

# CUHK BUSINESS

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## WHEN FAMILY TRUSTS *Affect the Value of Firms*

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SALARY AND HAVING A  
SECURE JOB MAY MAKE  
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- CUHK is ranked 46th in the QS World University Rankings 2020.
- CUHK is based on a collegiate system of nine colleges.
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### CUHK BUSINESS SCHOOL

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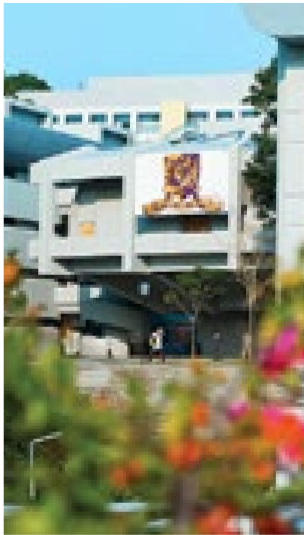
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WHEN  
**FAMILY  
TRUSTS**  
**Affect the Value of Firms**

Share transfer restriction may induce family shirking problems, make family conflicts difficult to resolve, and distort firm decisions

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Written by Mabel Sieh, Managing Editor and Guy Haydon, Contributor  
China Business Knowledge @ CUHK

Ownership structure plays a critical role in the incentives and behaviour of business organisations. The effects of firm ownership dispersion across managers and investors have been examined in past studies. Yet Prof. Joseph P.H. Fan from The Chinese University of Hong Kong (CUHK) has extended the literature by examining the roles of ownership structure within a controlling family.

His research “The impact of ownership transferability on family firm governance and performance: The case of family trusts” examines family trust structure commonly used among Fortune 500 family firms.

Companies controlled by family trusts or similar structures include *The New York Times* newspaper, department store chain Walmart and global furniture retailer IKEA.

“Family trusts are typically established for inheritance tax avoidance, asset protection against undesirable events such as divorce, bankruptcy, taxation and hostile takeovers,” says Prof. Fan of Department of Finance and School of Accountancy at CUHK Business School. “The trust structure often locks controlling ownership within a family for a very long period.”

In collaboration with Dr. Winnie S.C. Leung from the University of Hong Kong, the study focused on 216 distinct family firms listed on the Hong Kong Stock Exchange, including 72 firms using family trusts and 144 firms using direct ownership.

The data was collected over the period from 1990 to 2008, which included the 2006 abolition of inheritance tax in Hong Kong, which ended the tax

advantage of family trusts. 84 of the firms were in manufacturing, 52 in finance, insurance and real estate and 44 in wholesale and retail.

### The Cost of Family Disputes

Different from prior studies, which almost unanimously focus on conflicts between corporate insiders and outsiders, his study looked at the impacts of intra-family ownership structures and conflicts between family members on firm behaviours and performance.

For example, he found that the sibling structure of a family, in particular the age gap between the first and last sons of the founder, could be a source of conflict.

“When the age gap is large, sons or daughters arguably have more diverse interests and very different ideologies for managing family issues. A large age distance also indicates high conflict potential,” he says.

Prof. Fan says that founders of firms are not always able to correctly predict the consequences of adopting a family trust structure. In particular, they may underestimate the cost of keeping family harmony, or counteracting family disputes when a trust ties descendants up in the family business.

“The share transfer restriction may induce family members to shirk, making family conflicts difficult to resolve and distort company decisions,” he says.

Prof. Fan cites a well-known case of Sun Hung Kai Properties (SHKP), a leading property developer and the second largest business conglomerate in Hong Kong.

Its founder, Kwok Tak-seng, transferred controlling interest of the company into a family trust as part of his succession plan before he died in 1990. The trust was set up

in Jersey with a 100-year rule and with his wife and three sons as the beneficiaries. The trust appointed the three sons to co-manage the family business. Unfortunately, the brothers were not able to stay in harmony after Kwok died.

The Lo family, the founding family of prominent property developer Great Eagle Group in Hong Kong, is another victim of family fighting in which family trust ownership is at the centre of the dispute.

“There was hardly an exit from the family ownership structure because the family stakes were locked up in the trust.”

“The trust actually prolonged family infighting, and the corporate value of the business eroded substantially in the process,” says Prof. Fan.

He further explains that the ability to transfer ownership is an important mechanism for resolving disputes between family members.

“When family members directly hold ownership, their income or dividend and voting rights are clearly delineated. If a family member decides to exit the family business, he or she can simply sell his or her shares either back to the family or to outsiders.”

In other words, the selling family members can walk away with a fortune, while the active buying family members can have a more robust incentive and control over the firm.

“In contrast, the use of a family trust suppresses the transfer rights of the family ownership and blocks this buyout channel,” he says.

The trust deed typically specifies a long or even indefinite period before the trust can be dissolved and ownership can be transferred.

## The Negative Consequences of Using a Trust

Through marriages and having children, the controlling family increases in size and complexity over time. More and more family members are added as trust beneficiaries.

However, in an acute environment where competition is high, trust beneficiaries are inclined to exploit resources from the family business for their own benefit and sustain less for future corporate development.

“When a family trust provides no exit for resolving conflicts, consolidation of control is difficult. Unhappy families with entrusted ownership can impede corporate development and destroy firm value.”

– Prof. Joseph P. H. Fan

“Our study shows that when family conflict potential increases, firms that adopt a family trust tend to have higher dividend payouts, lower capital expenditures and a worse performance.”

Moreover, for firms using a family trust, family managers may find it hard to consolidate control to make timely critical decisions.

“The results support our hypothesis that a founder’s choice of trust that underestimates the family conflict potential distorts family managers’ behaviour when making company decisions.”

