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**PUBLIC ADMINISTRATION AND POLICY**  
**An Asia-Pacific Journal**

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# PUBLIC ADMINISTRATION AND POLICY

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## EDITORIAL

The PAAP Journal was re-launched in 2012. In the past five years, we have published articles on various aspects of public administration and management as well as one special issue on "Health Policies" and two on "Tertiary Education". In addition to the printed version, the e-version was introduced in 2013 and was made available for readers free of charge through HKPAA and PolyU SPEED's websites. We are currently in the final stage of negotiating with an international renowned publisher to go for global open access publishing and citations tracking. It will start in the Spring Issue in 2017. We hope this will enhance the Journal's circulation and citations of our authors' articles.

In this issue, we have four articles on various topics on public administration and policy. The first article is Citizen's Charter and Implementation Failure: Performance of Local Councils in Bangladesh by Shafiqul Huque & Kamrul Ahsan. We are grateful for Prof. Huque's past and current contributions to this Journal as he was the Editor-in-Chief of the Journal when it was set up more than two decades ago. The second one is by Dr. Stephanie Lee and her team on An Evaluation of Adolescent Mental Health in a Secondary School in Beijing. Dr. Alex Chan reviews the Development of Private Hospitals in Hong Kong. Finally, Anthony Ip and Thomas Yip explore the Hong Kong Innovative Housing: An Economic Driver for 2020s.

We wish to thank all the article authors for their contributions to this issue as well as the reviewers for their constructive comments and suggestions in helping the authors to improve their articles.

**Peter K.W. Fong**  
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## Citizen's Charter and Implementation Failure: Performance of Local Councils in Bangladesh

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### Abstract

*Citizen's charters are tools of empowerment and governments of developing countries are increasingly moving towards adopting them. This article presents an analysis of the implementation of charters in local councils in Bangladesh and reveals useful insight on the challenges faced by developing countries in such initiatives. Data obtained from the field indicate that the introduction of citizen's charter in Bangladesh had minimal impact due to poor publicity campaign that resulted in low awareness among the citizens, a person-centered approach to service delivery in local councils, and apathy and lack of interest among stakeholders. A top-down approach adopted in formulating the charter further contributed to the ineffectiveness of the charter. The study also revealed that citizens found it difficult to access services and were dissatisfied with their quality. While some of the problems were attributed to the performance of public officials, implementation failures made the initiative ineffective. The paper concludes that poor implementation strategies and practices in developing countries impede empowerment of citizens and do not allow local councils to perform effectively.*

*Keywords: Citizen's charter, local councils, Bangladesh, awareness, empowerment, access*

### Introduction

The emergence of public management attracted attention to a number of values that are expected to result in improvements in the public services. Market orientation, competition, economy, efficiency, effectiveness, flexibility, accountability and transparency constitute a cluster of features that accentuated the transition from the traditional to a modern and updated approach to management in the public sector. One of the challenges in achieving these changes involved the availability of relevant information and access to the services. Without these facilities, citizens are unable to take advantage of public services. In developing countries, arrangements for making citizens aware of the availability of services and methods for access and providing them with channels to express their preferences and feedback have remained neglected. This has resulted in a negative impact on the quality and usage of public services.

In order to improve the quality of public management, the government of the People's Republic of Bangladesh introduced a "citizen's charter" at the local council level to empower the citizens and assist them with obtaining better, equitable and accountable delivery of public services. To be specific, citizen's charter specifies all necessary information about their available services to the people. This was also expected to result in improved performance of public officials and enhance trust in local government institutions (LGIs) among the citizens. Drawing upon a review of existing studies on the citizen's charter, this article explores the progress and potentials of this new initiative in two local government units in Bangladesh. The study is based on review of the relevant literature, public documents and media reports, a small scale survey, and discussions with service users in the localities. The key objective is to identify the challenges involved in implementing the citizen's charter effectively, and present insight for toward developing strategies for effective implementation of the charter at the local level in developing countries.

### Citizen's Charter

Charters have existed for a long time (James, Murphy and Reinhart, 2005, p. 2), and it became popular as democratization progressed and the expectations and rights of citizens to obtain information were recognized. In the contemporary world, however, it gained prominence with British Prime Minister John Major's initiative that expected the charter programme to find better ways of converting money into improved services (Pollitt, 1994). Soon afterwards, the number of charters proliferated in the United Kingdom, and the United Nations proposed model guidelines for designing citizen's charters. This prompted a number of initiatives in many countries to ensure the rights of clients of public services and address their demands and grievances (Drewry, 2003; Torres, 2003). Sharma and Agnihotri (2001) noted that citizen's charters have been introduced in Canada, Australia, Belgium, France, Argentina, Italy and India.

The citizen's charter informs the public about the availability of public services. It includes information on the commitment of the agency towards the public with regard to standard and time frame for providing services, scope for choice and consultation of service delivery, non-discrimination, grievance redress, and demonstrated value for money. The Charter also seeks to assure accessibility and courteous services. Generally, a citizen's charter includes the vision and mission of the agency and its operations, details on standards, quality, time frame for delivery, and redress mechanisms.

Nikos described citizen's charters as "public documents setting out standards of service to which the customers are entitled" (2000, p. 41). Some studies suggest that they represent a contract between the citizens and the state based on a new approach to their relationship and indicates a paradigm shift in service delivery. It is guided by the needs and demands of citizens, with emphasis on service quality (Nikos, 2000; Torres, 2003). The charter aims to improve public services by making administration accountable and citizen-friendly through transparency and the right to information. Public services were required to inform the public about the mandate of the agencies,

clear targets of the operations and expectations from them, methods and channels of communication with officials, and methods and mechanisms for redress of grievances.

However, the citizen's charter has also been criticized for representing an ideological overtone that is derived from a consumerist approach to public services (Nikos, 2000, p. 41). It is also argued that the charter, in practice, reflects the standards determined by providers of the services rather than citizens, thus reducing broad public discontent into a narrow perspective of customer's choice, and overemphasizes the principle of consumer sovereignty to present the political problem as an administrative crisis (McGuire, 2002, Van de Walle, et al, 2003). Therefore, Haque (1999) argues that the citizen's charter appears to have a political agenda to overcome the problem of diminishing public trust in governance, and seeks to resolve the legitimacy crisis of the state by redefining citizens as customers or consumers, and offering greater choices and options to them. The problem of effective empowerment of citizens becomes more acute in societies that are deeply divided or polarized (Haque, 2005, p. 393). In spite of reservations, the introduction of citizen's charter in Bangladesh can be viewed as an important first step toward the establishment of the rights of citizens in obtaining public services and opening up opportunities for them to participate in the process of governing. An overview of the context in which Citizen's Charter was introduced in Bangladesh will help understand the nature of challenges to be encountered in this experiment.

### **Citizen's Charter in Bangladesh**

The context of the introduction of the charter in Bangladesh is worth considering. The country does not have a particularly notable record of success in implementing reforms, and innovations and experiments for improving the quality of governance is rare. Governments in Bangladesh have remained extremely conservative in introducing reforms, and seem to have been forced by circumstances to announce reform programs. Political considerations prevented them from implementing most of the recommendations formulated by the reform bodies. Therefore, it is not surprising that the concept of citizen's charter was not considered by a political party-led government. The initiative came from an unelected and temporary caretaker government that was responsible solely for holding elections to facilitate transfer of power from one government to the next.

In order to deal with steep divisions and acute distrust between political parties, Bangladesh adopted an innovative practice of holding parliamentary elections under caretaker governments. This was done with the objective of ensuring a free and fair electoral process where the incumbent regime does not take advantage by using state power and facilities. Interim non-partisan caretaker governments take over the charge of governing the country for a period of ninety days to conduct and supervise free and fair elections. During their tenure, caretaker governments are expected to perform routine tasks of administration, and not initiate major policy initiatives.

The fourth caretaker government in Bangladesh was formed under unusual circumstances in 2007. It was backed by the armed forces and extended its tenure to remain in charge for 18 months, far beyond the mandate of ninety days. In order to compensate for its inability to return the reign of government to an elected regime, the caretaker government took upon itself, in addition to its mandated function of conducting elections, the task of several reforms to improve public governance. The Citizen's Charter for local government was one such measure introduced by the caretaker government to improve the mode of delivering quality services, and transparency and accountability at the local level. In this respect, Jamil notes that determinants of quality services include low level of cost, delivery of services on time, effective complaint mechanism, building a close ties between service producers, i.e. LGIs and consumers, i.e. citizens (2010, p. 1). It should be noted that Citizen's Charters in most countries have evolved following a participatory process with contribution from stakeholders including those who are handicapped, elderly, children and physically or mentally challenged (United Nations, 2010, p. 19). Conversely, the adoption of Citizen's Charter in Bangladesh resulted from a top-down initiative. This could have had an impact on the haphazard implementation and limited success of the initiative.

In spite of the top-down approach adopted in Bangladesh, the Citizen's Charter constitutes an important framework of local level administration and service delivery. Therefore, it is important that the charter is effectively implemented to ensure improved service delivery, poverty alleviation and an accountable and transparent public administration. It is necessary to review the strategies adopted to introduce and integrate the citizen's charter to disseminate information and empower citizens. An examination of the current state of implementation of citizen's charter at the local government level will help ascertain the extent of citizen's access to public services and the level of quality and equity in delivery of public services.

The traditional approach to governing in Bangladesh did not take into account citizen's expectation for quality services, and it was necessary to introduce changes in the way the government conducted its business. A citizen's charter was introduced for all levels of local government in 2008 with the objective of satisfying and empowering citizens in terms of improved access to services provided by the LGIs. This was probably inspired by similar developments across the world, and could be an effective tool for improving performance of local government officials and institutions in Bangladesh. Moreover, it was expected to help enhance citizen's trust and faith in LGIs. This emphasizes the need to investigate the extent to which the citizen's charter has been implemented and determine its effect on the level of satisfaction among the public.

Currently, the main task of LGIs in Bangladesh is implementing development projects, along with some tasks oriented toward providing service to the residents. These include three distinct categories of (a) providing public services, (b) information, and (c) a number of electronic and banking services. Citizen's charters are expected to make people aware of the types and level of services they can expect from LGIs. A

participatory approach to citizen's charter could also help them understand the requirement for, and outcome of resources, that are allocated to various activities. Thus, the citizen's charter is designed to meet the twin objectives of citizen's expectation and the commitment of service providers.

One of the main functions of Union Parishads (union councils) is to issue certificates to the public after registering births and deaths in the union. A survey conducted by the daily *Prothom Alo* found that citizens did not receive the certificates because they were unable to meet the Chairman or Secretary of Union Parishads even after long waiting periods. The report revealed that residents of the union were not aware of the existence of information centres, and officials were not available at their post (The Daily *Prothom Alo*, 22 March 2011). Even three years after the introduction of the citizen's charter, there was no improvement in the quality of services. The report suggested that service delivery was severely affected by corruption, delays, complexities in the process of service delivery, and inadequate number of employees (The Daily *Prothom Alo*, 8 August 2010).

A public administration sector review published by JICA revealed similar findings and reported that the citizen's charter had not resulted in improvements in service delivery after its introduction in 2008 (JICA, 2009). In spite of the existence of a charter on the types of services and timetable, residents alleged that they are not delivered on time, if at all. This article seeks to explore the issue one more time to determine if there have been any improvement in service delivery since those studies were published and also to collect views of residents on the performance of LGIs.

### Studies on Citizen's Charter

There has been a global surge of interest in citizen's charters since the 1990s and several studies are available in the context of western liberal democratic countries. Since citizen's charter pledges to deliver services through a transparent process in a timely manner and hold public servants accountable to their customers, it is logical to argue that successful implementation will improve the quality and level of customer's satisfaction. Clear, well-defined, and agreed-upon published standards for service delivery, choice and consultation with the users helps clients to obtain quality services. McEldowney (1996, p. 77) states that charter is intended to encourage quality in services. According to Pollitt, citizen's charter is the most comprehensive programme ever to raise quality, increase choice, secure better value and extend accountability (1994). McGuire describes citizen's charter as simply a quality assurance strategy that offers a type of consumer guarantee, and points out that Service Charters Programmes have incorporated a range of quality assurance techniques including setting service standards, consultative mechanisms, providing information to citizens and clients, complaints and redress mechanisms and quality awards (2001, p. 494). The basic idea is that charters set quality standards against which performance can be measured, and standards will rise as a result of the pressure that users can put on the service providers (Torres, 2006, p.159).

The citizen's charter inspires public officials to deliver services according to preset standards and it facilitates customer satisfaction. McEldowney thinks that the charter is an attempt to empower citizens through rights (1996, p. 77). The principal focus of the citizen's charter is to improve public services through courtesy and helpfulness; timely delivered service and complaint mechanism; openness and information; and choice and consultation that make users or customers of public service satisfied with the quality of the public service. Therefore, successful implementation of citizen's charter enhances the quality of services provided by the organizations concerned, which in turn leads to customer satisfaction.

There are only a few studies that report on the implementation of citizen's charter in South Asia. These studies have sought to ascertain the level of customer's satisfaction towards service quality after the introduction of the charter, explore challenges and success after its introduction, and assess the impact of citizen's charter on the quality public services.

Jamil and Dhakal (2010) examined the implementation of citizen's charter in municipalities in Nepal with reference to citizen's satisfaction and service quality. They found that citizens do not have much knowledge of the charter, and this indicates that efforts to inform the public about the charter were not effective. The study found that although officials are accessible easily or with some difficulty, citizens need to be persuaded to participate for implementing the charter effectively. They go on to report that the introduction of citizen's charter has enhanced the trust of the public in municipal government, and also confirmed the belief that these institutions are more appropriate for delivering public services than private and voluntary organizations. Therefore, the introduction of citizen's charter in Nepal has offered scope for improvement in municipal services which, in turn, has enhanced satisfaction among the public towards the quality of services provided by municipalities.

Acharay (2010) examined the implementation of citizen's charter and improving municipal services in Nepal and explored the linkages among socio-economic background, institutional performance and institutional trust. The results did not expose a significant relationship between the citizen's level of satisfaction with municipal services in Nepal and their socio-economic background. However, there was a significant correlation between institutional performance and institutional trust in determining citizen's level of satisfaction with municipal services. This study, too, argued that implementation of citizen's charter has contributed to the improvements in the quality of municipal services and the level of satisfaction among residents.

The citizen's charter has been in effect in Bangladesh for seven years, but only a handful of studies have been conducted on it. Razzaque (2012) examined the effectiveness of citizen's charter program in the Department of Immigration and Passport in Bangladesh. The study used organizational culture, and political factors and their role in the implementation of the charter and identified a number of factors that influenced its implementation. They include the mindset of implementers, lack of

competence and training of personnel, insufficient financial support, unfavorable organizational culture, uneven distribution of power, the tendency of risk avoidance among officials, lack of awareness of residents, and an absence of political will as the main impediments to successful implementation. Consequently, the study found that there was no improvement in service quality that could lead to customer satisfaction with public service quality.

Nayem (2010) analyzed the implementation of citizen's charter in an Upazila Land Office in Bangladesh. The study begins with the assumption that the introduction of citizen's charter has created an opportunity for local people to participate and identify their needs and preferences. Ideally, it was expected to enhance the extent of democratization which, in turn, would strengthen accountability to citizens. It was found that the Upazila Land Office has limited capacity to implement citizen's charter because the officials were not equipped with the training required to implement it successfully. The problem was exacerbated by two other factors: lack of access to public officials and the absence of political will to implement the citizen's charter. Other problems associated with citizen's charters identified by residents of Bangladesh include the issue of awareness, lack of involvement of the public, inadequate number of employees, corruption, and bureaucratic and political resistance.

### Implementation of Citizen's Charter in Bangladesh

Citizens of Bangladesh seek services from local institutions for various purposes, and the level of their satisfaction with the performance of these agencies can be used to determine strategies for making them effective. Previously, no information was available to indicate the types of services that were to be delivered in a given time frame by the local councils, and citizens had to approach various sources for finding them. The introduction of citizen's charter opened up avenues for getting informed on public services and their delivery. Therefore, successful implementation of citizen's charter may ensure the commitment of service provider (public officials) to the citizens, which, in turn, may contribute toward a responsive, efficient and people friendly public service.

This article is based on a survey of residents of the Katakhal Pourashava (Municipality) and Horiyan union in the district of Rajshahi in Bangladesh. Katakhal Municipality extends over an area of 24.50 square kilometers and has a population of 36,785. The union of Horiyan has a population of 28,042, and is spread over an area of 48 square kilometers. The respondents were selected from various groups such as businessmen, office employees, students, retired government officials, farmers and teachers. Their level of education varied from secondary school to postgraduate levels, and the results of this research are presented in the following sections. The comparison between an urban and rural unit is expected to help understand the differences between them in terms of awareness about citizen's charter, access to public services, experiences in using the services and, consequently, their assessment of the competence and performance of public officials. A number of factors contributed to the extremely

limited success of the citizen's charter initiative, and they are discussed below.

