remain wanting on the mainland. Often, patients need to go to public hospitals no matter whether they are suffering from minor ailments or major diseases. The medical services are simply insufficient to meet demand."

To this end, Daniel sees potential in Cornwall's non-invasive approach in championing a "day surgery" model. The technology makes it possible for patients to undergo day surgery, leave the medical centre after the operation and free up precious medical resources. This treatment model is already mature in Hong Kong, and Daniel hopes to someday introduce Hong Kong's experiences and best practices, along with Cornwall's technology, to the Greater Bay Area to affect positive change.



WATCH DANIEL'S STORY

"To Dream and To Build; To Fail and To Succeed"

> ***"My goal is to create social value and transformative technology, products and services to improve people's lives."***
>
> — Daniel Ni

While that is on the horizon, for now, Daniel is singularly focused on developing his business. The chief financial officer remarked that starting up in Hong Kong has been the right business strategy. This is because Hong Kong's medical and insurance systems are sophisticated and well established. This offers Cornwall a lower-risk environment in which to test, validate and grow their business before leaping into the massive Greater Bay market and beyond. Cornwall's CUHK connections have afforded the fledgling start-up tremendous support from the academic and alumni communities that bolstered Cornwall's growth.

Daniel considers himself lucky to have found so many opportunities at CUHK. It was a result of the seeds he sowed with his vision, knowledge, attitude and hard work. "I live by the motto: 'To dream and to build; to fail and to succeed.' I am not afraid to take risks or to fail. My goal is to create social value and transformative technology, products and services to improve people's lives." Passing the torch of knowledge, he now serves as an alumni career advisor to inspire other MBA students on their careers and business enterprises. At CUHK and in Hong Kong, Daniel has found the right place to start and to let his entrepreneurial ambitions take flight.

Daniel Ni (MBA 2018)

Daniel is a co-founder of Cornwall Medical, a healthcare start-up that aims to commercialise innovative MedTech. Before joining Cornwall, he worked as an investment manager in a venture capital fund that focused on TMT (technology, media, and telecom) and healthcare investment. Prior to that, he was an investment banking analyst covering China market. He obtained his MBA degree from CUHK and BA in Economics from Waseda University in Japan. Daniel is well connected with start-ups, venture capitalists and financial advisors in the healthcare sector.

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CHECK OUT THE GAA PROGRAMME AND ALL OUR AMBASSADORS

CUHK Business School has an extensive alumni network of over 40,000 members worldwide, and it is always our top priority to foster a closer bond among the community.

Thanks to the unfailing support of devoted alumni who share our mission, the Global Alumni Ambassador (GAA) Programme was recently launched, with 73 ambassadors from 6 continents readily in place to promote the School's global presence and advocate on our behalf. In the next two years, they will be the "face" of the School in their locality providing on-the-ground support for alumni and visiting members.

Let's hear from some of them about their passion for life overseas, their experience with CUHK and commitment to give back as our ambassadors!

Victor Tam
(BBA 2004)
Director, AMA Data Science, Procter & Gamble

SINGAPORE

Paola Perversi
(MBA 2015)
E-Commerce Merchandise Manager, H&M

HAMBURG, GERMANY

Anthony Kwong
(BBA in PAcc 2005)
Chief Financial Officer, Gemini Rosemont

LOS ANGELES, THE UNITED STATES

	Victor Tam	Paola Perversi	Anthony Kwong
Q1. *Why did you join the Global Alumni Ambassador Programme?*	This programme is a great platform for me to reconnect with CUHK Business School after graduated for 17 years. Also, maintaining an extensive global network outside of work will help me learn continuously.	I'm thrilled to have joined the Global Alumni Ambassador Programme! I want to give back to the Business School, and share my experience with potential students. I'm also happy to become a part of a committed ambassador community and join hands with fellow alumni to keep our network alive in the world.	I strongly believe that personal network is impactful for individual growth and business success. CUHK Business School is widely-known globally and there are so many successful alumni residing and working in different countries. Via joining the Programme, I feel like I am re-attached to the School and it is my honour to help promote its greatness to people around.
Q2. *How would you describe your life in your residing location?*	Singapore is very modern with world-class infrastructure and highly digitalised public and commercial operations. It is an international city with English being the official language. We also have public holidays for different races and religions, as well as cuisines from all over the world. On the other hand, it is an orderly country with strict regulations and laws designed to maintain peace and order.	Hamburg is international, active, modern and old. It is the third largest port in Europe, also known as Germany's Gateway to the World. The city is therefore an international hub for many companies, with modern infrastructures alongside stunning historical buildings.	Los Angeles is vibrant, efficient and trendy. It is a metropolitan and diversified city with the presence of many renowned companies and brands. The city was hit by COVID-19 for quite a while and recovering really quickly now thanks to the efforts of everyone here.
Q3. *Which industry do you see strong business potential in your residing location?*	I would say data analytics and machine learning. While these industries seem to be rising in many countries, the government and institutions in Singapore are making significant investment. Universities here have developed degree programmes on business analytics and data analytics which involve machine learning. I think Singapore will become an innovation hub for identifying data science use cases, since it is much easier to engage versatile and well-trained talent here than in other markets around.	I think technology, e-commerce, automotive and cross-border trade will be developing rapidly in Germany. The start-up environment is also extremely bubbling here, especially for services to make life easier, such as groceries delivered in 10 minutes by bike.	I would say technology-related business in general. More capital is pouring in for the field and tech start-ups are booming in the country. Focus is mainly on bioscience, quality of life improvement and fintech currently. With the latest rebranding of Facebook towards Metaverse, I firmly believe that technology will play an increasingly impactful role in people's lives in the coming future.
Q4. *What is the one thing you miss the most during your study in CUHK Business School, and that you look forward to doing it again?*	I miss participating in the extracurricular activities and student societies back then. We always had a highly international mix, and that drove us to strive hard for a common ground which was relevant to all and applicable in the local context.	I miss networking with my classmates from various cultures and backgrounds. The time we spent together was so stimulating and fun! Among many, one of my fondest memories is about a sports management competition in San Diego. My group had 24 hours to prepare a case presentation for the jury. Hectic, no sleep, so much caffeine, but we ended up winning runner-up thanks to our multicultural and multidisciplinary approach.	I was the President of the CUHK Accounting Student Society during my study. Working on projects with my friends overnight in the activity room was certainly something I miss the most.