As the family’s size grows over time, the average cash flow rights of a given family beneficiary shrink. This further tempts family beneficiaries to focus on the near term.

“When a family trust provides no exit for resolving conflicts, consolidation of control is difficult. Unhappy families with entrusted ownership can impede corporate development and destroy firm value,” Prof. Fan says.

### Implications

“Our study not only adds to the existing academic literature, but also informs business owners and practitioners contemplating the ownership structures of the firms they serve,” says Prof. Fan, adding that the findings shed light on the direction of future research.

“Owing to a lack of information, we were unable to examine the role of family governance in mitigating family conflict potential, and look at original trust deeds when they include conflict prevention clauses. Both these important issues merit further research,” he says.

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Joseph P.H. Fan and Winnie S.C. Leung, “The Impact of Ownership Transferability on Family Firm Governance and Performance: The Case of Family Trusts,” *Journal of Corporate Finance*, forthcoming.



#### Prof. Joseph P.H. Fan

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

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



Research after the reunification of East and West Germany reveals what types of work experiences may boost employees' optimism, and how optimism may change their work experiences

*Written by Mabel Sieh, Managing Editor  
and Jaymee Ng, Principal Writer  
China Business Knowledge @ CUHK*

# Earning A HIGH SALARY

**and Having a  
Secure Job May  
Make You More  
Optimistic**



Optimism is widely considered by the society as a desirable attribute. Many of us believe that having an optimistic attitude will open doors to new opportunities, make us work hard, and attract good things in life. We also like to be around and work with positive people rather than those who are negative and who complain all the time. In general, we believe that optimists, given their positive attitudes and diligent work, can achieve more in life. An intriguing question then arises: how can we enhance our optimism? This question has been tackled in a study entitled “Reciprocal Relationships between Dispositional Optimism and Work Experiences: A Five-Wave Longitudinal Investigation” by Prof. Li Wendong, Assistant Professor of the Department of Management at The Chinese University of Hong Kong (CUHK) Business School.

“We predict that work experiences related to getting ahead and getting along may boost dispositional optimism,” says Prof. Li whose study was conducted in collaboration with researchers from the University of Potsdam, the Hong Kong Polytechnic University and National University of Singapore.

In the study, the researchers examined the relationship between dispositional optimism and work experiences, including income, job insecurity, and support from co-workers and supervisors. Dispositional optimism refers to those who expect more good things than bad things will happen in their future. The results show that earning a high salary and having a secure job strengthened dispositional optimism over six years.

## Optimism is a Self-Reinforcing Cycle

Existing literature says there are two elements at play when analysing dispositional optimism: selection and socialisation. The former refers to people’s individual characteristics that lead their life choices. The latter refers to how one’s life experiences affect the development of optimism.

According to Prof. Li, the study is the first attempt to integrate the two contrasting perspectives in the field of dispositional optimism. It reveals how both effects can coexist and even reinforce each other over time, as well as how this self-reinforcing cycle affects work experiences. In other words, optimists may select work experiences that fit their levels of optimism, and such work experiences in turn may enhance their optimistic traits later on.

“We often assume that optimists are likely to be more successful in terms of career development. However, we do not know exactly what specific aspects these optimists excelled in or how much their optimism contributed to their success,” says Prof. Li.

Prof. Li further explains that previous research tell us we expect optimistic employees to reap the benefits of obtaining greater levels of career goals of getting ahead for three reasons.

“First, optimistic employees tend to craft work environments that allow them to set higher career goals and persevere more over time even in stressful situations.

“Second, optimists are increasingly able to disengage from intractable and unobtainable goals, because disengagement from such goals liberates them to conserve resources and pursue more important and obtainable goals.

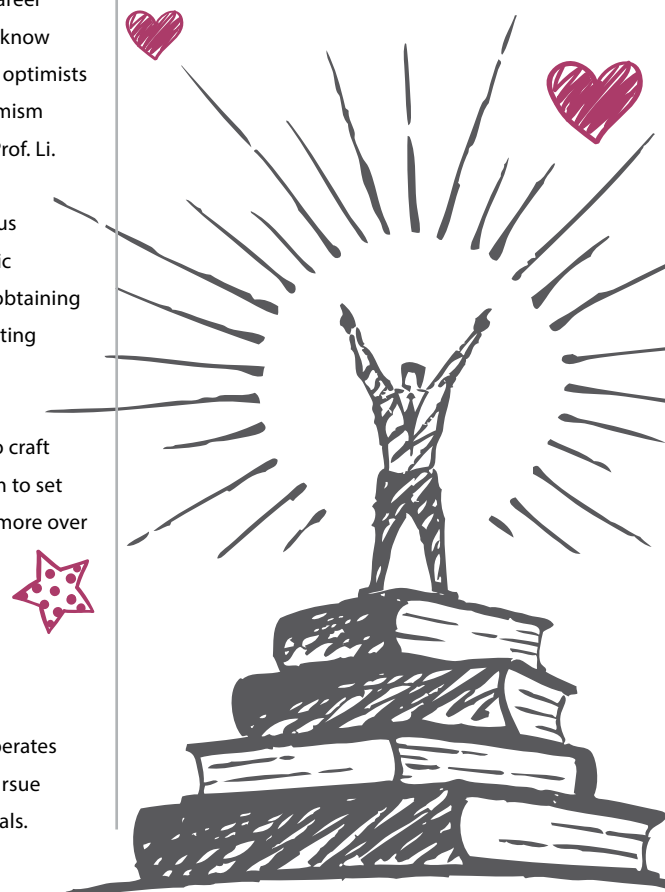
“Third, optimistic employees are able to attract more organisational sponsorship over time,” says Prof. Li, citing previous research studies.