#### a. Low Awareness of the Charter

Most of the respondents in both the urban and rural jurisdictions had not heard of the Citizen's Charter. A small number of people who were aware of its existence did not have adequate information about it. In most of the cases, their knowledge about the charter came from other residents or from reports published in newspapers. This confirms that family, friends, and the mass media are the most significant sources for Bangladeshi people that help them become aware of the introduction of citizen's charter (Jamil, 2011, p. 182). Consequently, the information is presented with diverse connotations, and affects the understanding of the concept to such an extent that it does not allow citizens to play a meaningful role in the implementation of the charter. None of the respondents had any opportunity to participate in the preparation and implementation of the charter.

On further exploration, a number of causes contributing to the lack of awareness could be determined. They included inadequate information campaign, a person-centered approach for obtaining public services, apathy and lack of interest among stakeholders, and difficulties in accessing services.

- i. *Inadequate Information Campaign:* Although the charter was introduced in 2008, there was no systematic campaign to inform residents of the intent, scope and operation of the opportunity to obtain services even in 2014, six years after the arrangement was put into place. Nayem (2010) noted that although public service officials claimed to have undertaken wide publicity campaigns to disseminate information, the public were found to be generally ignorant of the existence of the citizen's charter (2010, p. 89). Moreover, there was no effort at the union level to inform citizens about the charter except a few cases where union councils have posted the charter in the premises of councils with a list of services available, terms and conditions, and waiting period for receiving them. This is especially true for those councils where projects intended to strengthen local governance have been initiated in association with national and international NGOs (Chowdhury, 2015, p. 191). Gomostapur Union Council in Nawabgonj district of Rajshahi division (with HELVETAS- Swiss Inter-cooperation) and Karimpur Union Council in Sunamgonj district of Sylhet division (with BRAC and The Hunger Project) are two examples to substantiate this point. It should be noted that local institutions at the municipal level display information about the nature of services that are available, the procedures and fees and charges for receiving them. Unfortunately, no effort was made to inform the citizens about the introduction of citizen's charter. Most of the citizens interviewed by Jamil for his study used a variety of municipal services, but were completely unaware about the citizen's charter (2011, p. 182). The only efforts made in this regard were aimed at informing citizens about initiatives to update the voter list through public

announcements in the locality and sending letters of request to mosques and educational institutions.

- ii. Person-Centered Approach:* Our research revealed that two types of customers visit the local institutions. One group goes to the local council, particularly the Union Council, for the purpose of receiving benefits from programs of assistance from the government such as Test Relief (TR), Food for Work Program (FWP), Vulnerable Group Fund (VGF) and Vulnerable Group Development (VGD). They approach the leaders of the council directly for their needs and receive benefits. So far, they have made no effort to find out about the other kinds of services that are offered and those they are entitled to receive. Neither the leaders of the council nor the secretary of the council, who is appointed by the government, demonstrated any interest in informing the residents of the services. This supports the observations made by Chowdhury (2015) and Baroi (2013) that government officials do not have the willingness to let citizens know about the provisions under the framework of citizen's charter and right to information aimed at empowerment. Another group of citizens visit local councils occasionally when they need certificates and testimonials of birth, death, and residency status. They, too, obtain these services by approaching the leaders directly. Therefore, a person-centred - instead of an institution-centered approach - combined with the reluctance and lack of interest in knowing about the services contribute to low awareness about the charter.
- iii. Apathy and Lack of Interest among Stakeholders:* The rate of literacy has steadily increased over the years in Bangladesh. This is expected to contribute to a higher level of awareness about the charter and its use. However, residents with post-secondary level of education, especially the younger group, leave the rural area in search of higher education and employment in urban centres. Thus, this younger and educated group of people does not visit the local councils for services on a regular basis. Elderly members of the family who remain in the area and their dependents visit the council if services are needed. Most of them are intimidated by prominent local leaders. They do not make efforts to find out about the standards and time line for delivering services, and remain content with the quality of assistance received from the council.
- iv. Top-Down Approach:* Citizen's charter was intended to be formulated with active participation of all groups of citizens, including the marginalized, and physically or mentally challenged as they have right to be part of decision that affects their lives. Public service providers are also expected to participate in the process because they are aware of the agency's strengths and limitations, and assist with determining the scope of their operation. It was found that the low level of awareness among citizens and lack of enthusiasm among service providers resulted from the exclusion of these groups in the formulation of the

charter. It is obvious that the citizen's charter was formulated and adopted by the central government without consulting the stakeholders. Chowdhury (2015, p. 166) reported that no consultation was held with citizens at the time of formulating the charter for union councils, while another study found that 98% of the respondents expressed their willingness to get involved in the development of the citizen's charter (2011, p. 183). Thus, there is a gap between pledges and practice, and most of the citizens remain unaware of their rights ensured in the charter.

#### **b. Difficulty in Accessing Service**

Information on services provided by the local council can help to ensure access. Residents at the union level had no idea about the kinds of services that they can receive. One reason could be that they never went to the union council to enquire about the kinds of services that are available under the framework of Citizen's Charter. Other residents accessed traditionally established services such as registration of birth/death and citizenship certificate as well as recently introduced e-services, which include information related to agriculture, word processing and printing, photocopying, and internet usage. In contrast, residents of the Municipality demonstrated awareness of the fact that they were entitled to better services and facilities than those offered previously, although they did not have complete information on standards and method of access. Another reason could be their lack of willingness to visit the Municipality for seeking information about the services that have been made available following the introduction of the charter. The councils displayed on their premises a list of the services available under the framework of Citizen's Charter. Unfortunately, the residents who have access to information about the type of available services, too, are dependent on the elected representatives who provide them.

It appears that, irrespective of urban and non-urban jurisdiction, citizens of both urban and non-urban areas prefer to approach a locally elected representative whenever they need information or services from the councils, probably because a direct approach to the council office bears the risk of being unsuccessful. Accessibility to public officials has a direct correlation to the socio-economic status of citizens. Public officials are easily accessible to those who are educated, and have social status and higher level of income (Razzaque, 2011, p. 68). Elected representatives act as mediators in their interaction with the institution, and these include access to basic services, improvements to local infrastructure, complaints and local dispute resolution. Another interesting finding is that interaction of the elected representative with people is more political in nature in the urban area while political identity does not matter that much in getting things done in the rural area. The process of electing representatives to the local councils may have contributed to this pattern of interaction. Local government elections were, by law, non-partisan in Bangladesh. However in practice, elections have always been influenced by political identity of the candidates. The most recent municipal elections held in December 2015 witnessed a major shift and candidates were allowed

to run with party identity. This is not a major factor in union council elections, but candidates are identified by their political affiliations in municipal elections. Municipal leaders elected through this process are more likely to be influenced by party consideration.

### c. Dissatisfaction with Service Delivery

Residents expressed satisfaction with the basic service provided by the union council which is related to the issue of birth and citizenship certificates. These are provided at nominal cost and are easily obtained. But citizens were not satisfied with other services such as selection of beneficiaries for Test Relief, Food for Work Program, Vulnerable Group Fund, Vulnerable Group Development, Old Age Allowance, Widow Allowance, and resolution of dispute through the village court. However, they stated that no task other than basic services is expected to be accomplished in the union council without offering additional money to the officials. Citizens are dissatisfied over the services provided by LGI, particularly since they have no idea about the activities. They do not know "what the institutions are doing for whom and how"; instead they know that corruption is the best method for getting things done in the local government institutions (Rahman and Karim, 2014, pp. 22-24). This is similar to the findings of a survey conducted by Transparency International Bangladesh (TIB) found that out of 47.6% households who received services from local institutions, 12.4 % received services under Social Safety Net Programs (SSNP) including Test Relief and Food for Work Program, Vulnerable Group Fund, Vulnerable Group Development, old age allowance, widow allowance. Out of 12.4 % service recipient households under SSNP, 50.4% had to pay bribe or unauthorized money, whereas 22.9% and 4% households suffered due to influence exercised by political actors and local powerholders respectively. Interestingly, women were found to be more vulnerable than men in getting access to SSNP. Women constituted only 45% out of 12.4% service receivers of SSNP. Among them, 42.7% women and 29.8% men were victims of corruption (TIB, 2012). Moreover, evidence shows that judgments of village courts can easily be manipulated by paying bribe, and this appears to be the only way for winning selection as beneficiaries of the various programmes and funds at the disposal of the union council.

The situation in the Municipality was, to some extent, different from the union. The Municipality provides more services than the union council. These services include certificates for birth and death, citizenship, award of trade licenses, vaccination campaigns, water line connection and supply, street light installation and maintenance, garbage removal, basic health care facilities, construction and reconstruction of drains and link roads. Almost all the residents expressed dissatisfaction with the services of the Municipality with the exception of the provision of birth, death, and citizenship certificates. Jamil found that citizens were satisfied with some municipal services known as "vital registrations (birth, marriage, death)" (2011, p. 190).

However, the issue can be understood by referring to the following points. First,

the quality and volume of service varies from community to community within the jurisdiction of the Municipality. Communities where relatively affluent citizens reside are given more attention than the areas where the poor reside. A respondent complained:

None of the street lights in Katakhal Bazar (an affluent area of Katakhal Municipality) appear to be switched off. On the other hand, street lights remain switched off day after day in my community due to lack of supply of lightbulbs, and a bulb is replaced only after repeated petitions and requests. There are garbage bins around Katakhal Bazar and employees of Katakhal Pourashava clean them regularly. There is no garbage collection arrangement in my community.

Secondly, citizen's contacts and acquaintance with the local leaders play an important role in obtaining services at the Municipality. Residents who do not have close ties with local leaders, particularly poor people, encounter difficulties when they visit the Municipality on business. Therefore, a person-centered approach is critical.

Thirdly, the Municipality is perceived as an institution pervaded by corruption in all areas of its operation. People are required to pay bribes when they try to obtain services from the institution. Thus, it is not surprising that 86% respondents identified municipal officials/employees as corrupt (Jamil, 2011, p. 187). At the same time, a summary of national household survey of 14 service sectors conducted by TIB indicates that out of the total number of households surveyed, 47.6% households received services from local government institutions of which 30.9% were affected by corruption and irregularities. Out of this 30.9%, 25.5% service recipient households paid bribe or unauthorized money for obtaining services (The *Prothom Alo* and The *Daily Star*, 29 December 2012). A respondent stated:

The officials work in exchange for money, people who are able to pay get things done easily. Those with no money, have no success with the officials. For example, it is the responsibility of the Pourashava to ensure water supply to all households in its area of operation and accordingly, construction of water line is an essential part of its service. Although Katakhal Pourashava is a relatively new institution, evidence shows that no initiative has been taken to establish water line in many communities including one where I live, even after making repeated applications. Interestingly, application made by residents of another community to include it under the network of water by the Pourashava was given approval quickly as a substantial amount of money was handed over to the officials in charge of this operation.

Another respondent said:

I went to the Pourashava several times with a written application containing more than 300 signatures of people for constructing a drain in my community. Along with visiting the relevant officials, I also met the Mayor of the

Pourashava, but nothing was done in this regard.

#### d. Performance of Officials

Citizens had mixed responses about the performance of public officials in commenting on their duties. Most of the residents were not satisfied with the ability of the officials to accomplish assigned tasks. In fact, the general perception was that the officials are not efficient in performing their jobs. A resident stated:

The certificates and licenses issued by the Pourashava contain many errors and inaccuracies. This is a clear evidence of their lack of capability. Therefore, citizens have to make multiple trips to the Pourashava to have them corrected. This is a waste of time for them.

In response to the question on the reasons for the inefficiency of the officials in the local council, the residents of Katakhal Municipality identified a biased appointment system and lack of training as the main causes. They pointed out that the existing system of recruitment ignores skills and capabilities obtained through education and training by the applicants, and appoints people based on connections and also through corrupt practices. Subsequently, the recruits are not oriented and trained to enhance their skills, and this affects the ability to perform on the job. It was observed that citizens not only suffer from the biased attitude of public officials, but also seldom receive services from the Municipality within the stipulated timeframe. A substantial 41 % of respondents indicated that service delivery takes "too long" and another 41% found it took is "a little longer" (Jamil, 2011, pp. 184-187). However, a small number of respondents expressed satisfaction with the capability and efficiency of the officials. One respondent said:

Officials are more efficient now than they were in the past. Earlier, officials lacked knowledge about the requirements for completing a task, and asked for help from their colleagues. Therefore, there were delays in completing the tasks assigned to them. But the situation has changed now and they can fulfill their responsibility without seeking help from other officials.

#### Implementation Challenges

Why was implementation of the Citizen's Charter ineffective in the two units, and possibly, in many more local councils in Bangladesh? We turn to the literature on implementation for explanations.

Hogwood and Gunn (1984) begin with a scenario of "perfect implementation" where there are no constraints from the external environment and a direct relationship exists between the cause of the policy and its effect. Adequate time and resources are available to implement the program through a single agency that is not dependent upon other agencies. In the context of perfect implementation, there is complete understanding of, and agreement upon, the objectives and specified tasks to be

performed by each participant. In addition, there is perfect communication among, and coordination of, various elements in the program, and those in authority can demand and obtain complete obedience.

A number of factors have been identified for the successful implementation of public policy. They include clear and consistent policy objectives (van Meter and van Horn, 1975), a sound causal theory, and a well-structured implementation process (Pressman and Wildavsky 1973). Lipsky (1971) highlighted the commitment of skillful implementing officials, and Downs (1967) emphasized support for the program in the community. A stable social and economic climate is important for optimum implementation. However, Sabatier pointed out that very few programs have clear and consistent policy objectives (1986, p. 29).

The conditions for perfect implementation are impossible to attain, and they do not exist in Bangladesh. The local councils operate under numerous constraints of financial and personnel resources and neither officials nor the public have adequate information and understanding of the use of citizen's charters. It was impossible to demand and obtain obedience from officials in remote local councils with somewhat fluid structures. A study on street level bureaucracy found that "local actors often deflect centrally-mandated programs toward their own ends" (Lipsky, 1971). The objectives of the citizen's charter in Bangladesh did not appear to be clear to stakeholders and the level of skills for implementing it was not available.

A combination of these factors reflects "implementation deficiency" in Bangladesh. Policies are subject to change and are sometimes changeable in the hands of implementers. The interaction structure is immensely complex, and outside interference - from the central government or higher levels of local government, influential citizens and interest groups, and bureaucratic and political leadership - takes place frequently. In other words, there is no mechanism for controlling the behavior of actors and coordinate their contribution to ensure successful implementation of the citizen's charter in Bangladesh.

#### Conclusions and Observations

The successful implementation of a policy depends, to a large extent, on the degree of awareness of stakeholders about it. The extent of their participation in the formulation of a policy is as important as it is in the implementation process. In Bangladesh, the context and operation of local councils are markedly different in urban and rural areas. In the former, LGIs are designated as city corporations or municipalities (Pourashava). Union councils are rural local bodies and they differ from their urban counterparts in terms of financial strength and capability. Urban local councils have the authority to impose and collect taxes, whereas rural local councils have limited authority and are largely dependent on grants and subsidies from the central government. This study reveals that the degree of difference is not as high as it was expected to be between urban and rural areas, with the caveat that Katakhal is a small

urban centre and the degree could be much higher if compared with large urban centres.

It is obvious that the level of awareness among citizens about the charter is considerably low in Bangladesh. This problem is more acute in the rural areas because citizens interacting with the councils are either not interested in, or do not have opportunities to enhance their awareness or become informed of the services available. Another reason of lack awareness can be attributed to the absence of opportunities for engagement and participation of citizens in formulation and implementation of the charter. This is consistent with United Nations view that most decisions, instead of being made by the people, is made for the people (2010, p.20). The charter has not really made a difference in the level of awareness and satisfaction among citizens and this indicates a failure in implementation.

However, a number of observations are in order about the implementation of initiatives such as a citizen's charter in developing countries. Our research, however small in scope, confirms most of the findings in other studies reviewed in this paper. It was found that the charter could not be successfully implemented due to lack of publicity, incompetence of officials, faulty plan and design, and lack of political will. The context in which the charter was introduced has changed drastically. The caretaker government is no longer in charge and was replaced by a democratically elected regime. Bangladesh has a history of interrupting or scrapping policies with a change of regime, and this may explain the lack of vigour in taking the initiative of citizen's charter forward.

Local councils at the union and municipal levels in Bangladesh are not organized in the most efficient manner. The union is usually run by one Chairman with the assistance of a Secretary. Pourashavas, too, are often understaffed because the structure of local councils has not been updated to deal with the new sets of tasks and responsibilities that came with the introduction of the charter. Union members and ward commissioners at the Municipality level are mostly engaged in other occupations and do not treat their council membership as a full-time responsibility. This allows the Chairmen to operate the local councils as a one-person operation, and residents are unable to get the service they are entitled to receive unless they develop personal linkage with them.