School News Highlights

JUN

CUHK Announces Five Business Sustainability Indices (BSI) to Promote Responsible Business Practices

CUHK Business School's Centre for Business Sustainability (CBS) announced on 24 June 2021 the results of the 6th Hong Kong BSI, the 2nd Greater Bay Area BSI and the 6th Hong Kong SME BSI, as well as launched the 1st Greater China BSI and the 1st Greater China Hotel BSI. CBS's unique "Values – Process – Impact" model is used in the assessment of all the five BSI. Each index company was assessed in three major areas – namely CSR Values, CSR Process and CSR Impact against seven stakeholder groups – as well as its contributions to economic, social and environmental sustainability.

JUL

CUHK Business School Recognises 50+ Committed Alumni at the MBA Elite Mentorship Programme Appreciation Dinner

On 16 July 2021, over 50 mentors, mentees and faculty members of CUHK Business School were connected physically and virtually at the MBA Elite Mentorship Programme (EMP) Appreciation Dinner. EMP offers an invaluable opportunity for full-time and second year part-time students to receive individual coaching and guidance from seasoned professionals and to apply classroom learnings to the workplace. The School leveraged on this event to express its heartfelt gratitude to all the alumni for taking time out of their packed schedule to mentor and coach its students.

AUG

CUHK Business School and JANCO Group Join Forces in Grooming Future Business Leaders

CUHK Business School and JANCO Group signed a Memorandum of Understanding to strengthen mutual cooperation and partnership for nurturing not only thought leadership, but also future talent in supply chains and logistics innovation. Under the MoU, both parties would collaborate in areas including executive education, joint research, sharing of industry insights through business forums, seminars and company visits. JANCO would also provide scholarships, business practicums, local and regional career opportunities as well as internships for students.

OCT

CUHK Business School Alumni Fly High at ACCA Examinations

Ten alumni of CUHK Business School were honoured at the ACCA Hong Kong Top Achievers Awards Presentation Ceremony on 16 October. They brought home 14 awards from the exam sessions during September 2020 and June 2021. Anastasia Wong (PACC 2020), who swept a total of three ACCA awards, shared: "The BBA in Professional Accountancy programme guided me through numerous pivotal accounting topics which substantially made my exam preparation easier, needless to mention the privileged paper exemptions that I was granted with."

OCT

CUHK Business School and Dun & Bradstreet Ink MoU to Strengthen Cooperation in Data Services

CUHK Business School and Dun & Bradstreet (HK) Ltd. established a long-term collaboration on big data analytics and data product development on 18 October 2021. Dun & Bradstreet will offer the School's faculty members complementary access to its latest data analytics platform. Further collaboration opportunities, including but not limited to joint projects in new data products' development, evaluation and promotion, will also be explored.

OCT

CUHK EMBA Ranks 19th in *Financial Times* Executive MBA Ranking 2021

CUHK EMBA nurtures top-notch management talent for keeping up with the fast-evolving economy in Hong Kong, the mainland, and beyond. In addition to ranking 19th in the *Financial Times* Executive MBA Ranking 2021, CUHK EMBA has come first among the world's top 100 EMBA programmes in the "Career Progress" category. This measure tracks changes in the alumni's seniority and the size of company they now work in, versus before their EMBA.

NOV

Hong Kong's First MSc in Actuarial Science and Insurance Analytics Programme

CUHK Business School launches a new master's programme on actuarial science and insurance analytics to nurture high calibres for Asia's growing market demand. Following the Education Syllabus by the International Actuarial Association, the one-year curriculum is tailored for fresh graduates and early-career professionals who aspire to lay a solid foundation in insurance knowledge, actuarial science, mathematics and statistics. The programme will help students develop adaptable skills for a variety of actuarial or analytical roles in insurance companies, banks, consulting and accounting firms, financial institutions, InsurTech start-ups and regulatory bodies.

NOV

CUHK Students Take Home Second Place in Cornell International Real Estate Case Competition

Six BBA in Hospitality and Real Estate students took home second place in the 13th Cornell International Real Estate Case Competition held virtually on 12 November 2021. As the only team from Asia, the students competed against eleven undergraduate teams from Canada, Sweden and the US. Each team was tasked with an intensive five-day process of analysis and presentation regarding an actual commercial real estate transaction. The teams were judged on their investment recommendations, approach to the problems, and presentation skills.

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