## The Study and Results

The researchers in this study collected data during five different time-periods from 1990 to 1995 through a large research project conducted in East Germany after the reunification of East and West Germany. The maximum sample was 541 participants.

To present a holistic view of the relationship between dispositional optimism and work experience, the researchers tested five hypotheses in the study.

The first hypothesis predicts that dispositional optimism can lead to increases in income and decreases in job security over time. The second





hypothesis predicts that dispositional optimism can increase support from co-workers and supervisors over time. Hypothesis 3 predicts that employee income can increase dispositional optimism while job insecurity can decrease dispositional optimism over time. Hypothesis 4 predicts both employee supervisors' and co-workers' support can increase one's dispositional optimism over time. The last hypothesis looks into the reciprocal relationships between dispositional optimism with work conditions and predicts changed work conditions can strengthen dispositional optimism later on.

As for the results, the researchers found income increased dispositional optimism, but the influence of dispositional optimism on change of income was not significant.

"Our study shows that dispositional optimism exerted significant effects on changes of job insecurity, but not on change of income or social support at work. Thus, the present investigation serves as a cautionary note to previous research assuming that dispositional optimism is beneficial," Prof. Li says.

In addition, dispositional optimism decreased job insecurity over time and the lowered job insecurity then increased one's dispositional optimism level. But the lagged effects of social support at work seemed to have little influence on the change of dispositional optimism.

“What you do defines who you are. If you are interested in maintaining or enhancing your optimism, you need to strategically create or seek out work environments that provide you with more opportunities of getting ahead.”

– Prof. Li Wendong

## Reciprocal Effect between Optimism and Work Variables

Among the results, Prof. Li is most excited about the reciprocal relationships between optimism and work variables such as job security.

"We found that the relationship between an employee's dispositional optimism and work variables travels both ways: Being optimistic will likely affect your work experience, and the changed work experience will in turn change your optimism level later on," says Prof. Li.

In other words, we can become more optimistic over time – given the right environment. This evidence is important in a way that it has implication on how we interact with our work life.

"Employees should be mindful of the fundamental influences of their work experiences on altering their personality traits," says Prof. Li.

"What you do defines who you are. If you are interested in maintaining or enhancing your optimism, you need to strategically create or seek out work environments that provide you with more opportunities of getting ahead," he says.

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**Prof. Li Wendong**

*Li Wendong is an Assistant Professor of the Department of Management at CUHK Business School. He obtained his PhD degree from National University of Singapore. Prior to joining CUHK, he worked at Kansas State University for three years. His research interests focus on leadership, work design, well-being, and mindfulness. His research has been published in leading management journals including Journal of Applied Psychology, and Personnel Psychology. He has won the Hogan Award for Personality and Work Performance, Society for Industrial and Organizational Psychology, the International HRM Scholarly Achievement Award and Best Student Convention Paper Award from the Academy of Management. His research has also been covered in media outlets, such as the US Today, the Washington Post, and the South China Morning Post.*



# How Labour Power SHAPES Corporate Payout Policy

Work forces trying to limit dividends are most successful in nations with broader collective bargaining and effective labour law enforcement

Written by **Guy Haydon**

Contributor, China Business Knowledge @ CUHK

Existing research shows that corporate payout policies are greatly influenced by the legal protection of shareholders and creditors. Yet in the past, less attention has been paid to labour – another important claimant of companies' resources.

Workers, who prefer that companies hold on to profits rather than make cash payouts, have great potential to limit rent distribution among shareholders.

"The primary objective of labour is to maximise the present value of their expected future wages and benefits through excess rent extraction," says Prof. Wu Donghui, Professor of School of Accountancy and Director of Centre for Institutions and Governance at The Chinese University of Hong Kong (CUHK) Business School. Prof. Wu has recently been named by *Abacus* as the second most prolific author during 1999-2018 period, based on papers on the Chinese capital market published in Tier 1 journals.

His study "Having a Finger in the Pie: Labour Power and Corporate Payout Policy" examines the effect of labour power on business payout policy. With fellow authors at the Texas Christian University, the Hong Kong Baptist University, and the University of Macau, the study utilises data on labour laws with 41,436 firms in 39 countries from 1989 to 2015.

"We show shifts in labour laws governing collective labour relations have a significant impact on corporate payout decisions," Prof. Wu says. "Basically, legislative changes that strengthen labour power reduce firms' dividend payments and total payouts." Prof. Wu says the payout restriction

effect of labour power is more pronounced in companies with greater labour intensity and in businesses operating in countries with broader collective bargaining coverage and more effective law enforcement.

"These results are consistent with the idea that the workforces of businesses seek to maximise their income through collective bargaining. Our findings show that labour power is another important country-wide institution that shapes corporate payout policy," he says.

The study's data included an examination of the 2007-08 financial crisis – regarded as the worst crisis since the Great Depression of the 1930s – which hit financial markets worldwide and led the global economy into a prolonged downturn.

"The crisis, like a shock, abruptly lowered the available return on investment opportunities of firms in affected countries," says Prof. Wu. "To the extent that economic rents decrease sharply during a financial crisis, the constraint on company payouts imposed by labour power may become particularly severe."

"We used the crisis to generate additional evidence. Confirming that economic rents declined during the crisis period, the evidence enhances our confidence that our results were not spurious," he says.

Strong labour power enables unions to take a tough stand in collective bargaining by making more rigid wage and benefit demands and imposing greater firing costs that, in turn, increase firms' labour adjustment fees and decrease operating flexibility.

The strength of union bargaining power

increases with the proportion of staff covered by collective bargaining.