The experiment with the charter in Bangladesh indicates small progress in terms of the recognition of the entitlement of citizens to public services with clear indication of time, cost and a commitment to courteous service. This is a positive beginning, but the government in power has to take ownership of the process and move it forward. Policy continuation is essential in developing countries for building on initiatives by successive regimes. Frequent reforms in local government to update their structures, operations and competency in performance to fulfill the needs of the communities should be considered. In addition, the government of Bangladesh needs to improve the mode and mechanisms for communication with the localities to understand their needs better and act to respond to the voice of the citizens.

If implemented in an appropriate manner, the citizen's charter has the potential to enhance the level and quality of services to residents and make the process more accountable and transparent. Citizens will be informed of their rights and entitlements, and the problems of corruption, dependence on leaders, and avoidance of responsibilities minimized. A fresh initiative by a legitimate government and genuine political will to implement the program holds the key to the success of citizen's charter in Bangladesh.

Lessons can be drawn from the experiment with Citizen's Charter in Bangladesh that could help with successful implementation of programs in developing countries. First, programs and policies must be developed by legitimate regimes that can continue to govern under a stable political system. Second, new programs require substantial investments in terms of planning, dissemination of information, training and awareness enhancing activities, a realistic assessment of the needs of communities, and skilled workforce to implement the plans. Finally, policies and programs imitated from successful examples in other countries without considering the context will not contribute to improvements.

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## An Evaluation of Adolescent Mental Health in a Secondary School in Beijing

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### Abstract

According to the World Health Organization, there is a growing trend of mental health problems such as depression, anxiety and suicide amongst Mainland Chinese adolescents. Given a recent surge in mental health problems in China, further investigation is urgently called for. The current study was mainly aimed at obtaining severity estimates and prevalence of major mental health issues faced by adolescents. A total of 1,083 students (503 males and 580 females) from a high school in Beijing participated in the project. Descriptive statistical analyses, independent sample t-tests, and Pearson Product-moment correlations were conducted. 17.9% are screened positive for depression and are categorized as having moderate depression. A significant proportion of students are overweight (30.1%) and underweight (20.4 %). Such findings point to the need for screening and corresponding intervention at school level. School-based interventions are able to capture potentially clinical cases that otherwise go undetected, shortening the delay in treatment, which in turn improve prognosis and thus decrease the number of relapses. Follow-up actions should be implemented in order to further improve students' physical as well as psychological health.

*Key words:* Chinese policy, mental health, depression, screening, adolescents.

### Introduction

Based on data collected from a Beijing school on student physical and mental health conditions, this study deploys quantitative methods to evaluate mental health of adolescent students. It undertakes assessments of the prevalence of depressive symptoms and related factors including anxiety, body dissatisfaction, Body Mass Index (BMI), self-efficacy, and mathematics anxiety, which are particularly relevant to adolescents. Findings of this study will shed light on the prevalence of depressive symptoms in Mainland Chinese adolescents. Possible correlations with anxiety, body dissatisfaction, Body Mass Index (BMI), self-efficacy, and mathematics anxiety and self-efficacy will also be established. Recommendations for follow-up actions will be made.

## Background

According to the WHO (World Health Organization, 2010), there is a growing trend of mental health problems such as depression, anxiety and suicide amongst Mainland Chinese adolescents. Alarmingly, more than 30 million individuals under the age of 17 years had mental health problems, of which 50-70% failed to seek medical assistance. As early detection facilitates and improves prognosis, it is therefore of utmost importance to identify such cases at an early stage. In the twentieth century, the Chinese Government had begun to implement measures to address adolescent mental health problems with rigour. In 2002, Professor Zhang Houcan, a leading psychologist reported that schools with good resources had been able to design courses on mental health in the curriculum. Counselling centres in support of students who needed help have also been established. Nevertheless, she pointed out that there was great need for resources to enhance the quality of mental health education amongst teachers in all schools. To her, that was the only way to achieve quality education beyond the theoretical stage (Zhang, 2004). Adolescents who did not have sense of security, lacked communication skills and experienced failures in their learning process were more vulnerable to developing mental problems (World Health Organization, 2012). On the contrary, adolescents who were physically and mentally sound would be able to withstand pressure, solve problems and communicate well with others. In terms of guidance for teachers, educationists identify the varying needs for counselling support in the different schooling phases. The special needs for students in the 11-15 age range have been well specified. (Curriculum Materials Research Institute, 2013). Students in this age range become more independent and like to make their own decisions. Teachers are advised to respect their views but at the same time positively steer them in the right direction.

In step with the need to address mental problems identified by the WHO in 2010 and by educationists and psychologists, The Chinese Ministry of Education promulgated "Essential Instructions on Mental Health Education to Middle and Primary Schools" in 2012. It proposed that "schools should establish well-organized service system for mental health education in order to enhance mental health quality for all students" (Ministry of Education, 2012). The "Essential Instructions" contain policy deliberations in order to ensure that schools are able to design the contents and appropriate measures to implement mental health education. For junior primary schools, the contents should help students to get accustomed to the new environment and exercise self-control. For senior primary schools, the contents should help students express emotion. For junior secondary schools, the contents should enable students to understand their physical and mental health condition during puberty. For senior secondary schools, the contents should foster positive interpersonal communication and self-confidence in life. Appropriate measures include holding thematic seminars, develop individual and group counselling services which are able to make referrals when handling serious mental health cases. There should not be any attempt for these services to introduce clinical components. The "Essential Instructions" also deliberate

on the need for The Ministry to provide leadership and management support, which includes inspection and evaluation, teacher training and funding for research. The present study responds to the Ministry's decision to address mental health problems amongst adolescents, and initiated school-based mental health screenings. Schools are in a position to reach out to adolescents who may be otherwise difficult to identify in the usual medical settings. Our investigation follows guidelines provided by the National Education Science Project on "Student Health Quality Assessment Indicators System". The Project was launched in 2014 in support of the deliberations of the "Essential Instructions". Mental health education was one of the core components of the Project (Fu, 2014).

## Depression and its related factors

Depression is the leading cause of disability in the world (World Health Organization, 2010). It has also been predicted to become the second leading burden of disease worldwide, by the year 2020 (Murray & Lopez, 1996). It is the most common mental disorder, with a lifetime prevalence of 10-15% (Lépine & Briley, 2011). Depression is associated with poor psychosocial and occupational functioning, suicide, high relapse rates and often poor clinical outcomes (Stoep et al., 2003). Two-thirds of individuals who ended their lives by suicide were depressed (Henriksson et al., 1993). Depression is in fact a major risk factor contributing to suicide attempts. In other words, prevention of depression is conducive to decreasing the lifetime prevalence of suicide attempts (Bernal et al., 2007). A striking 65% of adolescents reported experiencing depressive symptoms (Lewinsohn et al., 1993). It has been reported that around 1.3% of Hong Kong Chinese adolescents had depression (Leung et al., 2008). Promising results have been reported in relation to school-based interventions on depression (Garber et al., 2009) Intervention programmes significantly decreased depressive symptoms, incidence of depression and relapse rates (Shochet, 2001). Since early intervention of depression in adolescents is associated with reduced risk of recurrence in adulthood (Harrington et al., 1998), screenings should be conducted in order to decrease disability and burden of disease. One added complication of depression is its high comorbidity, making the condition even more difficult to treat.

Individuals with depression have been reported to have other mental health concerns such as anxiety (Cummings, Caporino, & Kendall, 2014), body dissatisfaction (Goldfield et al., 2010) low self-efficacy (Muris, 2002) and academic problems (Coelho, Martins, & Barros, 2002). Such problems are particularly relevant to adolescents and thus will be the focus of the current study.

Body dissatisfaction is commonly experienced in adolescents, particularly in girls undergoing puberty. Adolescents are under the constant bombardment of thinness ideal messages from the media, peers and family. Research findings indicated that such socio-cultural pressures to be thin are associated with dieting behaviors and body image distortions (Blowers et al., 2003), which may ultimately damage physical as well as mental health. A gender difference has consistently been found in the literature

regarding body dissatisfaction and eating disorders, with a higher prevalence in females than in males (Striegel-moore et al., 2009). Children as young as 7 to 9 years of age have been reported to be experiencing body dissatisfaction and engaging in dieting behaviors. Such experience and dieting may negatively affect mental well-being and stunt growth (Maloney et al., 1989). Compared to females of other ages, adolescent girls are most prone to body dissatisfaction and eating disorders as they go through puberty. This is the time when adolescent girls experience an increase in adipose tissues (Ferreiroa, Seoaneb & Senraa, 2014). A bi-directional relationship between body dissatisfaction and depression has been found (Presnell et al., 2009), suggesting an intricate underlying mechanism.

Anxiety is another psychological correlate that is highly comorbid with depression. Anxiety disorders are ranked closely behind depression in terms of cause of disability. Among the top utilizers in primary care settings, 24% and 22% were diagnosed with depression and anxiety disorder respectively (Katon et al., 1990). Around 50% of depression patients have been diagnosed with anxiety disorder at the same time (Hirschfeld, 2001). Such comorbidity is problematic, as it worsens prognosis, slows recovery, and increases the number of relapses. In school settings, anxiety may be brought about by pressures to achieve or perform. In particular, anxiety towards mathematics has been commonly observed. Some students would use all means to avoid performing mathematical calculations (Ashcraft, 2002). However, avoidance will only lead to less practice and consequently poorer performance. In higher education, students with mathematics anxiety feel more negatively towards mathematics courses and hence avoid such courses. Avoidance may limit competence in mathematics and career choices. Mathematics anxiety has been found to be associated with low self-efficacy (Wei, 1996), which is cognitive in nature, i.e. it is a perceived inability to achieve, irrespective of actual performance. Studies have reported a statistically insignificant gender difference in students' mathematical performance. However, females and males differed in their level of self-efficacy on mathematics, leading to an underrepresentation of females in mathematics-related disciplines. Thus, self-efficacy, i.e. a student's confidence or perceived ability in reaching goals or coping with difficulties is of paramount importance to academic performance (Bandura, 1977; Bandura, 1997; Hackett and Betz, 1989). Interventions should therefore adjust maladaptive or inaccurate cognitive thoughts, leading to corresponding changes in behavior.

Unlike physical or behavioural disorders with observable signs or symptoms which are more easily detected by teachers, parents or carers, the symptoms of mental disorders are often more subtle and cognitive in nature. Self-report screenings are able to overcome these drawbacks and minimize social desirability issues pertinent to face-to-face interviews (Malone et al., 1995). The attractiveness of mental health screenings lies in its ability to identify sub-clinical cases. The sooner such cases receive professional assistance and treatment, the better the clinical outcome will be, leading to corresponding decreases in burden of disease, morbidity and mortality.

Since around 50% of high school drop-out cases are due to mental disturbances (Stoep et al., 2003), school-based screenings and interventions are strongly justified. However, despite various efforts to design and implement school-based mental health interventions in the West, there is a paucity of research on mental health screenings and follow-up programmes in Mainland China. Given a recent surge in mental health problems in China, further investigation is urgently called for. The current study was mainly aimed at obtaining severity estimates and prevalence of major mental health issues faced by adolescents. Recommendations for corresponding follow-up actions for screening and intervention will be made.

### Objectives

The aims of this study are:

- To evaluate student health and fitness with a view to assessing how many adolescents are underweight, overweight and obese;
- To obtain prevalence rates and severity estimates of mental health measures;
- To provide findings and make recommendations in support of The Ministry of Education's strategic plan to promote physical and mental health education in schools.

### Method

#### Participants

Convenience sampling was employed. A total of 1,083 students (503 males and 580 females) from a high school in Beijing participated in the project. Participants were from Forms 1, 2, 4 and 5, equivalent to Grades 7, 8, 10 and 11 in the West.

#### Data from school

Academic records (mathematics) were provided by the school. Physiological and anthropometric data including height, weight, blood pressure, pulse rate, pulse oximetry, vital capacity, visual acuity, and fitness (grip test) were collected. Body Mass Index (BMI) was calculated by dividing weight in kilograms by height in meters squared.

#### Survey

##### *Procedures*

The survey took place during the period of March 1-14, 2015. Parental and student informed consent were obtained. The questionnaire was administered to students by researchers during class time. Standardized instructions were read aloud to students, assuring them that their data would be kept strictly confidential and anonymous, and that data obtained would be analyzed collectively, i.e. individual students would not be

identified. Students were asked to answer all questions, but they were allowed to withdraw participation whenever they felt any discomfort or distress, which was not anticipated. The survey took around 45 minutes to complete. Questionnaires were collected by the researchers, put into opaque envelopes, sealed and signed in front of students. The response rate was 81%.

### Measures

This study focused on the two main public health concerns for adolescents, which are depression and anxiety. Both are common psychiatric illnesses and are major public health problems in many countries, damaging the affected individual's health, well-being, and quality of life. In addition, relevant correlates important to adolescents were investigated, including body dissatisfaction, self-efficacy and mathematics anxiety.

### Demographics

Background information including gender, date of birth, age, height, weight and waist circumference was collected. Date of birth, grade and class were used to generate a unique serial number in order to link up survey data with physiological data, including measured anthropometric data. Self-report height and weight data were used as a backup.

### Depression

Depressive symptoms were measured using the Patient Health Questionnaire-9 (PHQ-9), which is a valid and reliable scale designed to screen for Major Depressive Disorder (Richardson et al., 2010). It also possesses high specificity and sensitivity (Kroenke et al., 2001). PHQ-9's brevity and close mapping with the Diagnostic and Statistical Manual of Depressive Disorders (DSM-IV) have contributed to its popularity. The scale consists of 9 items on the frequency of depressive symptoms experienced, on a 4-point scale, with scores ranging from 0 (not at all) to 3 (nearly every day).

### Anxiety

Trait-anxiety was measured using the trait subscale of Spielberger State-Trait Anxiety Inventory (STAI-T; Spielberger, Gorsuch, & Lushene, 1970). It is a widely adopted scale containing 20 general anxiety items on a 4-point scale, with scores ranging from 1 (almost never) to 4 (almost always.). Norm data suggested an average score of 34.89.

### Body Dissatisfaction

Body dissatisfaction was assessed using the Figure Rating Scale (FRS; Stunkard, Sorensen, & Schulsinger, 1983). It features 9 body silhouettes with a corresponding ordinal scale, with ratings ranging from 1 to 7. Subjects were asked to choose the silhouette that corresponds to their current and ideal body shapes respectively. The difference between the two ratings indicates the level of body dissatisfaction.

### Mathematics Anxiety

The level of mathematics anxiety was assessed using Mathematics Anxiety Scale for Children (MASC; Chiu & Henry, 1990), on a 4-point scale, with scores ranging from 1 (no anxiety) to 4 (high anxious). It is a valid and reliable scale suitable to be administered to youngsters.

### Self-efficacy

Self-efficacy was measured using the General Self-efficacy Scale (GSES; Schwarzer & Jerusalem, 1995; Zhang & Schwarzer, 1995). It is a 10-item scale on perceived self-efficacy, rated on a 5-point scale, with scores ranging from 1 (not at all true) to 4 (exactly true). Total scores range from 10 to 40. It has been shown to possess high validity and reliability.

### Statistical Analysis

Statistical Package for the Social Sciences (SPSS) software was used for statistical analyses. Descriptive statistical analyses, independent sample t-tests, and Pearson Product-moment correlations were conducted.