When firms facing strong labour unions are subject to lower operating flexibility, managers may cut dividends and conserve cash to regain some operating flexibility.

The study contrasted before-and-after differences in payouts of firms that saw a change in labour laws in a given year with the before-and-after differences in payouts of businesses that did not experience such a change in the same year and industry.

## Politics as a Driving Factor

Labour regulation changes are often triggered by changes in a nation's government. Changes in political leadership often lead to legislation, including labour laws, being revamped.

For example, in France, the newly elected President Emmanuel Macron's government launched an overhaul of French labour laws in September of 2017 – the first of a number of reforms he promised would help revive the economy.

Reforms to labour laws also can be linked to business cycles in a country; stricter labour protection legislation is often passed or retained in periods of economic contractions, while governments may ease labour rules that deal with unemployment during a period of low economic growth.

A nation's labour laws are also shaped by the type of political party in power: labour regulations are more protective of workers when leftist governments are in power, while the political leaning of a government may also influence a company's policy and regulation decisions.



Prof. Wu says the study found that, as enforcement of labour laws rests with governments, labour bargaining power increases with the extent of law compliance. It means the effect of labour power on profit distribution is more salient in countries with more effective law enforcement.

The findings of the study, compiled after the data was used in a series of complicated statistical calculations, took into account many variables including a company's cash holdings, profitability, financial leverage, a nation's gross domestic product growth as well as economic and equity market development.

"Our findings suggest that strong labour power alone does not cause a reduction in total payouts," says Prof. Wu. "Rather, it is the bargaining power in conjunction with rigid employment laws that leads to reductions in the total payouts.

"We found that the effect of labour power on corporate payouts is not a purely mechanical profitability effect. Tightened operating flexibility and excess rent sharing are two channels through which labour power affects payouts," he says.

“ Our findings suggest that strong labour power alone does not cause a reduction in total payouts. Rather, it is the bargaining power in conjunction with rigid employment laws that leads to reductions in the total payouts. ”

– Prof. Wu Donghui

"We also found that firms operating in more developed financial markets make greater payouts, and that businesses cut dividends and total payouts after a change in labour laws that grant more power to labour, compared with a set of control firms in the same industry at the same time, but based in nations without labour law changes," he adds.

Prof. Wu says the study adds to a growing body of international studies examining the economic impact of country-wide laws or law changes.

"We have complemented this literature by demonstrating that shifts in labour laws governing collective labour relations have a significant impact on a firm's payout decisions," says Prof. Wu.

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**Prof. Wu Donghui**

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

# DOES RELIGION Affect Loan Approvals?

Research reveals banks offer favourable loan terms to religious borrowers

Written by Jaymee Ng

Principal Writer, China Business Knowledge @ CUHK





Religion has profound impacts on the society and individuals. It elicits certain connotations, especially in terms of ethics among both believers and nonbelievers. Most people tend to think the more religious a person is, the more trustworthy or upright he or she is. The same mindset can be applied in the business world, as research by The Chinese University of Hong Kong (CUHK) Business School reveals.

The study entitled “Religion and Bank Loan Terms” by Prof. Maggie Hu from the Department of Finance and School of Hotel and Tourism Management at The Chinese University of Hong Kong (CUHK) Business School looks into the effects of religion on bank loans in the United States.

“Bank loans have become the predominant source of external financing for US companies. It is thus important to understand how banks make lending decisions and whether non-financial information, such as religious social norms, affects the terms of loan contracts,” says Prof. Maggie Hu who collaborated with Prof. Wen He from the School of Accounting at University of Queensland on the study.

In the study, the researchers sampled 8,355 loans taken out by 1,500 firms located in 302 counties across 45 states in the United States. They hypothesise that banks are likely to give out better loan terms to firms located in areas that are more religious. Their argument is based on two reasons: First, previous studies established the impact of religion on corporate culture, particularly in terms of risk aversion, honesty and fairness. Second, as religion is often associated with honesty, banks favour religious borrowers as a result.

According to prior studies, people tend to conform to conventional or dominant values, norms and behaviour of their groups. This means that not only religious people would conform to religious norms but nonbelievers are also likely to follow these norms if religious people dominate the local population.

### Traits of Religious People and Firm Behaviours

In the past, researchers linked some traits of religious people to corporate behaviours, for example, risk aversion. Studies have shown that firms located in highly religious counties are less likely to be the target of lawsuits because they tend to minimise litigation risk.

Another notable trait is honesty. Studies have shown that firms in religious counties are less likely to overstate their earnings, revenues and assets. Moreover, they are less likely to engage in tax avoidance and tax sheltering, or backdate option grants to managers.

Fairness is also an essential part of the moral code of most religions. Behaving fairly requires individuals not to abuse their position and take advantage of other people. In corporations, religious social norms discourage managers from

expropriating other stakeholders using their control of companies’ resources. Previous research shows firms located in highly religious countries are less likely to engage in unethical behaviours and grant excessive compensation to managers.’

“The evidence suggests that religious social norms may be an effective corporate governance mechanism that prevents some agency conflicts,” says Prof. Hu.

### The Study and Results

In their study, Prof. Hu and her collaborator first established the religiosity of a firm by measuring the ratio of religious employees to the population of the county where the firm was headquartered. This ratio was also used to measure the firm’s employees’ religiosity for two reasons: Firstly, it is believed that the employees who

“ Our results also provides micro level evidence by showing that religion may be associated with lower cost of debt, thus offering a plausible explanation to the documented association between religion and economic growth. ”

– Prof. Maggie Hu



are working at the firm are likely to be from local communities. Secondly, individuals tend to conform to dominant values in their communities even if they themselves may not have a religious belief. The level of religious participation in individual counties was based on the data from the Religious Congregations Membership Study listed on the website of the Association of Religion Data Archives.

“In the loan market, banks and lenders are concerned with various risks, including default risk, information risk and risks associated with agency conflicts,” says Prof. Hu. “We argue that these risks, to some extent, can be mitigated by the common traits of the religious adherents and moral teaching in churches. As a result, firms subjected to religious social norms might be able to enjoy favourable loan terms from banks.”

According to their study results, bank loans for borrowers located in highly religious counties have a larger loan size and are less likely to be asked to provide collaterals; they also tend to have fewer loan covenants than those taken by the borrowers located in counties with low religious adherence.

The researchers also found that loan spread, the key measure of interest cost, was smaller in high religious areas. For example, moving from low religious areas to high religious areas would lead to a reduction of 8.9 basis points in loan spread.

To ensure the accuracy of their hypothesis, Prof. Hu and her collaborator tested the assumption underlying their argument, which posits that the influence of the religion in the local community will be stronger for firms with mainly local employees than

firms with multiple locations.

They divided the firms into two groups: one group with firms that only have one geographic location and another with firms that have multiple geographic locations. The results show that the religiosity of the local community has a larger impact on bank loan spread for firms operating in only one location than those with multiple locations.

“Overall, we find that religiosity is negatively associated with loan spreads and loan covenants, and is positively associated with loan amounts. The results are robust to controlling for firm characteristics and loan features, in addition to fixed effects for year, loan type and loan purpose,” says Prof. Hu. “These results support our hypotheses that borrowers located in more religious areas are perceived to be less risky and enjoy more favourable loan terms from banks.”

## Implications

Social norms are a powerful force in society, and can certainly shape corporate behaviours. Previous studies have found that local religious social norms have a significant impact on corporate behaviour. The study by Prof. Hu extends this literature by examining whether bank lenders understand and reward religion-driven corporate behaviour. Her study has revealed that banks do value conservative and ethical behaviour and reward corporate borrowers located in more religious areas with lower borrowing rates in the United States.

“Our study complements prior studies on bank loans by showing that qualitative aspects, such as corporate culture, could have a significant impact on the cost of loans,” says Prof. Hu, adding that the study enriches our understanding of banks’ lending

decisions that are critical to the functioning of the loan markets and firms’ operations and growth.

“Our results also provides micro level evidence by showing that religion may be associated with lower cost of debt, thus offering a plausible explanation to the documented association between religion and economic growth,” says Prof. Hu.

Finally, the study adds to the growing literature on the effect of religion on corporate behaviour. “Our results imply that corporate behaviours that result from corporate culture affect the cost of capital and ultimately corporate investments,” she says.

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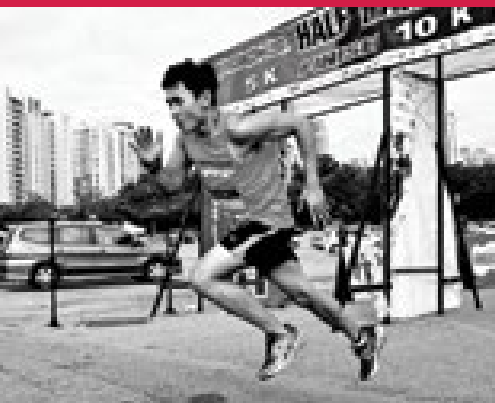
### Prof. Maggie Hu

Maggie Hu is an Assistant Professor jointly appointed by the School of Hotel and Tourism Management and the Department of Finance at CUHK Business School. Her primary research interests include real estate economics, P2P lending, and empirical corporate finance. Her research has been published in top finance and real estate journals, including *Management Science*, *Journal of Financial and Quantitative Analysis*, and *Real Estate Economics*. She received her PhD in Finance in 2013, and her Bachelor of Engineering Degree from National University of Singapore in 2008. Prior to joining CUHK in 2016, she worked at the University of New South Wales, Australia.



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For a professor who has been teaching at the same place for a dozen years, you would expect him to fall into the same old, same old routine. But not in the case of Dr. John Lai.

Dr. John Lai, Assistant Dean (Undergraduate Studies), Senior Lecturer of Department of Management and Co-director of MSc in Management (MiM) programme, has been teaching at The Chinese University of Hong Kong (CUHK) Business School for 12 years. Prior to that, he taught at City University of Hong Kong for six years.

While part of his career was spent deep in the trenches – working in human resources and holding various positions in the hospitality, retail and marketing sectors, with experiences throughout Asia – Dr. Lai's life path never veered far away from his initial dream of becoming an educator. It all started when he was 17.

## The Spark of Joy as a **GUIDING LIGHT**

**Whether Dr. John Lai is lecturing, directing a programme or conducting research, you'll always find a spark in his eyes**



"I was looking at the ceiling and suddenly I saw a spark. It painted a really clear picture that I wanted to do something meaningful and teaching seems to fit in well and that I should be teaching in a university – but not in Malaysia, where I was born. Since then I have been following this path," Dr. Lai recalls.

Over the years, Dr. Lai has developed his own personal style of teaching, to the extent that his innovative methodology has earned him numerous accolades. At CUHK, he has received a number of teaching awards, including the University Education Award in 2018, the Vice-Chancellor Exemplary Teaching Award in 2014 and 2010, and the Faculty Outstanding Teaching Award of CUHK Business School from 2015 to 2017.

What is at the core of his teaching style that makes it unique? Dr. Lai attributes his guiding principle to the Chinese philosophy "no distinction of classes".