## Results

### BMI (Body Mass Index)

Table 1: BMI classification for Asians (World Health Organization, 2000)

BMI Classification					
Classification	Underweight	Normal range	Overweight		
			Pre-obese	Obese I	Obese II
BMI (kg/m <sup>2</sup> )	Below 18.5	18.5 - 22.9	23 - 24.9	25 - 29.9	30 or above

Figure 1: Distribution of BMI groupings

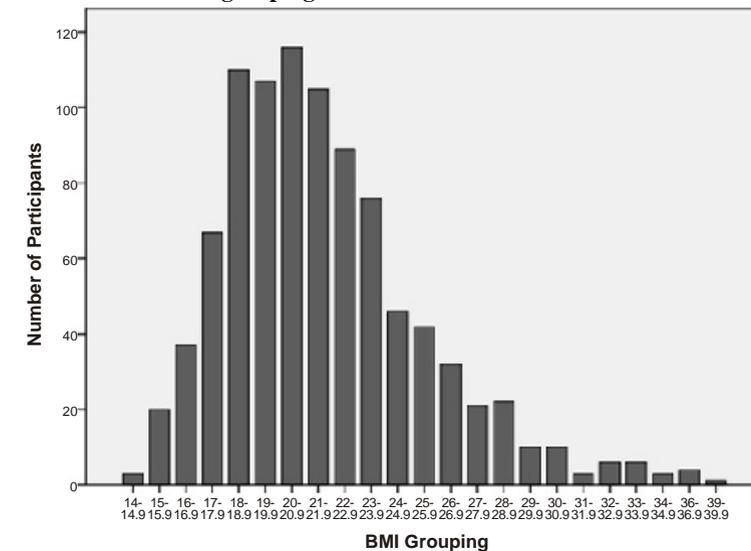


Figure 2: BMI classifications by gender

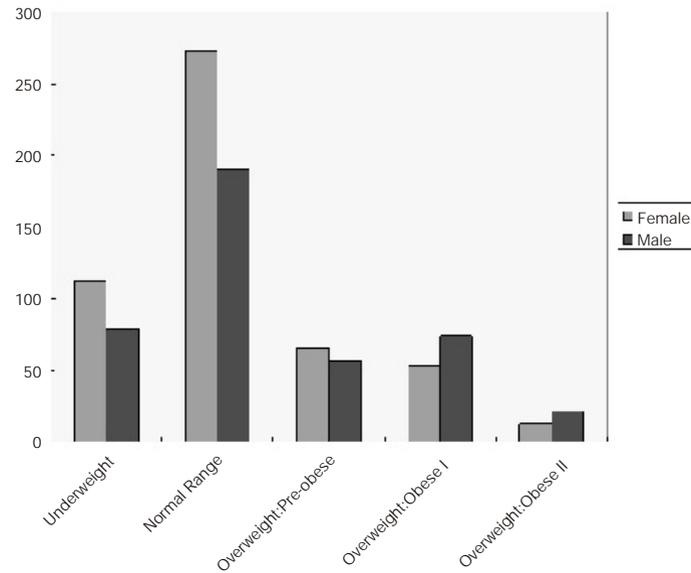
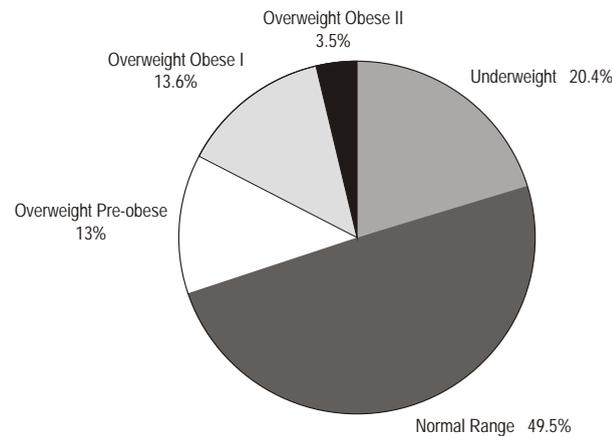


Figure 3: BMI classifications in percentages



The above pie chart indicates that 30.1% and 20.4 % of students are overweight and underweight respectively.

**Body Dissatisfaction**

The average body dissatisfaction for the overall sample is 0.56 (S.D. = 1.1). For male adolescents, the average body dissatisfaction score is 0.26 (S.D. = 1.1) while average body dissatisfaction score for females is 0.82 (S.D. = 1.24).

Independent samples t-test reveals that the average body dissatisfaction score in females is significantly higher than that in males ( $t = -0.56, p < 0.01$ ).

**Mathematics Anxiety**

The average mathematics anxiety score for the overall sample is 36.01 (S.D. = 13.15), with a male average of 34.1 (S.D. = 13.19) and a female average of 37.64 (S.D. = 12.62).

Independent samples t-test reveals that average mathematics anxiety level for females is significantly higher than that for males ( $t = -3.77, p < 0.01$ ).

Correlation analysis reveals that mathematics anxiety is negatively correlated ( $r = -0.159, p < 0.01$ ) with mathematics performance in the overall sample.

Both male and female samples have similar correlation patterns between mathematics performance and anxiety, with a higher coefficient ( $r = -0.23, p < 0.01$ ) in males compared to females ( $r = -0.13, p < 0.01$ ).

**Trait Anxiety**

The average trait anxiety score for the overall sample is 42.49 (S.D. = 9.26), with a male average of 42.32 (S.D. = 9.82) and a female average of 42.47 (S.D. = 8.76).

Independent samples t-test reveals that there are no gender differences ( $t = -0.02, p > 0.05$ ) in average trait anxiety score.

**Depression**

The average depression score for the overall sample is 6.12 (S.D. = 6.65), with a male average of 6.21 (S.D. = 6.02) and a female average of 6.01 (S.D. = 5.28). 154 students (17.9%; 20% in girls and 17.2% in boys) are screened positive for depression (PHQ-9 score of 10 or above; Manea, Gilbody & Mcmillan, 2012) and are categorized as having moderate depression.

Independent samples t-test reveals that there are no gender differences ( $t = 0.47, p > 0.05$ ) in average depression score.

**Self-efficacy**

The average self-efficacy score for the overall sample is 26.82 (S.D. = 6.92), with a male average of 28.19 (S.D. = 7.49) and a female average of 25.82 (S.D. = 6.25).

Independent samples t-test reveals that average self-efficacy score for males is significantly higher than that for females ( $t = 4.67, p < 0.01$ ).

**Correlations among variables**

Correlation analysis indicates that, in the overall sample, body dissatisfaction is positively correlated with BMI ( $r = 0.62, p < 0.01$ ), depression ( $r = 0.079, p < 0.05$ ), and trait anxiety ( $r = 0.10, p < 0.01$ ).

In males, body dissatisfaction is positively correlated with BMI ( $r = 0.66, p < 0.01$ ) only. In females, body dissatisfaction is positively correlated with BMI ( $r = 0.70, p < 0.01$ ), depression ( $r = 0.14, p < 0.01$ ) and trait anxiety ( $r = 0.16, p < 0.01$ ).

Self-efficacy is negatively correlated with trait anxiety ( $r = -0.38, p < 0.01$ ) and mathematics anxiety ( $r = -0.18, p < 0.01$ ). No gender differences are found.

### Discussion and Conclusion

Average trait anxiety and depressive symptom levels are mild. However, 17.9% are screened positive for depression (PHQ-9 score of 10 or above; Manea, Gilbody & Mcmillan, 2012). They are categorized as having moderate depression. A significant proportion of students are overweight (30.1%) and underweight (20.4 %). As expected, body dissatisfaction is significantly higher in female students compared to their male counterparts. In males, body dissatisfaction is positively correlated with Body Mass Index (BMI). On the other hand, in females, body dissatisfaction is also positively correlated with trait anxiety and depressive symptoms, in addition to BMI. Self-efficacy is of moderate level, with higher scores in boys relative to girls. It is positively correlated with body dissatisfaction, and negatively correlated with trait anxiety and mathematics anxiety.

### Recommendations for Follow-up Actions

Such findings point to the need for screening and corresponding intervention at school level. School-based interventions are able to capture potentially clinical cases that otherwise go undetected. They shorten the delay in treatment, which in turn improve prognosis and decrease the number of relapses. Previous school-based mental health screenings have detected a significant proportion of adolescents screened positive for depression in particular. The current study findings on prevalence rate are comparable to those in the West. They do not conform to the notion that the Chinese population is traditionally conceptualized as having a tendency to somatize depressive symptoms (Kleinman, 2004). This discrepancy warrants further investigation.

#### Depression

As a significant proportion of suicidal individuals exhibits depressive symptoms, it is of utmost importance that such cases be subjected to diagnostic interviews by trained mental health professionals. A system should be in place to ensure that such individuals be linked up with medical and social services for continual follow-up.

#### Problems that are comorbid with depression

Another complication of depression lies in its comorbidity. It goes hand-in-hand with other mental disorders or symptoms such as anxiety and eating disorders. Again, the current findings support this phenomenon, that is, a significant proportion of students exhibited trait anxiety and body dissatisfaction. As a matter of fact, inter-

correlations are found among these variables. In particular, research findings have pointed to a bi-directional relationship between depression and body dissatisfaction (Presnell et al, 2009). The current findings also indicate a gender difference in the mechanism behind body dissatisfaction. For boys, body dissatisfaction may stem mainly from high BMI, which is a physical measure.

However, for girls, the main predictors of body dissatisfaction seem to be cognitively-based, giving rise to anxiety and depressed mood. Hence, gender-differential interventions must be implemented for optimal results. An integrated approach should be adopted for school-based screenings. It should target various mental health disorders that are prevalent and debilitating for adolescents. They are depression, anxiety, eating disorders and psychotic disorders. Physical health screenings should also be implemented in order to shed light on the student's overall well-being and corresponding support/intervention.

#### Self-efficacy

Another useful finding relates to students' academic performance and self-efficacy. Numerous studies have attested to the positive effect of interventions targeted to increase self-efficacy in students (Mann, Smith & Kristjansson, 2015; Sewell & St George, 2000). Increased self-efficacy has been found to be associated with several positive outcomes. They include increased academic performance, decreased mathematics anxiety, fewer behavioral problems and high-risk behaviours. As indicated in this study, increased self-efficacy may also contribute to a decrease in body dissatisfaction. Thus, the benefits of increasing self-efficacy are multifold. Self-efficacy interventions can be implemented at student or teacher level.

Student-level interventions involve teaching students ways to increase self-efficacy. Through teaching and indirectly through modeling and cooperative training, problem-solving skills and learning strategies can be enhanced (Margolis & McCabe, 2006). Student self-efficacy can also be increased indirectly through training teachers the relevant techniques and strategies to enhance self-efficacy in students (Siegle & McCoach, 2007). Minor changes to teachers' instructional style may lead to considerable increases in students' self-efficacy. Teachers can be trained through intensive workshops on pedagogies that give rise to increased self-efficacy. These pedagogies include (1) praising students on effort and progress, (2) giving frequent and specific feedback, (3) emphasizing recent successes, (4) empowering students through small successes/breaking down the task into small steps (5) decreasing feelings of inferiority and competition through jigsaw group work or buddy system, (6) encouraging adoption of learning-oriented as opposed to performance-oriented goals and (7) designing class activities that enables enactive learning.

Follow-up actions should be implemented in order to further improve students' physical as well as psychological health. Conclusions drawn will have public health implications and shed light on the need for early intervention as well as prevention

measures. Above all, in-depth findings based on nation-wide data will contribute to establishing a national Health Quality Assessment Indicators as stipulated by The Ministry of Education. Achieving the objectives set by The Ministry to foster physical and mental health education will be recognized as a milestone and best-practice model in public health management.

### Limitations and Future Research

Owing to limitation in respect of scope of research and sample size, this study should be considered to be a pilot project. Results obtained did inform future directions on intervention. Since the data were obtained from a prestigious school, results may not be generalizable to the whole population or other Chinese communities. In the final analysis, comprehensive studies of the mental health of students should be supported by counselling, guidance and relevant services. As this study is cross-sectional in design, causality claims cannot be established. However, the main purpose of this study is to provide preliminary findings, specifically the prevalence of adolescent health problems in Mainland China. Other factors related to depression such as social support from parents, peers and family, may be further explored in future studies. Prevention is as equally important as intervention. However, it is beyond the scope of this investigation. For future research, the current study should be replicated in other schools in Beijing longitudinally, in order to lend support to the generalizability and robustness of findings. School-based interventions should be carefully designed and implemented. Randomized-controlled trials should be adopted in order to accurately assess intervention effectiveness.

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## Development of Private Hospitals in Hong Kong: An Institutional Explanation

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### Abstract

*The development of private hospitals in Hong Kong has been sluggish. There has been no new private hospital for more than two decades. Despite complaints from private hospitals concerning unfair competition from the Hospital Authority, the sluggish development began at least a decade before the Hospital Authority was established. This paper argues that this phenomenon can be traced to three problems, including the lack of transparency and standardization of fee-charging, the variability of the quality of healthcare service, and the management problems related to corporate governance. However, these problems of private hospitals need to be further traced to the institutional environment that they are facing, characterized by government regulation which is minimal, and the fiercest resistance of the medical profession to any proposal of healthcare reform which appears to infringe its professional autonomy. The problems of private hospitals are a result of their adaptation to specific institutional environment. The case of the development of private hospitals in Hong Kong has broader theoretical implications for the study of institutional continuity and change. This paper argues that the sluggish development is a result of path dependence due to the coordination effect.*

*Keywords: private hospitals; institutions; path dependence; coordination effect*

### Introduction

The Hong Kong government proposed the Voluntary Health Insurance Scheme in order to alleviate the healthcare financing burden on tax. The viability of the Scheme depends on whether the capacity of private hospitals will increase significantly in order to meet the projected increase of demand after the implementation of the scheme. To gauge the future development of private hospitals, this paper reviews the development of private hospitals. Overall, the development of private hospitals can be described as sluggish. This paper offers an institutional explanation for this phenomenon. In particular, I argue that the sluggish development of private hospitals in Hong Kong is a typical case of path dependence due to the coordination effect. The case of the development of private hospitals in Hong Kong has broader theoretical implications that deserve attention from scholars who are interested in the study of institutional

continuity and change.

In the first part of this paper, I describe the sluggish development of private hospitals. In the second part, I trace the sluggish development to three problems of private hospitals of fee-charging, services and management. In the third part, I argue that the private sector faces a typical collective action dilemma characterized by the free-riding problem. While each private hospital may have incentive to overcome these problems of fee-charging, service and management, no hospital will take the initiative because of the expectation of punishment by the free-riding behaviour of other hospitals. The consequence is a tendency of the private healthcare sector towards inertia. In the last part, I offer a path-dependent explanation of the sluggish development of private hospitals in Hong Kong through highlighting the coordination effect. Actors adapt their strategies to a specific institutional environment in ways that reflect but also reinforce the tendency towards inertia. Exit becomes difficult without exogenous inputs.

### Sluggish Development of Private Hospitals

The Hong Kong SAR Government proposed the Voluntary Health Insurance Scheme (自願醫保計劃) in 2014 (Food and Health Bureau, 2014). It was a response to a projected increase in healthcare expenditure in the coming decades. In the face of an ageing population and other related problems, the government expected an increase of demand for services from public hospitals. The purpose of the Voluntary Health Insurance Scheme was to facilitate a greater use of private healthcare services as an alternative to public services through enhancing the quality of health insurance in the market, so as to better enable the public sector to focus on providing services in its target areas. The proposal made clear that the implementation of the Scheme may require an increase of around 9% - 30% in capacity for private healthcare services over the next 10 years, and possibly up to 50% by 2036 (Food and Health Bureau, 2010, p. 36). So, the viability of the Scheme depends on the future development of private hospitals in Hong Kong.

There has been no new private hospital in Hong Kong for more than two decades. At present, there are 11 private hospitals. The latest was the Union Hospital founded in 1994. The second to latest was Hong Kong Adventist Hospital established in 1971. In other words, looking back from 2016, there is only one new private hospital in almost half a century.

**Table 1: List of private hospitals in Hong Kong**

Name of hospital	Year of establishment	Location
1. St. Paul's Hospital	1898	Hong Kong
2. Hong Kong Sanatorium & Hospital	1926	Hong Kong
3. Canossa Hospital (Caritas)	1929	Hong Kong
4. Precious Blood Hospital (Caritas)	1937	Kowloon
5. St. Teresa's Hospital	1940	Kowloon
6. Matilda International Hospital	1951	Hong Kong
7. HK Baptist Hospital	1963	Kowloon
8. Tsuen Wan Adventist Hospital	1964	New Territories
9. Evangel Hospital	1965	Kowloon
10. HK Adventist Hospital	1971	Hong Kong
11. Union Hospital	1994	New Territories

In terms of the number of beds, private hospitals provided 2,794 beds in 2004 (Table 3). Compared to the figure of 2,793 in 1988 (Table 2), private hospitals had almost literally no increase in capacity in 16 years. There appeared to be quite substantial increase in the number of beds since 2005. The figure in 2010 was 3,946. But the increase in the number of beds provided by private hospitals was apparently a response to the demand of pregnant mainland women. Moreover, the increase stopped in 2012, probably in response to the call for a stop by CY Leung, Chief Executive designate of pregnant mainland women giving birth in Hong Kong (Ming Pao 2012).

The viability of the Voluntary Health Insurance Scheme proposed in 2010 requires an increase of at least 9% in capacity for private healthcare services in 10 years. But the number of beds provided by private hospitals was 3,906 in 2014, indicating a decrease from 3,946 in 2010. However, the fundamental constraint to the capacity for private healthcare services lies in the number of private hospitals, not the number of beds. With no new private hospital, it would be difficult to imagine a significant increase in the number of beds because of the constraint of space. The dismal implication is that the Voluntary Health Insurance Scheme is likely to fail.