"Teaching university students is really challenging. At any given time, a professor could be a coach, mentor, teacher, facilitator, magician or technician," he explains. "Since students come from very diverse backgrounds, there is no one-size-fits-all approach. It is our role as professors to help them understand who they are as unique individuals and unleash their potentials. It's very important to have patience, because with patience, we are able to inspire them to understand themselves, and be able to make contributions to the society after graduation."

He recalls the early days of his teaching career when he thought his job was just about imparting knowledge from textbooks to students. Soon he realised that teaching is not about subjects but people.

"It is important for us to find engaging and meaningful ways to unleash students' potentials. To do that, I emphasise the four C's – critical thinking, creativity, communication and collaboration."

To enliven his students in a way that touches them deeply, Dr. Lai regularly uses storytelling as a powerful tool in his classes. He believes that his experiences in international business have helped him demonstrate to students how to link academic knowledge to the real world.

"Storytelling is important. It helps students connect theories with practices. I often illustrate textbook chapters with real-life stories so students can feel how it is if they were in that position. Some of the stories come from my experiences. Sharing them is not about showing off how great I am, but showing them how not to make the same mistakes as I did."

Besides storytelling, Dr. Lai also adopts an experiential approach in his teaching. He takes students out of the campus and encourages them to participate in case competitions. "Xunzi once said: 'I hear and I forget. I see and I remember. I do and I understand.' So I try to incorporate this approach into the classroom to bring students to the world and bring the world to CUHK."

The third element in Dr. Lai's teaching approach is networking. "The student body is so diverse. Typically, there are 70 students in the classroom. It's a pity to see them just sit there before class, looking at their iPhones and iPads. So, I would ask students to rotate seats every week and get to know each other, not superficially but personally. When I assign projects, I encourage students to make sure there is a good mix of students from Hong Kong, Mainland China and overseas in each group. My own connection with students

is also important for me to understand them. After all, it's not only about teaching, but about helping students realise their potentials."

One way Dr. Lai connects with students is through WhatsApp groups. When he served as the Director of Global Business Studies (GBS) and International Business and Chinese Enterprise (IBCE) programmes for five years, he reached out to each cohort of students through a separate WhatsApp group. "The list is exhaustive. But I do have fun. This makes work exciting," he says with a grin.

While leading those two programmes that attracted elite students, he tried to involve and engage them in relevant events, workshops and study trips. "When there is involvement, there is commitment; when there is commitment, there's going to be action," he says.

Speaking of commitment, Dr. Lai's commitment to CUHK Business School has been a testimony of sheer dedication. While he was the Director of the two global business programmes, he simultaneously served as an Assistant Dean for Undergraduate Studies. How did he manage to juggle teaching, administrative work and research at the same time?

At first, he was doubtful of his own ability to do so. But he recalls being encouraged by Shige Makino, Professor of Department of Management and Co-director of MiM programme at CUHK Business School, when he was offered the positions by former Associate Dean Prof. Dennis Fan. "At that time, Prof. Makino said, 'John, you've been teaching for so long, now it's time to make a difference – not just in teaching, but in the programmes.'

I took that advice and jumped at the opportunity. Of course, balancing teaching, administration and research is a tough juggling act. So I asked Prof. Makino what the secret was. He looked me in the eyes and said, 'Sacrifice!'"

This is not empty sacrifice though, emphasises Dr. Lai. "At the end of the day, if we understand that whatever humble contributions we're making will help students in the learning process, it will make all the difference. If you love what you do, vocation is vacation."

Currently, Dr. Lai is Co-director of the recently launched MiM programme, which allows students to move directly to the executive management track without having to wait three years and work in business before applying for an MBA. The programme's mission is to fulfill society's need for business leaders who are generalists and at the same time, catalysts of change. It also aims to help shape the digital economy of Asia – to develop global managers for the Asian century.

"We want to ensure that the MiM programme is a practice-oriented learning programme," Dr. Lai remarks. During the semester, there will be continuous engagements with industry leaders. So far, there has been more than nine events involving industry leaders. In the coming months, the MiM Forum will be introduced. At the end of the programme, a capstone programme will bring students out of Hong Kong and immerse them in real-life consultancy projects.

Besides teaching and directing programmes, research is the third of the three-legged stool Dr. Lai has been sitting on at the Business School. His

research focus on business innovations and networks. "I try to do credible research along the way," he says. "My inspiration comes from my supervisor, Prof. Steven Lui at my alma mater, the University of New South Wales. I believe that one way to stand out in research is to work closely with industry partners. We don't want to create research just for the sake of being published in journals. Instead, we want to contribute to the success of organisations."

One of Dr. Lai's most memorable projects was a research project for a Hong Kong retail chain. Over a six-month period, he visited 175 stores in Hong Kong, Macau, Shenzhen, Guangzhou, Shanghai and Beijing. "It was a great experience for me, because when I went to the outlets, I was able to observe and learn along the way," he says. "This opened up my heart, mind and soul, and I was able to bring the research back to my teaching."

When asked about the most memorable event in his teaching life, Dr. Lai didn't give a single incident but summed it up, "It makes my day when students still remember us the 'Old Biscuits' (a Cantonese slang meaning old-timers) after they have graduated for many years; when they still stay connected with us by sharing a simple meal, coffee or tea, telling us how they are doing to the society. That's what makes teaching so special to me."

In fact, one of Dr. Lai's strongest convictions about teaching is that it is a "life-long warrantee".

"Our job doesn't stop after our students have completed the course or graduated from university. My fellow faculty members and I share the same belief that our role only begins when students have graduated, come back and shared their stories. That's a proof that they have put

to practice what they have learned. And when they share stories with me, I can share them with the current students," says Dr. Lai, with an even stronger spark in his eyes.

It is clear how his life is driven by passion. What he finds most interesting about his work is that every day is different. "I try to look for what Marie Kondo calls 'the spark of joy' in work, so that my excitement can be perpetuated. And that, my daily work as a faculty member will not become routine."



#### **Dr. John Lai**

*John Lai received his PhD from School of Management, University of New South Wales, Australia. He is currently the Co-director of MSc in Management Programme and Assistant Dean (Undergraduate Studies) of CUHK Business School. He previously served as the Director of Global Business Programmes – Global Business Studies and International Business & Chinese Enterprise at CUHK. His research interests are innovation in services, networks, and knowledge transfer. He is the recipient of CUHK's University Education Award (2018) and Vice-Chancellor Exemplary Teaching Award (2010 & 2014), CUHK Business School's Faculty Outstanding Teaching Award (2009, 2011 & 2014) and Faculty Teaching Merit Award (2015-2017), and City University of Hong Kong's Teaching Excellence Award (2004/05).*

# Not Your Typical Student

Korean, a mother of two, and a full-time employee at one of the largest global investment banks



A combination like this can rarely be found in the student profiles at The Chinese University of Hong Kong (CUHK) Business School. Yet Diane Sohn quickly adapted to life as a part-time student in the Master of Accountancy (MAcc) Programme and is sharing her diverse experience with her fellow classmates, inspiring them to push their envelope and stretch their imaginations.

When Diane Sohn became a student of MAcc, the professional Master's degree programme at CUHK Business School, she sat quietly by herself in the classroom at the CUHK Business School Town Centre, feeling a bit shy and frustrated about not being able to communicate with her Cantonese-speaking classmates. Her classmates often mistook her for being a local student. But very soon, some took the initiative and included her when they formed project teams. This was two years ago, and to this day she is

still grateful for the warm and inclusive atmosphere in her class.

In fact, she has never stopped appreciating how her classmates have inspired and encouraged her to work hard and pursue her Master's degree, despite the extremely challenging schedule she must juggle. She observed first-hand how the local students, like her, work long hours yet still insist on attending class after work and put in the extra effort to equip themselves.

She herself works full-time as a financial reporting analyst at JPMorgan Chase & Co, and has to take care of two young children while sitting for courses that are completely different from her undergraduate political science studies.

## A Switch in Career

At first glance, accounting is as far removed from political science as one can imagine. Why did she choose to change her career path?

After studying political science and international relations at Korea University, Diane landed a job in Korea, doing research on the Korean economy and producing analyst reports. Since then, she has worked in the field of compliance, as well as in accounting, taxation and advisory services, in Hong Kong.

While her educational background had nothing to do with accounting, she did get exposure to the subject and also financial reporting on the job. Before long, she found herself to have a knack for numbers, as she once studied for the Certified Public Accountants (CPA) examinations on her own and passed them all. Upon joining a Korean securities services firm in Hong Kong, she decided to specialise in the field of accounting by enrolling in a professional course.

"CUHK came to mind because it is one of the top three universities in Hong Kong, and I was very impressed by its

ranking among Asian universities,” Diane recalls. “I was delighted to find that CUHK offers classes for part-time students like myself. It is also known for deepening students’ knowledge in accountancy, which is how I came to choose the Master of Accountancy programme.”

Diane’s first impression of CUHK was extremely positive. “Coming on to the campus, being surrounded by young college students again and being a part of this community after having graduated for 10 years felt really good. I also felt a great sense of relief to be a student again, because the teachers were there not to scold you – which is common in the workplace, but to guide you, versus being reprimanded in the workplace which is quite common back home.”

Diane says her professors in the MAcc programme have been very supportive and generous. “They would bend over backwards to help us part-time students to accommodate our schedules,” she says. “For example, if we had to travel for business on the day of a mid-term exam, the professors were open to the idea of arranging an alternative method of assessment. They are flexible and would try to meet us during after hours, because they understand how it is to be a working student.”

About a year into the programme, Diane successfully landed a job at JPMorgan Chase & Co. During the job application process, it took numerous interviews and a lot of convincing before she was hired. Diane explains that most candidates are graduates from local universities and had worked at one of the Big Four accounting firms for a few years. Not having this track record initially worked against her. However, she was confident that her willingness to learn new things, her

curiosity and her diversified experience would be an asset for the company.

“Maybe they saw my potential of being able to solve problems with an unconventional perspective,” she says with a giggle. “Luckily, I convinced my hiring managers to choose me over the more experienced ones. They saw that I was a fast learner. Being hardworking, constantly trying to create more value, and being a people-person – those are skill sets that I carry around like my backpack, and they’ve served me well.”

She explains that while the company is an investment bank, her job is directly related to accounting. The large governmental and institutional clients she works with often require detailed explanation of financial reports. The knowledge she acquired in accounting through the MAcc programme comes in handy.

As she is responsible for leading many projects at her current job, she found that the project management skills she acquired through the team projects in the advanced accounting course taught by Dr. Joyce Wang, Director of MAcc Programme and Senior Lecturer of School of Accountancy at CUHK Business School, to be extremely useful. “It’s a very practical skill set that I can modify and apply to my current work.”

Other courses that have helped her make progress in her career are the MBA marketing course, which inspired her to rebrand herself; and the finance course taught by Prof. Paul B. McGuinness, Professor of Department of Finance at CUHK Business School. “I felt fortunate that I joined the class right after I was hired by JPMorgan Chase & Co. It was like an orientation for me!”