**Table 2: Number of hospital beds, 1955-1988**

Year	Government hospital	Subvented hospital	Private hospital	Total
1955	1,971	1,817	1,008	4,880
1960	2,432	3,771	1,108	8,090
1979	9,445	8,630	2,531	20,606
1980	9,684	8,585	2,537	20,806
1981	10,281	8,755	2,550	21,586
1982	10,743	9,222	2,725	22,690
1983	10,881	9,336	2,718	22,935
1984	11,759	9,578	2,736	24,073
1985	12,288	9,622	2,728	24,638
1986	12,285	9,601	2,664	24,550
1987	12,631	9,540	2,725	24,896
1988	12,687	9,577	2,793	25,057

Source: Director of Medical and Health Services, Annual Department Reports

**Table 3: Number of hospital beds, 2001-2014**

Year	Public hospital	Private hospital	Total
2001	29,243	2,903	32,146
2002	29,505	2,853	32,358
2003	29,539	2,902	32,441
2004	28,410	2,794	31,204
2005	27,765	3,038	30,803
2006	27,755	3,122	30,877
2007	27,748	3,438	31,186
2008	27,229	3,712	30,941
2009	26,872	3,818	30,690
2010	26,981	3,946	30,927
2011	27,041	4,098	31,139
2012	27,153	4,033	31,186
2013	27,400	3,882	31,282
2014	27,631	3,906	31,537

Source: Hong Kong Annual Digest of Statistics, 2012-2015

This paper tries to analyze the development of private hospitals. The primary focus is on the number of private hospitals. As mentioned above, there has been no new private hospital in Hong Kong for more than two decades. Also, there is only one new private hospital in almost half a century. The development of private hospitals has been sluggish. Even when we shift our attention to private hospital service, which is defined in terms of the number of hospital beds, the development has been unsteady, and the future development uncertain.

What explains the sluggish development of private hospitals in Hong Kong? Private hospitals often complain about unfair competition from the Hospital Authority. Healthcare services provided by the Hospital Authority through public hospitals are heavily subsidized by the government. The fee for accident and emergency (A&E) service is \$100 per attendance. But the cost is \$700. Every patient admitted to public hospital for in-patient service related to general acute beds will be charged \$100 per day. But the cost is \$3,290. In other words, the subsidization rate for both A&E services and in-patient services offered by public hospitals are 85.7% and 97% respectively (Information Service Department, 2011). In contrast, private hospitals do not receive any government subsidies. Therefore, the complaint from private hospitals is that they have been subject to unfair competition from public hospitals. Indeed, the market environment of private hospitals deteriorated in the 1990s after the Hospital Authority was founded in the 1990s. The market share of private hospitals shrank from 15% in 1991 to 7% in 1998 (South China Morning Post, 1998).

However, this complaint about unfair competition is misplaced. It can be established if the quality of service from public and private hospitals is comparable. But if the quality of service offered by public hospitals is poor, their cost advantage will be less significant. And the poorer the quality of service compared to private hospitals, the less significant will be the cost advantage. In this light, one should note that the quality of service from public hospitals was poor up to the 1980s. It was only in the 1990s after the Hospital Authority was formed that the quality of service improved dramatically (Leong, 1996).

Therefore, if the complaint of unfair competition is valid, the sluggish development of private hospitals should begin in the 1990s after the Hospital Authority was founded in 1990. However, there had been no new private hospital in the 1980s. Also, if one checks the number of beds offered by private hospitals in Table 2, the increase in the 1980s had begun to slow down. But during the same period, the increase of the number of beds offered by public hospitals, including government hospitals and subvented hospitals, was much more significant. In other words, the development of private hospitals became sluggish as early as in the 1980s. Even without the unfair competition from the Hospital Authority, the development of private hospitals had become sluggish. It is obviously insufficient to trace the challenge of private hospitals to the competition from the Hospital Authority.

## **Problems of private hospitals**

I argue that the sluggish development of private hospitals can be traced to three problems, including the lack of transparency and standardization of fee-charging, the variability of the quality of healthcare service, and the management problems related to corporate governance.

### **Fee-charging**

Regarding the problem of fee-charging, patients and their families often complain about the lack of standardization and transparency. The lack of standardization of fee-charging refers to the fact that patients and their families often do not know the charge until they are requested to settle the bill. The problem about transparency refers to the fact that they often do not know the charge in advance. According to a news report in 2014, the Department of Health received 43 complaints related to private hospitals. Among them, 35% were about fee-charging for services. During the same period, the Consumer Council also received 115 complaints about private hospitals, more than 60% of which were related to the lack of standardization of fee-charging. In one case, a patient complained that he was informed of the listed price for service at \$10,000, but was charged \$20,000 when he was discharged (Ming Pao, 2014).

The problem of the lack of standardization and transparency of fee-charging can be traced to the fact that the medical bill has two components. While one component is the charge for the use of facilities, the other component is the charge for services, including diagnosis and treatment, and the use of drugs. While the use of facilities can be determined in advance, the use of services and drugs cannot. From the medical point of view, every case concerning the illness of a patient is unique. Therefore, the complaint about the lack of standardization and transparency of fee-charging is ultimately a complaint about the doctor failing to communicate with patients about the matter of fee-charging.

The sluggish development of private hospitals has given rise to the problem of public-private imbalance in hospital care. David Fang, the former Director of St Paul Hospital, argued that the 'public-private imbalance is partly a result of the lack of transparency of private professional and hospital charges in HK' (Fang, 2006, p. 204). Leong Chi-hung, the former Legislative Councillor representing the medical sector, also opined that the government does not treat the Hospital Authority in any particularly favourable manner. The increase of funding through the 1990s was only on a par with the increase of government revenue because of the vibrant economy during the decade (Leong, 1996, pp. 10-12). There is no reason why the vibrant economy of the 1990s would not benefit the private hospitals at the same time. If the private hospitals had difficulty competing against the Hospital Authority, the problem about fee-charging is more likely to be the culprit.

**Services**

Another problem of the private hospitals is about the services they provide. Documentation and record-keeping about the illness of every patient is basic. This requirement of proper handling of medical records is also listed in a detailed manner in the Code of Professional Conduct of the Medical Council of Hong Kong. But the performance of private hospitals has not been satisfactory. In 2004, the Hong Kong Private Hospitals Association issued a joint statement by its members who represented all private hospitals of Hong Kong. The statement repeated the requirement to private doctors regarding the handling of medical records. Most important of all, the statement made clear that private doctors who did not fulfil the requirement would not be allowed to continue to receive cases from private hospitals.

The poor handling of medical records by private hospitals is related to the inordinately high ratio of visiting doctors. David Fang, the former Director of St Paul Hospital, admitted in an interview that his hospital once had 12 regular doctors and 1,000 visiting doctors (Hong Kong Economic Journal, 2007). The ratio of visiting doctors was exceedingly high. Obviously, the management of visiting doctors can be a challenge, including the effort to ensure that visiting doctors handle medical records properly.

Another problem about the service of hospital care is the dearth of outcome measures, such as complication rates, disease-specific mortality rates by hospitals and functional states of patients after treatment. To this extent, one has no evidence to judge the effectiveness of the medical treatment given. The Hospital Authority has made efforts to develop a more systematic collection of such data for the service of public hospitals.

Moreover, the quality of service of private hospitals is not a concern when the government renews their registration every year. At present, all private hospitals are required to go through the registration process before they have the legal status to provide medical services to patients. This requirement about registration comes from the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165). The Department of Health is in charge of the registration procedure. Also, all private hospitals have to renew their applications every year. They are required to fill out a questionnaire to report their operation in the previous year. This questionnaire is designed according to the Guide to Hospital Standards endorsed by the Medical Department Advisory Committee in 1990. But the Guide covers hardware issues mainly, such as facilities, equipment and the number of staff. It does not set any requirement about the standards of service, such as the complication rates and disease-specific mortality rates that are mentioned in the above paragraph.

Another aspect about services is patients' satisfaction. But private hospitals rarely conduct surveys on this issue. According to the Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes (Cap. 165 CoP), all private hospitals should

establish proper mechanisms to deal with complaints from patients. They also have to report to the Department of Health about the number of complaints, the details of the content and the results of investigation. However, this Cap. 165 CoP, unlike Cap. 165, has no legal status. So, the Department of Health has no legal power to enforce any rule or punish any hospital. Of course, it can investigate the complaint if it does receive information about the complaints. It can also request private hospitals to provide explanations about the complaints and the ways these complaints are handled. But the Department of Health does not disclose information about how it handles the complaints about private hospitals to the public on a regular basis.

**Management**

Private hospitals also suffer from a management problem. This management problem touches upon corporate governance, which refers to the mechanisms, processes, and relations by which corporations are controlled and directed. More concretely, it is concerned about the issues such as the composition of the governing board and committees, the terms of reference of these regular governing bodies, the rules and procedures which govern the daily operation of the organization, the identification of key performance indicators (KPIs), the preparation of annual business plans, and the submission of annual reports.

Again, the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) which provides the legal foundation for government regulation of private hospitals does not provide any specific requirement about how private hospitals should be managed. The most important requirement by the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance is that private hospitals should be registered. Decisions about registration by the Department of Health are based on conditions relating to the accommodation, staffing and equipment of the hospitals. But there is no further specification of criteria concerning the condition of accommodation, staffing and equipment, except that they are 'fit to be used' (section 3). For example, the hospital should be under the charge of a person who is 'a duly qualified medical practitioner' (section 3).

The Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) does not touch on management issues. For example, terminologies such as board and committee cannot be identified within the ordinance. A comparison with the Hospital Authority Ordinance (Cap. 113) is useful. The Hospital Authority Ordinance provides the legal basis for government regulation of how the Hospital Authority should be governed or managed. Besides the concern about accommodation, staffing and equipment, the Ordinance requires that the Hospital Authority shall 'improve the efficiency of hospital services by developing appropriate management structures, systems and performance measures' (section 4). The Ordinance also provides details about the establishment, functions and powers of committees by the Hospital Authority 'for the better performance of its functions and exercise of its power' (section 13 and 14). This part is totally missing from the Hospitals, Nursing Homes and Maternity Homes

Registration Ordinance (Cap. 165).

Before the millennium, many private hospitals were subject to a paternalistic model of management. The directors made all the management decisions, and they were not held accountable to any party within or outside private hospitals. Without systematic collection of information or regular exchange of views about management issues, it is no wonder that the management of private hospitals has lagged behind with time, and the public has gradually lost confidence. The situation became worse after the establishment of the Hospital Authority in 1990 as it dramatically improved the management of public hospitals.

After the Hong Kong Private Hospitals Association was established, the management of private hospitals began to improve. In 2000, it invited the Trent Hospital Accreditation Board to provide an accreditation service for private hospitals. Hospital accreditation is a measure used in many other countries to improve the quality of healthcare services and patient safety (Fang 2006, p. 205; Wong et al 2006, p. 489). In 2009, the Health and Food Bureau launched a Pilot Scheme of Hospital Accreditation in partnership with the Australian Council on Healthcare Standards (ACHS). The scheme encouraged participation from private hospitals as well as public hospitals. But the nature of the scheme was entirely voluntary. Until recently, not all private hospitals have participated in the Scheme. Obviously, the Hong Kong government intends to use accreditation as a tool to push private hospitals to improve the quality of its management and service. But the public is yet to see how far the accreditation can help.

To summarize, the sluggish development of private hospitals is a result of three problems, namely the lack of transparency and standardization of fee-charging, the variability of the quality of healthcare service, and the management problems related to corporate governance. These problems dampen the demand for medical services provided by private hospitals. In terms of the number of bed days, the market share of the private hospital was less than 10% for in-patient services in 2006 (Food and Health Bureau, 2008, p. 125). Such low market share makes the development prospect of private hospitals uncertain. It is no wonder that new investors hesitate to invest in this sector. It was only until the Individual Visit Scheme implemented after 2003 brought pregnant Chinese women to give birth in Hong Kong that local private hospitals began to increase the number of beds. Apparently, the further development of private hospital service in terms of the increase in the number of beds was less risky than the building of new private hospital because it involved a more flexible amount of investment.

### **Tracing the problems to institutional environment**

In the face of keen competition from the Hospital Authority, private hospitals should have an incentive to resolve their own problems. But when they try to solve these problems, they face a typical dilemma of collective action. For example, when a private hospital wants to punish visiting doctors through prohibiting them from

continuing to receive cases because of their poor handling of the medical records of patients' illnesses, the visiting doctors may simply turn to other private hospitals for the referral of cases. On the other hand, a decrease of the number of visiting doctors may reduce the competitiveness of an individual private hospital because of the difficulty to continue to provide comprehensive services for patients. In other words, although all private hospitals have incentives to improve their handling of the medical records of patients, each is also tempted to take advantage of the efforts of other private hospitals to make improvements. Since all private hospitals expect the problem of free-riding, no one will take the initiative.

The root of the problem is the coordination of expectations, not the lack of incentives. There are only 11 private hospitals in Hong Kong. The interaction within the private sector is a typical example of strategic interaction because the actions of all private hospitals are interdependent. In this situation, what determines the choice of each private hospital is its expectation of the choice of others rather than its incentive (Schelling, 1980; Olson, 1965). Institutions are of critical importance to the effort to overcome the problem of free-riding because they can serve as both enforcement and coordination mechanisms. Firstly, institutions can help to resolve the problem through punishing individual actors who are free-riding on others. Secondly, institutions can serve to provide the focal point for expectations to converge. Actors are willing to cooperate when they expect others will cooperate too. Such convergence of expectations may arise from institutions. In other words, institutions can help to coordinate people's expectations and to this extent, overcome the dilemma of collective action (Shepsle, 1986, 1989; Weingast and Marshall, 1988; Garrett and Weingast, 1993).

Eventually, the Hong Kong Private Hospitals Association was formed in 2000 in order to explore the possibility of any collective effort to solve these problems. In 2004, it issued a joint statement repeating the requirement already stated in the Medical Registration Ordinance (Cap. 161) that doctors had the duty to handle the medical records of patients properly. Most important of all, the statement made clear that visiting doctors who did not fulfil the requirements would not be allowed to continue to receive cases from private hospitals. This is a typical example of the efforts of private hospitals to try to overcome the dilemma of collective action through collective effort.

But this is only a small step in a long journey. Other problems remain. Also, these problems of the private healthcare sector are a result of adaptation of private hospitals to their institutional environment. This institutional environment involves two aspects. The first aspect is about the government. The second aspect is about the medical profession. First of all, the lack of standardization and transparency about fee-charging, the variability of service quality and the inadequate management are all results of the lack of government regulation of the private healthcare sector. All private hospitals have to apply for registration from the Hong Kong government, and renew their applications annually in order to operate legally. The Department of Health (DH) processes the applications based on the Hospitals, Nursing Homes and Maternity Homes Registration

Ordinance (Cap. 165). But according to Audit Report No. 59 released by the Audit Commission in 2012, the DH has been rather passive in this regulation exercise. In the inspections of private hospitals conducted in 2011 and 2012, no checklist was used for documenting the inspection results. There was also no record readily available showing the extent of the checking performed. For some inspections in which serious irregularities were noted, the DH only provided summary reports of inspection to the hospitals concerned for follow up, but did not issue any advisory or warning letters to them (Audit Commission, 2012).

Since 2007, the DH has set up a sentinel event reporting system, under which all private hospitals are required to report a sentinel event to the DH within 24 hours upon the occurrence of the event and submit a full investigation report within four weeks upon occurrence of the event. Given the lack of statutory backing and the voluntary nature of the reporting system, under-reporting is likely to happen. Also, in many cases, the private hospitals concerned took a long time to report sentinel events or to submit full investigation reports to the DH. Notwithstanding this, the DH only issued three regulatory letters in respect of 55 cases of delays in reporting of sentinel events from 2008 to 2011.

To summarize, the government's attitude to regulating the private healthcare sector is passive. But the fundamental problem concerns the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165), which is very outdated. The Ordinance was enacted in 1966, which was already half a century ago. The Ordinance covers issues such as accommodation, staffing and equipment. But it does not touch on fee-charging, services or management. It stipulates a penalty of \$1,000 on private hospitals for the contravention of regulations. Fifty years ago, such an amount might have been formidable. But today, it will not bother any private hospital. The lagging behind of government regulation of the private healthcare sector can be traced to the reluctance of the Hong Kong government to intervene. Social policy in Hong Kong has been described as 'pragmatic rather than principled' (Wilding, 2007), and the history of the healthcare system has been summarized as a story about expediency (Gould, 2006, p. 17). With no serious attention to the role and functions of private healthcare, and the appropriate institutional arrangement to steer the development of private hospitals along a certain direction, it is no wonder that private hospitals are gradually lagging behind.

Another aspect of the institutional environment that private hospitals are facing is the medical profession. The interests of private hospitals and the medical profession are not identical. In principle, private hospitals are not against government regulation. Since they are self-financed, they are primarily concerned about whether they can make their ends meet. They would welcome government regulation if they are confident that regulation will improve their business. In contrast, the medical profession is very sensitive about professional autonomy. All through the years, the medical profession has continued to appeal to professional autonomy when it questions the effort of the government to reform the healthcare sector. For example, to improve the

standardization and transparency of fee-charging, the government proposed packaged charging. But the implementation of packaged charging requires frontline doctors to follow a new set of procedures, which implies the increase of administrative workloads. This is the reason why the Hong Kong Medical Association representing the medical profession has shown fierce opposition to the implementation of packaged charging (Oriental Daily, 2011).

Since the colonial era, the Hong Kong government has preferred indirect rule when dealing with society. Regarding healthcare matters, the government has delegated the power of self-regulation to the medical profession through the Medical Council (Gauld and Gould, 2002, pp. 110-13). But in the face of a changing society with rising expectations about healthcare services, and the growing complexity of healthcare management because of rapid advancement of healthcare technology, the scope of self-regulation of the medical profession needs to be reviewed from time to time. But this runs against the understanding of the medical profession of its right to self-regulation in the first place. The more entrenched the understanding shared within the medical profession concerning professional self-regulation, the more reluctant the profession is to adapt to any reform which calls for the review of the scope of self-regulation.

I trace the sluggish development of private hospitals to outdated law and minimal government regulations. This is contrary to the free market perspective which argues for minimal government regulation. While I agree that the role of the government is to provide an environment conducive to economic development, a free market perspective is insufficient to inform the healthcare policy, particularly the development of private hospitals. A free market with minimal market entry is not enough. Investment in private healthcare sector may not be attractive. First of all, it is capital-intensive. For example, the Gleneagles Hong Kong Hospital, a new private hospital to be opened in 2017, requires a capital investment of approximately HK\$5 billion. Second, the return on investment is uncertain. The former director of a private hospital described the investment in private hospital as a "black hole" in a personal conversation, meaning that one is never sure how much money he has to pour into running a private hospital. The fact of the matter is that of the four sites offered by the government for tenders in 2009 for the development of private hospitals, three were eventually scrapped as they received little interest during the tender period in 2013. Apparently, a free market is not enough to overcome the sluggish development of private hospitals. An appropriate institutional environment is needed to steer the development process.

### **Path dependence**

The development of private hospitals has been sluggish for almost half a century. The sluggish development of private hospitals is a result of the institutional environment they are facing. To take a step further, I argue that the sluggish development of private hospitals is a result of path dependence (Luk, 2014, p. 138).

Path dependence refers to the phenomenon that the past matters in explaining the

present because exit from the institutional environment becomes difficult (Arthur, 1994; Thelen, 1999; Mahoney, 2001; Pierson, 2000; Pierson, 2004). What defines path dependence is not only the general argument that history matters, but also the specific argument that exit from the past becomes difficult (Pierson, 2000). Here, the institutional environment is understood as a legacy of the past.

Path dependence has been a prominent concept in social sciences in the last three decades (Arthur, 1989, 1994; David, 1985, 2000; Mahoney, 2000, 2001, 2002; Peters, Pierre and King, 2005; Pierson, 2000, 2003, 2004; Thelen, 1999, pp. 387-99). It emerged as a response to the mainstream approaches in social sciences, which tried to explain social phenomena as the end point of an inevitable and progressive process of change. The concept of path dependence departs from the idea that something happened in the past which locked social change into a distinct path to the present. But this path is just one among many other possible paths. In this sense, social change is marked by historical contingency rather than inevitability. Moreover, the concept of path dependence implies that the present may be suboptimal. But a more optimal scenario does not happen because social change has been path-dependent.

Path dependence can be traced to David's (1985) study of the QWERTY layout of typewriter and computer keyboard. He argues that there is no superiority of this layout from the technical point of view. It becomes entrenched only because it enjoys the advantage of being the first to the market. Future evolution of typewriter layout and computer keyboard is locked into a particular path, and exit becomes difficult.

To explain the difficulty of exit from historical legacy, Thelen distinguishes between distributional effect and coordination effect when she explains the reproduction of institutional order (Thelen, 1999, pp. 392-96; cf Ikenberry, 1994, p. 20). Distributional effect refers to the phenomenon that a certain institution tends to establish or codify a particular distribution of power and authority, which tends to reproduce itself. Institutions create "vested interests" that perpetuate the institution long after the original interests that created them are gone. However, the path dependence of the development of Hong Kong's private hospitals is not about the distributional effect because no party has any vested interest in the present system. As Yuen rightly observed, 'Everyone is unhappy about the current state of affairs. Public hospital patients are dissatisfied because of service quality deterioration. Front line healthcare workers in the public sector are dissatisfied because of their increased workload and reduction in pay, benefits and job security. Providers in the private sector face financial difficulties because of the lack of business' (Yuen, 2005, p. 462).

The path dependence of the development of Hong Kong's private hospitals comes from the coordination effect. Coordination effect refers to the phenomenon that once an institution is in place, actors adapt their strategies in ways that not only reflect how the institution operates, but further reinforce the institution.

Every private hospital may have incentives to change. But each expects other

private hospitals to be free-riding. The common expectations of all private hospitals about the problem of free-riding coordinate and reinforce the inertia and sluggish development of the private sector. The coordination of these expectations comes from the institutional environment that private hospitals are facing. As I have explained, this institutional environment is marked by the non-interventionism of the HKSAR government and the fierce resistance of the medical profession to government intervention. Through coordinating the expectations of all private hospitals, this institutional environment gives rise to the path dependent development of HK's private hospitals.

The explanation of path dependence in terms of coordination effect focuses on sunk cost. The latter refers to the efforts that private hospitals have already paid to adapt to the institutional environment. The cost is sunk because it is no longer recoverable. Although private hospitals are not happy with the environment, any change of this environment means that their previous effort to adapt will be wasted. Unless the return of the new environment is certain and significant, private hospitals will choose status quo. Stinchcombe describes sunk cost as liability of newness (Stinchcombe, 1965). Therefore, private hospitals have no incentive to seek change even though they do not find the existing institutional environment facilitating. They also expect other private hospitals to be lacking of incentive to change because they all face the same institutional environment. Path dependence based on coordination effect highlights the irony that actors are trapped by suboptimal reality.

## Conclusion

To conclude, the development of private hospitals in Hong Kong has been sluggish. This sluggish development is traced to three problems of private hospital, including the lack of transparency and standardization of fee-charging, the variability of the quality of healthcare service, and the management problems related to corporate governance. But these problems of private hospitals are a result of their adaptation to the institutional environment they are facing. In particular, the sluggish development is a result of path dependence due to the coordination effect.

Ultimately, any break from the path-dependent development of private hospitals must come from a force powerful enough to revamp the institutional environment that the private hospitals in Hong Kong are facing. The effort of private hospitals to reform on their own through the coordination of the Hong Kong Private Hospitals Association is limited. In particular, any further attempt to resolve the problems of private hospitals concerning fee-charging and quality of service will touch upon the scope of the medical profession's autonomy. The impetus of reform must come from negotiation between the HKSAR government and the medical profession. Without any agreement between the government and the medical profession on the scope of professional autonomy of registered doctors, the prospect of healthcare reform in Hong Kong, including the development of private hospitals, will remain uncertain.

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## Hong Kong Innovative Housing: An Economic Driver for 2020s?

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### Abstract

Although public, private housing and other types have played different roles in history, considerable changes have taken place after the 1970s with growing affluence in Hong Kong. In the 1990s, globalization and quantum leaps in Information and Communication Technology have called for competence and competitiveness on quality talents. With emerging Generation Z, mobility, new and sustainable lifestyles, Hong Kong will have to explore alternative housing types and forms to support innovation. While conventional public housing was often treated as aids, housing for innovation could become an economic driver to stimulate trade. The new economy has called for the development of multiple entrepreneurs to capture new opportunities as appeared in clusters of activities crossing many realms. Unilateral and multi-lateral interactions may enhance human and financial resources as an energizer to drive the economy. It may interact with technological incubator, six economic pillars as well as new towns to create new thrusts for Hong Kong. This study highlights parts of Michael Porter's "diamond" model and in particular the factor and demand conditions on several cases of emerging Innovation District, University City, Science and Technology Parks on Hong Kong and overseas to identify their housing characteristics and relationships with the Schumpeterian economic paradigm on innovation. They could provide the foundation for a strategic framework for flagship projects such as the East Lantau Metropolis as a Smart City and in other parts of Hong Kong.

*Keywords: Innovation, housing, aid and trade, competitiveness, Michael Porter diamond, Josef Schumpeter, Innovation District, University City, Hong Kong East Lantau*

### Introduction:

#### The Case of Housing in Hong Kong, Innovation Waves from the West

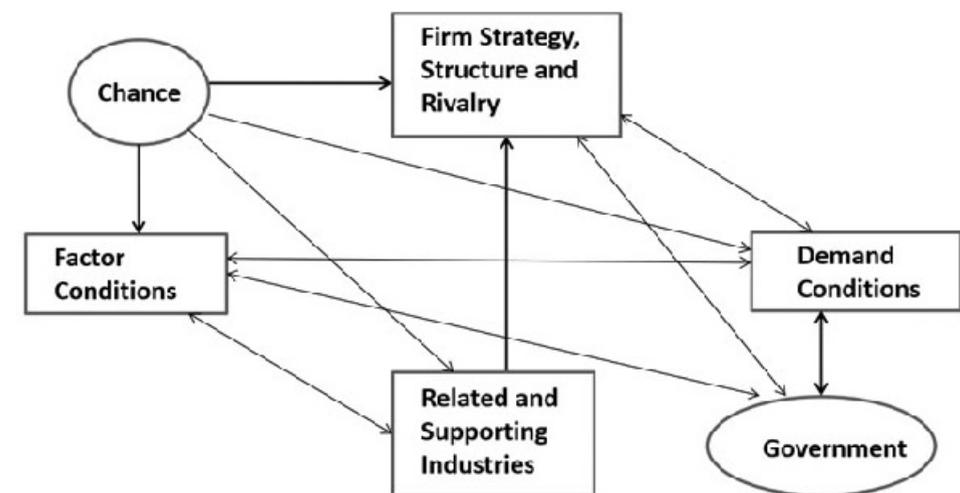
The history of mass public housing in Hong Kong is often traced back to the 1953 Shek Kip Mei fire as a major squatter area, where the loss of home by over 50,000 people became a concern. To minimize potential social unrest, the Hong Kong Government decided to set up a new Housing Department to spearhead public housing permanently, which was later elevated to a Housing Authority for mass efforts, based on the "aid" paradigm. Many inhabitants worked in early factories nearby or where accessible by public transportation, e.g. Tsuen Wan and Kwun Tong. In 1972, the new

town movement in the New Territories proceeded with full speed by separating residential and industrial uses from one another, e.g. industrial estates in Shatin, Fanling, Taipo and Yuen Long etc. Building standards, infrastructures and open spaces were improved. In the next fifty years, the ratio of subsidized public housing was about 45% most of the time.

In the 1980s, Hong Kong was still able to compete with the other exporting nations among the Four Little Dragons with low costs on raw materials, labor, facilities, transportation and logistics within the territory. Subsidized housing was obviously a contributing factor. However, with the opening up of Mainland China in 1978 and the setting up of Shenzhen and Zhuhai Special Economic Zones and others around the Pearl River Delta, many Hong Kong industrialists have begun to move their factories to the north. With a fraction of the costs in Hong Kong, the PRD and Mainland China has become both a partner with and a competitor of Hong Kong. Using a leapfrogging development strategy on mostly original equipment manufacturing of industrial products, Shenzhen was able to achieve double digit economic growth at over 25% in some years.

Briefly, Hong Kong's business environment (1980s-2010s) can be summarized into two essential conditions, i.e. competitiveness and competence (Porter, 1990; Hamel and Prahalad, 1990; see Fig. A). In reviewing their commonalities and differences of various cases, this study explores in parts their key performances by using whole or parts of Porter's diamond model particularly on Factor Conditions, Demand Conditions, Related and Supporting Industries and Firm Strategy, Structure and Rivalry. Two more elements on "Chance" (luck) and "Government" (policies) will complete the picture, but at this stage will fall outside the scope of this study.

Figure A: Michael Porter's Diamond Model



(Source: Porter, 1990, p.127)

### Waves of Innovation from the West: Silicon Valley and Seattle

In post-80s Hong Kong, advancement and massification of higher education and strong sense of capitalism in general business had enhanced quality human resources to enter the service sector such as banking, tourism, retail, professionals, education and others, i.e. the *"white collars"*. In the 1990s, waves of ICT had spread to Asia from the Silicon Valley, where innovations began as early as 1970s. The stories on Microsoft and Mac Apple had become landmark cases. Thereafter it was a watershed on changing the competition game from cost-based to innovations, as ICT permeated many realms. In San Jose, single family homes dominated the housing stocks, typical of the North American suburbs. This was where Steven Jobs used his *"garage"* to develop new products, with persistence on *"originality"* and *"sole proprietary"*, i.e. the niche market segment. Aside from cosmopolitan San Francisco with its spectacular maritime setting, the Bay Area was filled with ICT juggernauts, mostly Chinese and Indians, who have been working in the Valley for some years. Most have extensive networks with their homeland with business developments, e.g. Bangalore, Hsinchu, Monte Jade Science and Technology Association and later Chongquancun.

In Seattle, Bill Gates grew up in a well-off family and was widely exposed to the early computers. Gifted in math and science, he had also developed strong empathy on entrepreneurship, for which he even quit Harvard later to form Microsoft. He felt the need to enter the ICT markets early, instead of waiting for a few more years. Gates prefers *"open platforms"* with major products, e.g. linking Operating Systems with IBM, thus maximizing compatibility with most main stream products, regardless of their brands and make. Instead of creating something that is *"new to the world"*, he has wider options to include buying others' products to support his own development. An example is Lotus 1-2-3, which was created by some Harvard business students to do spread sheets. It was sold to Gates at a very low price and still embedded in the Office Excel today.

While Seattle shares some of the liberalism amid deserts, beaches and vineyards of California, its location in the natural resource-rich Pacific Northwest has inherently strong empathy on their alpine country or *"ecopolis"*. With sparkling clean streams, glacial and fluvial lakes around the Puget Sound offer water sports, sailing and whale watch, it is enhanced by high-tech, intellectual and other kinds of innovation with rich lifestyles and sustainable themes, e.g. Boeing, T-Mobile, Amazon and Starbucks. With the imminent completion of the High Speed Rail, the Seattle-Vancouver Nexus might even have a stronger link in the coming decade, with a traveling time of one hour. The housing types in Seattle are dominated by single family homes over time in an area with rich history on timber, fur, gold rush, port, aircraft and software. The geography is hilly with irregular landscapes, interspersed with sea, rivers, forests, lakes, and fields. The dominating salt water body is the Puget Sound in the west and Lake Washington in the east. Where abundant fresh water supply is available, the Tri-City area and their river confluence in the interior east is a major nuclear energy-producing center.

In multicultural Vancouver under social welfare capitalism, housing has transformed into a good mix of single family homes, multi-family apartments, urban mid- and high-rises. Diverse elderly and underprivileged housing dotted the city to provide varied options for affordable housing. As one of the most livable cities globally, its Chinese population will reach some 58% or about one million in the 2020s. Depending on the locations, housing types will each have their own distinct characters. The college towns of both University of British Columbia and University of Washington have embarked on significant research and development facilities, namely in medical science and ICT, supported by on-campus housing partly open for rental or sale openly on the markets, thus creating a very vibrant and liberal environment. These campuses have long history of land endowments to support quality higher education, which are tied in with their nation building process over the years.

### Innovation and Housing in Asia: Cases on Techno-Entrepreneurship and Job Creation

In Asia, Taiwan, Singapore and Korea had embarked on their high-tech ventures, supported by vast supply of well qualified science and technology researchers and developers. By sustaining training of its IT experts mostly in the US, Taiwan was able to set up its Hsinchu Industrial Park in 1977, a private sector-led venture founded by Kwoh-Ting Li (李國鼎), a former Finance Minister. With strong networks and organizational capabilities, the Park was able to attract numerous venture capitalists, but highly selective on R&D hardware expertise to meet stringent requirements, e.g. original equipment manufacturing for Mac Apple. Even after the 2008 Financial Crisis, these capabilities were still able to allow many to sustain exports. In 2015, the Park has grown to over 130,000 employees, making some of the highest incomes in Taiwan. Most of them live outside of the Park and commute to work. Only a few percentage or about 2,000 people reside within the Park, likely some of the expatriates and on-site administrators. Taiwan has also set up other S&T Parks to balance socio-economic and technological developments on the island, e.g. Taichung. In its Xitun Industrial District, it produces high quality bicycles using new alloys, with some designed and made for Olympics competition. It also hosts the *"Shoes Nest Exhibition"* regularly. In the 2010s, Kaoshiung in the south is growing from a logistic center into an upscale retail hub, by stressing place-making flagship projects near the Port area. With varied mountains and valleys, many Taiwanese farmers have transformed their farmsteads into small hostels to accommodate tourists, i.e. the nature seekers. They have added rich and contrasting humanistic vignettes of green to the hard-felt high-tech scene.

In Singapore, some of the earliest industries were ship building and repair, typical of an early port city. In 1968, Singapore set up its Jurong Town Corporation, mostly for mass manufacturing replications. The latest Singapore One North Science Park is about 500 acres, with Biopolis and Fusionpolis, integrated with quality housing, leisure and recreation. Lucrative company packages may have driven up housing prices, but with some 80% Singaporeans already living in public housing, the effects on the locals will

likely be moderate. The growth path of Science Park Strategy Singapore is towards a government-led global one in infrastructures and signaling. It is also extending its urban planning and development expertise including housing in China by spearheading many mega science and technology parks, some with unique regional and local characters, e.g. Tientsin Eco-Science Park. These parks are integrated with China "1000 Talent Plan", in which housing subsidies are offered as part of a package. The amount may range from RMB0.25m to 1m. In 2015, Singapore is merging its four major public corporations in urban planning and development, i.e. Jurong, Ascendas, Temasek and Singbridge into one to compete better on mega projects, including those in China and overseas. In Asia, the values of S&T Parks are based mainly on the R&D technical capabilities of the talents and the production system in the parks.

The post-1960 South Korea had experienced high growth of an average 10% annually, progressing to become a major exporting nation. Its population is well educated with some 85% having gone through college and 65% with an undergraduate degree. In the late 1990s, it was seriously harmed by the Asian Financial Crisis, but had proven to be highly resilient. A strong collective national spirit had called for the nationals to put their valuables such as gold and silver in trusts and support of the nation. It managed a quick recovery by tripling growth in the next few years. Having been ranked as the top country by the Bloomberg Innovation Index, its three most prestigious ones are the "SKY Universities" (Seoul National, Korea and Yonsei) and *chaebols* like LG and Samsung, which the graduates aspire to study and work for. These brands are capable to rival world class conglomerates like Mac Apple to compete on markets and technical capabilities. In 2008, the Daegu Gyeongbuk High-Tech Medical Clusters / Technopolis began construction with a target population of 50,000. It is home for institutes of research, including the Daegu-Gyeongbuk Institute of Science and Technology (DGIST). Some 95 percent of all the industrial lots have been bought or rented by 84 companies. Eleven of these companies are currently constructing their facilities in the area, while two companies (Hyundai IHL and Nakamura Tome Precision Manufacturing) are already operating their plants here. Some 16 out of the 20 housing blocks have already been sold or rented. Six companies have secured licenses to erect apartment buildings on these lots, with three of them having already commenced construction works. The authorities will also establish an effective system of academic-industrial collaboration and implement policy measures for improving the living and working conditions in the area. With the infrastructure completed by the end of this year, and the apartments distributed and the new entry passageway completed in the summer of 2014, various amenities will naturally spring up in the area, including commercial, financial, and medical facilities, completing its transformation into a new town. With a hundred or so companies starting their operations by 2015, Daegu Technopolis will position itself as one of the newest and most attractive new towns will create 84,000 more jobs, generating an additional KRW 3.5 trillion for the local economy and creating KRW 6.4 trillion in values added in total.

### Innovation and Housing in the West:

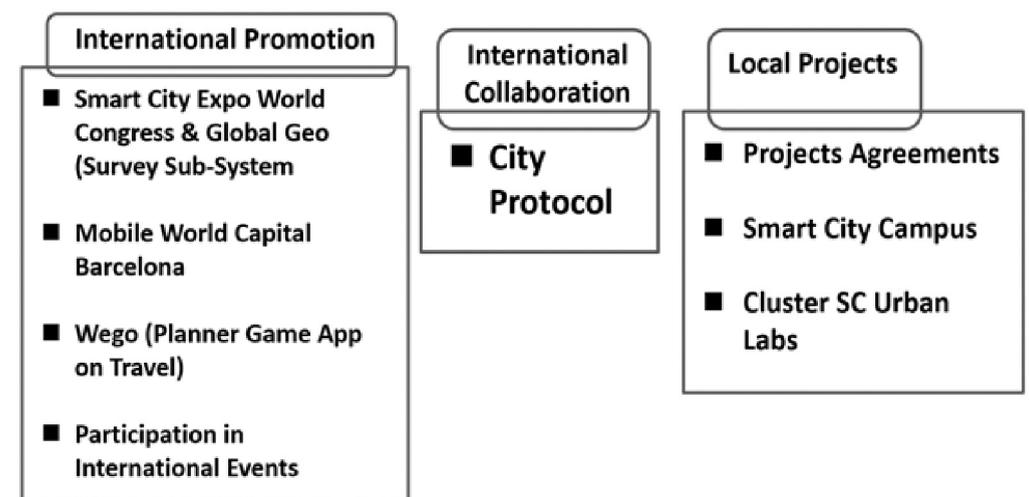
#### Some Cases on Post-2008 Regeneration, Rebalancing Global Competitiveness

Since 2011, the S&T Parks in the western world have evolved from a technical nature to a more comprehensive development model called the "Innovation District". It began in Barcelona, when the City Council in 2011 decided to deal with urban decline holistically, involving some 1,300 factories in El Poblenou. During 1963-1990, some 1,300 factories in textiles, food, wine, construction and metal structures were abandoned. The second case is Boston Seaport-Kendall Square, located in an old port warehouse area and an abandoned industrial district near MIT. Amid a global academic Mecca, it was a key maritime trade link between the Old and the New World, with Boston destined to bid for the Olympics in 2024.

#### Case: Barcelona Project 22@

In a city of some 1.6m population, this was embarked with an area covering 220 hectares. Its name is transformed from a 22a to a 22@, as a mix of classified industrial soils widely present in the area. Like "sand/silicon" as in Silicon Valley, this soil mix has become the name for this Innovation District Project. It is based on a "Three Axis on Smart City: International Promotion, International Collaboration and Local Projects" (Fig. B). The 1992 Olympics was a major effort to redevelop the area. In the next seven years, the Diagonal Revenue (Avinguda Diagonal) was connected to the Central Business District as part of the planning work. The focus was on innovation, knowledge-intensive activities and companies. The Amended Master Plan was also approved by the City Council (2000).

Figure B : Global Innovators: Barcelona Three Axis of Smart City



(Source: Arup, 2013, p. 37)

The project has three goals:

1. Urban Refurbishment: Economic and social development to create a diverse, balanced environment with product centers, social housing, facilities and open space for quality of life and workplace;
2. Economic Revitalization: Attract technology companies and knowledge-based industries for information and communication age development;
3. Social Revitalization: Create urban spaces to facilitate networking and collaboration of enterprises, institutions and residents.

Planning Targets: About 4 million square metres gross floor space; with regulated 4,600 housing units and some 4,000 social housing units (minimum 25% rentals); new green space of 11.4 hectares, new facilities on 14.5 hectares of land to create 150,000 new jobs; with an infrastructure budget of Euro1.8 billion.

Targets were achieved with some 70% of industrial land refurbished; 4,500 companies employing 56,000 workers were attracted; 72% of the workers have university degrees; and continuing education in product design and ICT was developed. Major universities present are Pompeu Fabra, Barcelona, Polytechnic of Catalonia, Open University with a student population of 25,000. There are a total of ten universities in Barcelona with total students numbering 200,000. Incubators are to include Biomedical Park, Media Tic Building and Barcelona Activa. Since the year 2000, the population growth was 130,000 with economic growth rate increased from 4% to 15%.

Overall Barcelona needs a rental system to facilitate housing for youths, who may be the most vulnerable in society, particularly after graduation and in search for jobs and career development. Those who did not graduate could be in a worst position. While students could be covered by University Housing, e.g. Melon district for international and local students (Institut Quimic de Sarria / IQS, 2015), transients and travelers would need temporary housing at hostels like Twentytu. The experience of the Olympics should have resolved many of the problems. The current stage is more on raising housing quality and integrating it with the next stage of Innovation District development. As a maritime city with warm climate, Barcelona is fortunate to have abundant cultural heritage as intangible capital to enhance residential, commercial and industrial areas.

#### Case: Boston Seaport and Kendall Square

In 2013, Boston followed suit to align itself with the ambition on Olympics 2024. In 2009, the Massachusetts International Strategy Framework broadly sets out the key parameters for the State, capitalizing on Boston as a "World Class Education Hub". Having been idling for more than 20 years, the Seaport with an area of about 1,000 acres as a kind of Innovation District is to be built on its unique resources as the oldest

historic city in the New World, with strong links with Europe and UK as well as China. The historic ship of *Empress of China* was built by Master John Peck here and the first Captain John Green set sailed to Guangzhou in 1783, arriving at the Old Port at Pa Zhou (琶州) near the Whampoa Military Academy. Its 230<sup>th</sup> Anniversary was held in 2014, with the Old Port in Guangzhou renewed comprehensively to mark the occasion. At the same time, an opera with the same theme was performed by a team of Chinese and American artists from Hong Kong and New York, where the performance also took place. The current Boston Mayor Walsh and several senior staff attended youth programs jointly organized by both cities to enhance networks for development of their future generations.

Among dozens of innovative strategies at the Seaport, others are in architecture, interiors and furniture, food, culinary, biotech, healthcare and wellness, ICT and media, maritime cultural and creative industries, many of which can be extended to chains of industrial design and production. Many of the "creative class" celebrities (Florida, 2014) like I.M. Pei and Frank Gehry have dotted the area with iconic buildings and other works. Boston is also the place with a dozen adventurist traders and ship captains involved with China trade, e.g. Patrick Bennet Forbes. Many have transformed their ancestor houses into museums for education and cultural exchanges. A series of mass transit stops will be provided in the Seaport, with connections to old Boston downtown, Logan Airport and above all the upcoming America2050 high-speed rail. The overall urban forms and lifestyles in the future with mid- and high-density living may have much resemblance to Hong Kong's. Former Mayor Menino wanted to lure the young innovators in the region beyond Highway 128, which is based on cars and technology fronts. New housing like a micro unit suitable for young innovators would range from US\$2,000-2,500. Broad comparisons can be drawn on square footage of 400sf (1-2 person urban apartment), 1,500sf (3-4 person urban unit) to 2,500sf (large family suburban house) (ADD Inc., 2015). These rentals may be high and on the par of Hong Kong, but the intangible value of being there and other savings of not owning or running a car would save some US\$500/month. Time savings and networking opportunities are abundant and much more efficient than living in the suburbs and driving to commute.

A Cultural Center, Library and Nations Academy for cultural and knowledge exchanges, continuing education, leisure and recreation are some of the main public facilities open to all. Public and open space would encourage outdoor enjoyment and viewing of historic sites and facilities during the summers. Boston as a maritime city has long waterfronts and coastlines, filled with old and new ports and ferry piers. Many are regenerated with new apartments and some have yacht docking. Several clippers are worth seeing, e.g. the *Mayflower* and *USS Constitution*, with the latter docked in a naval yard. John Fish, CEO of the Suffolk Construction Co. and a leading US builder, chairs the Olympics Committee as well as on the boards of several leading universities. A great sports fan with tremendous entrepreneurship, Fish is highly empathetic on the implementation of this flagship project. But he has to be excluded from public

tendering, once taking up this public honorary post. It takes diverse resources and above all a "culture for change" to take a city forward as one with rich British, European and New England flavor.

**Case: Kendall Square and MIT Nexus**

The area capitalizes on a new mass transit station as a gateway to the MIT campus on the east. It centers on several historic buildings such as an old fire station converted into a small hotel and supported by a Marriott Hotel across the street. Retails covering global and local brands are presented here, ranging from bookstores to Legal Seafood (lobster, fish and crab) to *Farmers Market* (fruit, vegetable and green produce). MIT's new Sloan Business School Building as one of the top in the nation is also located here. Its Student Housing Office is deliberately housed here to encourage students to engage in community affairs. Clusters of student and faculty housing are nearby, interpenetrating the blocks. Innovation offices of all kinds have dotted the area. MIT has a total student population of about 10,000, with 48% non-white and 24% international to achieve diversity. MIT's capabilities to develop startups is ranked 6<sup>th</sup> among thousands of universities in the US, with startup funds amounting to US\$1.0 billion, following Stanford on the top with US\$4.1 billion (2014), and then Harvard, UC Berkeley at US\$3.8 billion and US\$1.3 billion respectively. The clusters of universities in Boston allow cross-registration of courses for decades with a minimum of 51% credit to graduate from that school. By owning and redeveloping several parcels at Kendall Square, the place has become a major case on "university as developer", a multiple role which many schools aspire to (Wiewel and Perry, 2005). Their new forms of partnerships are exemplars for those who wish to learn some lessons.

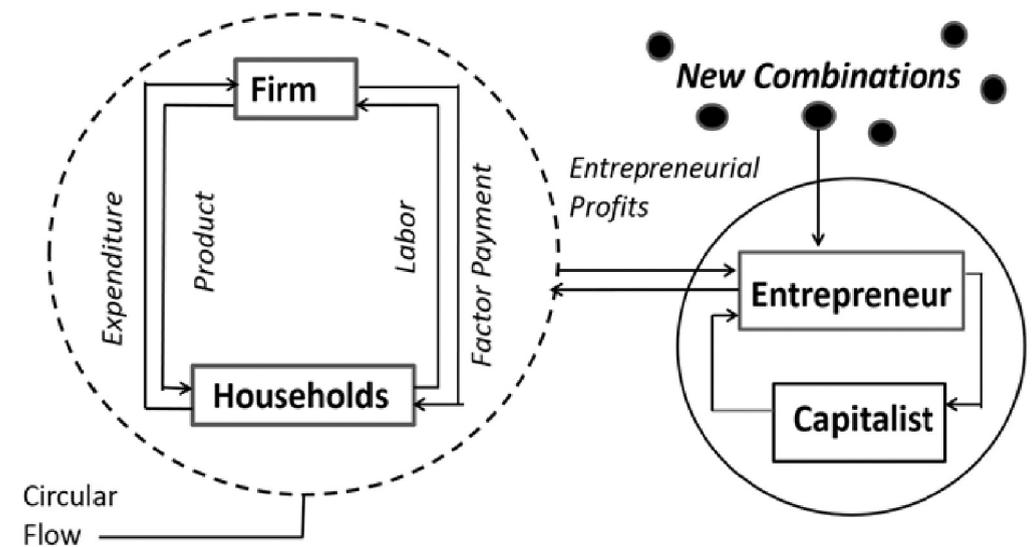
Case Summary: The key policies and implications on housing on the above cases in East and West are summarized in Fig. C. With all the diverse factor conditions, a key commonality is the strategic choice to explore "new combinations" or "do something new" with housing. In a world of intense competition, it is important for Hong Kong and other high-cost areas to seriously consider some of these strategies. The trend towards competing on a city-region basis may also enhance Hong Kong's position with the PRD on future housing provisions for innovations. Through different policies and initiatives, housing could be re-perceived as an "economic driver for innovation".

**Housing as Trade: Economic Driver for Innovation?**

To position housing as trade and for innovation, the Economic Development Model of Josef Schumpeter (Fig. C) is presented here as a structure. The proposal for "New Housing" in question is shown in "new combinations", i.e. the un-conventional polices and initiatives to support and to usher innovations. The housing applicants must pass certain criteria to be true "innovators", rather than the usual income assessments, e.g. education, creative and innovative work, entrepreneurial capabilities, intellectual properties, patents etc. In doing so, an "entrepreneur" (or venture capitalist) would appear to be at a higher intellectual level than a "capitalist for general business" by

capturing that value added and creativity over and beyond just profit-making. The rest of the model on the cyclical relationships of Firms and Households, Expenditure, Products, Labor and Factor Payments are consistent with the neoclassical conventions.

Figure C: Schumpeter's Model of Economic Development



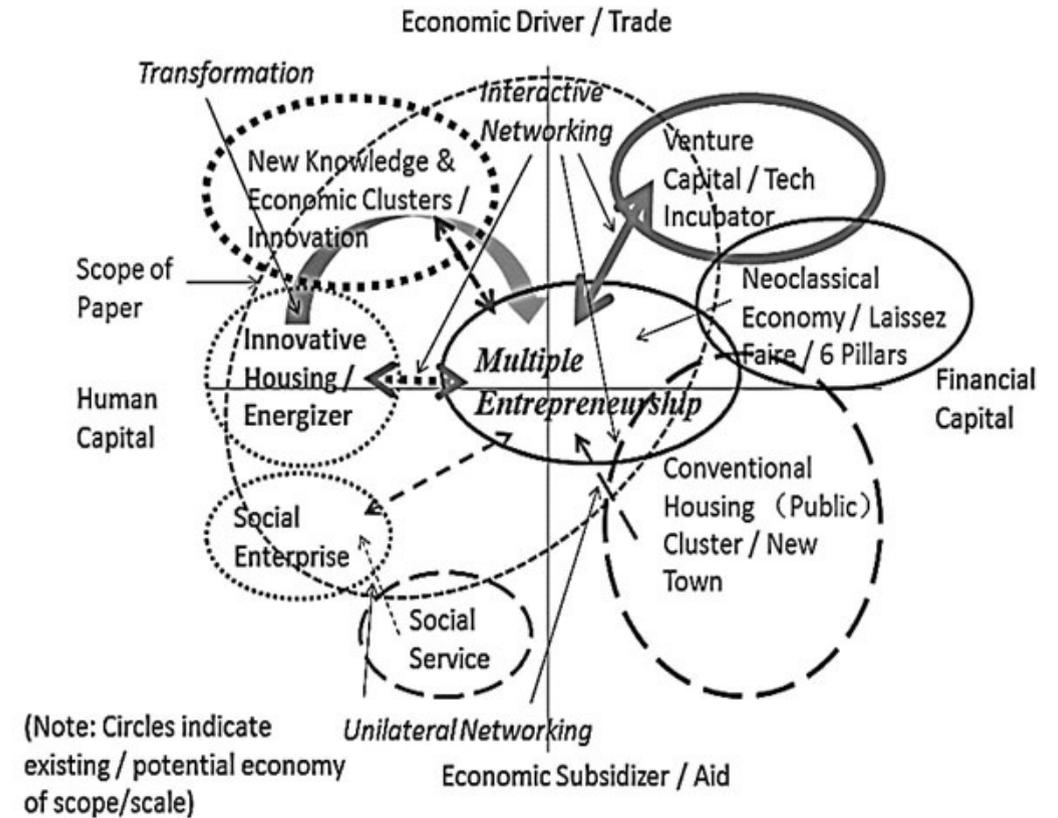
(Source: Pal, 2013)

Since the 1980s, the migration of most industries to the north from Hong Kong has contributed to the intensification and overreliance on a monolithic finance sector. Today, even with a re-focus on the "Six Pillars", presumably it is still based on neoclassicism. With over 80% GDP generated by the financial sector, Hong Kong has much less economic diversity and synergies than before. But in a knowledge-based era, the importance of "human capital" might have become equally and in some cases perhaps more important than the financial ones. Hong Kong has dwelt too much on its complacency, rigid comfort zone, narrowing competitive advantage, moderated learning curves on China and a diluted worldly vision. In urban development, the same is also over-focused on the Victoria Harbour and old waterfronts. Since the 1990s, Macau has definitely come a long way from poor public security, but it now has a higher per capita income than Hong Kong. Macau has been able to sing interactive "chorus", more than just self-conducted "solo" with China's "One Belt, One Road" new silk road international policy. After a few years of hard but innovative work, the University of Macau is able to build a new campus of some 100 hectares in Zhuhai, with classes already commenced in September 2014. Many are working in Macau, but living in Zhuhai to take advantage of much lower housing costs by crossing the Gongbei (拱北) check point almost daily.

Housing demand is often linked to university development, particularly when on-campus ones are inadequate, which is common for most of the Hong Kong universities. Many of the students and faculties would have to compete as renters and buyers on the housing markets, e.g. near Sheung Wan, Hung Hom, Shatin and Ma On Shan. Recently, the tender for a private college at the Queen's Hill site in Tai Po was scrapped abruptly and being replaced. The question is: "Why take all the trouble to issue the tender in the first place?" The Hong Kong Government might have covered all the legalities, but ethics on missing opportunities and wastage on private costs by the tenderers were not very well considered. In the urban areas, the takeover of Hong Kong Baptist University (HKBU) of its neighboring Lee Wai Lee Technical College campus in Kowloon Tong was another controversy. Having worked on it for years, the HKBU President was threatening to resign, if they could not get it. After several negotiations, the subject campus might have to be split 50-50 for HKBU and housing use. In retrospect, had the East Lantau Metropolis/Smart City been realized at least in part some ten years ago, it would have resolved or at least moderated many of the current adverse housing situations. Largely created by chronic land shortage, Hong Kong's property and land prices today are unrealistically high, relative to per capita income and average purchasing power.

While the mass of housing provision is skewed towards private provision mainly by large conglomerates, some major local developers like Li Ka Shing are retreating from the local scene. With increasing financial powers, the incoming replacements will probably be the mainland ones. In recapping the public-private housing ratios over the past few decades in 2000s at about 45%, with ownership schemes increased in standardized units, as the HKSAR Government felt that there was an increase in ability to buy and own flats. In 2010s, it is felt that more small rentals are needed, as reflected in the proliferation of "subdivided rooms" (劏房). In fact, this could be taken further as potential time-sharing units to attract the "innovative youths" and "creative class", including the experienced middle age and well-seasoned elderly. With common use of computers, more flexible housing designs may be more appropriate now. Digitalization could enhance their scope, scale, time, cost and project management to catch up with some of the lags. But the key decision makers would also need that "human vision" and drive on "culture for change". To encourage more innovative housing approaches at the policy and strategic levels, a well-respected building professional supports the idea of putting more planners in the Development Bureau. As this study is focusing on "Housing for innovation", the subject of "Mass Conventional Housing" is mostly excluded (Fig. D). It would only be right for the HKSAR Government and public functionaries to take their duties and responsibilities to update the broader knowledge-base as a kind of good practice to support new forms of community development, e.g. The "creative class" (Florida, 2014).

Figure D: Positioning Innovative Housing as a Potential Economic Driver



(Source: Ip & Yip, 2015)

### HK Housing for Innovation: Time and Culture to Change?

The post-Window 95-98 era was a popularization of the Internet, allowing most people to communicate on the networks. With foreseeable abundant supply of high-powered networks, the use and sharing of offices have emerged and more people can work at home now. The storm created by powerful wireless mobile devices in the past few years has profound effects on lifestyles. Some cars in North America can now be used as fully "networked" offices and particularly suitable for certain jobs, e.g. property and insurance agents. In Europe, some would live on boats to go around high housing prices, which appear to be in reverse of Hong Kong's housing policy in the past few decades. In low seasons, a one month trip around one third of the globe on a giant 100,000 ton cruiser would cost about HK\$15,000-20,000. Considering almost everything such as meals (all-you-can-eat), lodging, TV and other services are included, it would not be a bad idea to stop at, say 7-10 cities in every 2-3 days, just to stretch the legs.

In turning to the "high-brows" and the phenomena of "Learning Commons", many users could share and learn on a well-designed cluster networks. Universities with their great concentration of computers and students as learners could be the first for implementation. In Europe, the Oresund Region has extended through cross-borders with Sweden, Norway and Denmark. Knowledge and skills on advanced techniques in car (Volvo, Saab), biotech (pharmaceutical, Medicon Valley), and military equipment such as mini submarines and many other knowledge platforms are well clustered. Some are released for use in the public realm. Many are innovative military products exported to Singapore and Taiwan. In the 2000s, mobile phones with short product cycles and several times the capabilities had enhanced mobility, with prices significantly reduced. About 6-8 years ago, some techno-entrepreneurs envisioned the costs of a simple netbook would come down to under US\$200, but many thought this was a joke. It did and some models have transformed into iPad compatibles and larger size mobile phones recently. It follows that many have begun to explore on their impacts on the developing world such as China, where its rural nature and quick urbanization policies for new wireless infrastructure may have almost unlimited room.

In PRD and Mainland China, some projects have elevated from its "crude" development style (粗放型), largely based on speedy construction, on which brownfield sites are still far from the conditions to nurture sophisticated "Intellectual Soft Power". The outcomes often ended up as an enclave not integrative with the local community, e.g. the University City in Guangzhou. In HK, its Cyberport, Science & Industrial Parks mainly belong to the pre-2010s models and have little clustering effects of myriad urban development factor dynamics, e.g. mass transit linkage, cultural creative class, youth talent micro-unit, mixed and separate use zonings, a variety of places for them to work in flexible time modes beyond 9-5. Housing policies and initiatives were mainly focusing on the senior executives, either as a single "exclusionary" function on or near the Park. Alternatives are in the form of package subsidies, but largely excluding the innovative youth, mid-career and intellectual retirement communities.

As a "Hong Kong Flagship Project" towards the 21<sup>st</sup> Century, East Lantau Smart City (Fig. E; Ip & Yip, 2015) as proposed will be drawing numerous innovative talents and experts to usher economic growth and to add diversity in many ways. Although East Lantau as a major source of land supply will take some time to materialize, its housing nature could now be explored for better integration with other policies and plans to minimize the gaps. Lessons learned from Cyberport suggest the need to focus on a truly world-class knowledge-based innovative community, rather than just a property development project. For years, its facilities were underused and have to be filled by *impromptu* activities, e.g. entertainment and concerts, often requiring numerous bus trips from Admiralty to build the crowd. The Science Park in Shatin (沙田) might have a better focus on high-tech start-ups, but is still a monolithic function of science, technology and related entrepreneurialism quite limited in scope. There are few users and residents after office hours and public transport links are very limited.

Figure E: Hong Kong's East Lantau Smart City: Some Development Concepts



(Source: Ip & Yip, 2015)

The vast scale of the future East Lantau community can be more diverse by including a balanced mix of private, public, high, middle and low income housing. These will moderate the land shortage, enhance attractiveness for gazing beyond "hard and cold" technologies, minimize gentrification and to enhance affordability. Housing typologies can go beyond typical high-rise towers by returning to certain vernaculars. Emerging "Innovation Districts" such as Barcelona 22@ and Boston's Seaport (2008-2013) have recaptured the contrasts of old and new buildings, e.g. Poblenou as a regenerated historic industrial area is also called the "Catalan Manchester". A pedestrianized main street is part of the North American-New World historic urban form with new opportunities for mixed uses, i.e. "live, work, shop and play" in the same building or neighborhood to enliven their lifestyles. The Institute of Contemporary Arts

(ICA) and the Seaport Academy (SA) are on site, providing much of the multi-dimensional learning resources. SA's handbook is themed "*Raise Your Sight*". Students of K8-12 are from the area and elsewhere. Singapore's Little India has retained much of their characters, standing alongside with Chinese and Malaysian cultural industries, including simple food stores and bazaar markets. Shanghai's Xujiahui (徐家匯) as a historic comprehensive cluster offers a wide range of lifestyle choices from over RMB200 per meal to RMB5 for a simple breakfast of "soya bean milk" and "donut" (油條). Its founder Xu Guangqi (徐光啟) and Trinity Church are the two icons, with residents and transients passing by daily. The latter has been featured in many award winning films.

Housing for innovation can be extended to building typologies, shopping, edutainment, sports, media, food and culinary, among which Hong Kong has considerable strengths. Amid fragmented societal values, Hong Kong's East Lantau Smart City may wish to recapture some of the Confucius touch in civic spaces over and beyond largely standardized and enclosed museums. Cultural themes in maritime pirate-naval history such as Cheung Bo Tsai (張保仔) in East Lantau and the PRD can be explored. Extension is possible to older farm produce like "*tribute rice*" (貢米), with which Shatin ("sand and farm", 沙田) and Yuen Long (元朗) were key producers for the emperor in Beijing. These elements will help create much more civic, equitable, sociable, cohesive, innovative and sustainable communities.

### **Housing Market Segments for Innovation: Some Key Objectives Towards a Networked Society**

#### **Creative and Innovative Youth: Nurturing Human Capital for the Future**

The age group of 15-30 could be some of the key human capital to enhance Hong Kong's strengths. This age cohorts are the best to nature-nurture creative thinking with a balance on other analytical skills. The student-teacher relationships are important to build in order to develop some strong directions with due consideration on the students. Some broad frameworks such as the Myers-Briggs Typological Index (MBTI) may be helpful in positioning and analyzing personal characters. Living in campus hostels will help group living, networking, studies and above all cultivate a sense of communal spirit.

#### **Experienced Prime or Middle Age Innovators: Transferring Knowledge Across Generations**

In prime career development, they have considerable experience to share, while having a need to explore certain continuing education. Presumably in middle and senior management, they may need updates on current environment and possibly emerging trends and practices in the field. In case of university-industry collaboration, Hong Kong's small-medium enterprises may have problems on doing research and development. The sharing of information of larger groups may be facilitated through a

"*Learning Commons*", which could be built up by the *Quadruple Helix* of government, university, industry and social sectors. Assuming that many executives are busy, the use of advanced ICT services and gadgets could be desirable. The HKSAR Development Bureau may be the best initiator on such a knowledge platform.

#### **Innovative Elderly and Retirees: Maximizing Social Resource Values and Creating Sense of Belongings**

With extended aging of male and female to over eighty, these could be some of the best trainers, if residing in a college town or a school district. As well seasoned in good health, they could help train some of the marginalized youths as well as those desiring for certain career or lifetime direction that the trainer is familiar with. The formation of training sessions could be organized by a lead trainer and marked by the trainer-in-session or in-residence. Aside from dialoguing, the sessions may include other formats such as field trip, factory visits and advice from a specialist in the field to add resource diversity. Some elderlies are great fans of college towns and part of the youthful and dynamic community. In doing so, they can be re-energized in many ways.

#### **Inclusive City and Housing: Building Bridges and Creating Values**

In keeping talents and well-knitted members, communities will be more sustainable. It will reduce lead time along many fronts in getting the people acquainted, knowing their needs, wants and desires. From a business perspective, brownfield development usually has more hurdles than green field, as there are meager resources to base on. Migrants and diasporas may have more hurdles than others, e.g. in language, dialect, understanding local customs and practices. But the inclusion principle is a good one to practice to create good sense of belonging. Everyone needs time to blend into a new organization.

#### **Innovative Specialists: Clustering, Cross-Sector Synergies and Added Value**

In a knowledge-based era, many boundaries are blurred and there is a need to understand more broadly attributes of certain seemingly remote but in fact related aspects. The quantum leaps of ICT have made art and technology difficult to distinguish as in the movie *Avatar*. The introduction of housing for innovation may well be positioned as a core subject with many contextual realms. If the "*trade*" approach is accepted as a premise, then the development of innovative housing will need the contribution of diverse people with many roles, i.e. a stronger sense of home and community building. Housing for innovation may rely less on a single or a few large public or a quasi-public housing agent may be a thing of the past. However, intensive training equivalent to those already in social enterprise may need to be redesigned.

#### **The Creative Class and Networking: Diffusion of Innovative Knowledge for Sustainable Development**

If housing for innovation is well clustered, it will provide more and better

opportunities to nature-nurture the creative class. By regularly organizing networking activities, there will be more chances to cultivate "multiple-entrepreneurship." Exposure to diverse people is important in face of an emerging city-region growing phenomena, where the population will be larger and becoming more mobile. Travelling across borders and dealing with different cultures including languages and dialects will be commonplace.

### Housing for Innovation and Implications for Hong Kong: Refining Public Policies and Initiatives

#### Housing for Innovation Governance

This may require a special administrative unit, but organized differently from the conventional authorities. Its cross-disciplinary nature implies the need for leadership with both general and specialist knowledge and skills to develop a sense of intellectual plurality.

#### Holistic Development Model

These should transform from a monolithic and technology-based model to holistic Innovation District and University City, with true vision to facilitate a "culture for change" and strong sense of commitment. Innovative housing should have a major thrust to nurture future leaders, particularly those fresh of school and others with some experience, but in need of strong directions.

#### Moderation of Social Discontent

Attention should also be paid to those with strong anti-establishment sentiments, which often have transformed into fragmented sets of values. Proper education on ethics, law and public realms are needed. To minimize future disturbance of major transportation corridors, appropriate clustering and proximity of innovative housing within a one-hour living zone will be ideal.

#### University as Developer

Local universities could go beyond an "ivory tower" and cultivate its multiple entrepreneurship capabilities. In a "knowledge era", college town and "town and gown" could be a major attraction. University idling during the summers can make their facilities and amenities useful for world and local games, executive training for effectiveness and for extra incomes.

#### East Lantau's Economy of Scale and Scope

As a piece of 2,400 hectare reclamation, it will have both challenges and opportunities. Having lagged behind Singapore, Korea and many others on innovation, Hong Kong needs more land to take its development to a much higher level so as to remain competitive with its neighbours, particularly Qianhai (前海) and Hengqin (横琴)

Island. Both are emulating their seemingly "free port" nature from Hong Kong. However, with East Lantau within our boundary as part of a free port, Hong Kong people must progressively enhance their "culture for change" to maximize a positive impact.

#### Global-Local and East-West Fusion

Hong Kong is ideal with its historical and cultural heritage that few could compete in China and Asia. This can be used to build a strong civic sense for local, urban, regional and national building, but might have been diluted after 1997. In response to China's aspirations on international trade, Hong Kong should monitor seriously on "One Belt, One Road" and Asian Bank of Infrastructure Investment for new opportunities. In order to sustain its "gateway" status, it should enhance its innovative strengths over and beyond the constraints of a comfort zone.

#### Summary: The Hong Kong Innovative Housing: As an Economic Driver?

Before the 2000s, "conventional mass housing" might have achieved their objectives for social stabilization and human survival after a fire or some other natural disasters. However, with the revival of social movement recently amid an affluent society of a different nature, there is a need for HKSAR Government to elevate itself to a high level of intellectual development, i.e. to develop a "culture for change". It is needed at various levels at the entire hierarchy of the society, especially the decision-makers and across many sectors. Housing for innovation could be one way to moderate certain social instability by preoccupying stakeholders in constructive endeavors, particularly the youths and those with hurdles on "culture for change" and other practical problems such as livelihood. Housing for innovation needs to work with a cluster of activities together, i.e. comprehensive programs with bi- or multi-lateral interactions. HKSAR Government must therefore envision the needs, formulate the ideas and be able to perceive the outcomes with visions. It will have to work closely with the *Quadruple Helix* of university, industry and social sector to develop early and viable solutions.

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