## An Interesting and Winding Path

The path with which Diane followed prior to studying at CUHK was both an interesting and winding one. Perhaps one wonders what led her from Korea to Hong Kong. It turned out to be her marriage. She met her husband while he was pursuing a Master’s degree in Seoul. After he graduated, they married and lived in Shenzhen. Her husband started working in Shenzhen while Diane chose to develop a career in Hong Kong, where more relevant positions were available to her.

She first started working for a Korean investment company in Shenzhen, where she was hired as an account manager at a family-owned, multinational cosmetics company. She led the sales team and managed client relationships with US buyers. Her trilingual skills – Korean, English and Putonghua – allowed her to achieve the sales and quality control targets. Although working in sales at a cosmetics company had nothing to do with her political science and compliance background, she was open-minded and happy to test new grounds. It turned out to be a good experience for her.

After that, she decided to continue her career in Hong Kong, where she worked for a few small consulting firms, counting Korean-listed companies and Fortune 500 companies among her clients. Her exposure there eventually led to her being hired by JPMorgan Chase & Co.

## From Small to Big

From Shenzhen to Hong Kong, Diane has transitioned from working for a 400-staff family-run business to small firms and now to a giant investment bank. Gradually, she has moved on to bigger teams and organisations with global desks, working with teams in Singapore, India and the Philippines, managing clients that span from South Korea to Thailand, Taiwan and more.

How did she adapt to such drastic changes? When she was at the Chinese cosmetics company, Diane recalls, there weren't any clear definitions of her job scope, and most decisions were made by the family. "If you earned their trust, then suddenly your project would get the funding. There was no real logic," she says.

When she worked at the Red Flag Group in Hong Kong, an Australian-owned compliance firm with a global operation, she led a Korean team for due diligence and compliance. Due to the relatively small size of the company, she enjoyed a great deal of autonomy in her work. For this reason, she sometimes misses working for smaller companies. By contrast, at her current job, there isn't as much flexibility and room with which one can change things but at the same time, she appreciates working with really capable and strong team members and has learned a lot during the process.

At first, she felt intimidated. "Everything is very fast paced and everyone is so professional," she says. "But eventually you acknowledge the fact that you are here because you are equally qualified. You need that kind of confidence to work here. You learn more by doing more. By doing more, you gain the trust of your colleagues, asking relevant questions and eventually gaining their trust. But to do more, you've got to find the right people. What I mean is that in a big organisation, your work is mostly about finding who to ask the right questions because you don't work in isolation. When you do that, then your job is done."

Her work motto – and advice for young business professionals – is to "be yourself and be proactive."

Her achievement in being hired by JPMorgan Chase & Co marks the beginning of her dream career.

Eventually, she wants to work as an accounting professional in the field of compliance within a financial institution. Although what she currently does is unrelated to compliance, she is learning in great detail how banks operate, how they react to crises and manage risks.

"I'm very glad to be a part of this organisation and I'm ready to make as many mistakes as possible so I can learn as much as possible here," she says.

In the future, she wishes to work in policymaking – perhaps back in Korea or in an international organisation, where she can give advice and join in the policymaking process.

## Reflections on Life and Career

Diane has very little leisure time, as she spends long hours during the week at work and much of her weekend attending classes on campus. Her saving grace is that she has two young children, who motivate her to go out and have fun.

"MAcc is a very demanding programme. It's not a programme you can just get by. After joining JPMorgan Chase & Co, I found it a challenge to juggle my schedule. But I am very lucky to have my kids. They always approach life in a fun way and know how to enjoy life. They make me laugh, and they bring me to many places. If I were alone I would not choose to go to the beach but would rather just sleep and rest at home!" she laughs.

In fact, Diane is grateful that her husband is open-minded and supports her fully in developing her career. She doesn't have to live the life of a stay-at-home mom as the typical Korean woman. Her children have also taught her to embrace diversity in people, and that has had a ripple effect in how she relates to others in the workplace.

For business school students who wonder if going into banking is a good idea, she

would ask them: "What is it that you want in five years? There are no definite skills that guarantee success or failure. It really depends on what you want to do. When you are 20-something, you have a chance to think about how you can contribute to society. Work is not only about making money. You spend 12 hours at the office; it occupies a great part of your life. So think about how you want to spend your time and also how you want to contribute to society. The rest will then fall into place."

With her fellow students, she wants to share something beautiful she once heard: "Failure is not falling down. If things don't go as planned or happen at the timing that you hoped, just try again. You may fall, but if you fall and don't get up again, that's failure."

For herself, the biggest lesson she has learned over the years is "Don't think too much; just do it! By doing, you can slowly move forward and get what you want, while also meeting interesting people along the way."



**Diane Sohn**

*Diane Sohn holds a Bachelor's degree in Political Science and International Relations from Korea University and is pursuing a Master's degree in Accountancy from CUHK. She is now a Financial Reporting Analyst at JPMorgan Chase & Co. Prior to her master's study, she worked for several organisations in the field of compliance, accounting, taxation and advisory services – the Korean Government in Seoul, Academy Cosmetic Ltd. in Shenzhen, as well as The Red Flag Group, AtoZ HK Consulting Ltd., and Korean Investment and Securities Asia Ltd. in Hong Kong.*

Quality Entertainment Knows

# NO BOUNDARIES

## No pain, no gain

Lovinia Chiu (EMBA 2013), affectionately known as LuLu, is the Chairman and CEO of Medialink Group Limited with more than 30 years of experience in content distribution and brand licensing. She entered the industry after graduating from university and founded her own company six years later. She introduced popular TV classics such as Dae Jang Geum, Meteor Garden, and Fullmetal Alchemist to Hong Kong. After completing the CUHK EMBA programme in 2013, she set her eyes on an IPO for Medialink. The goal was finally achieved when the company successfully went public this year.

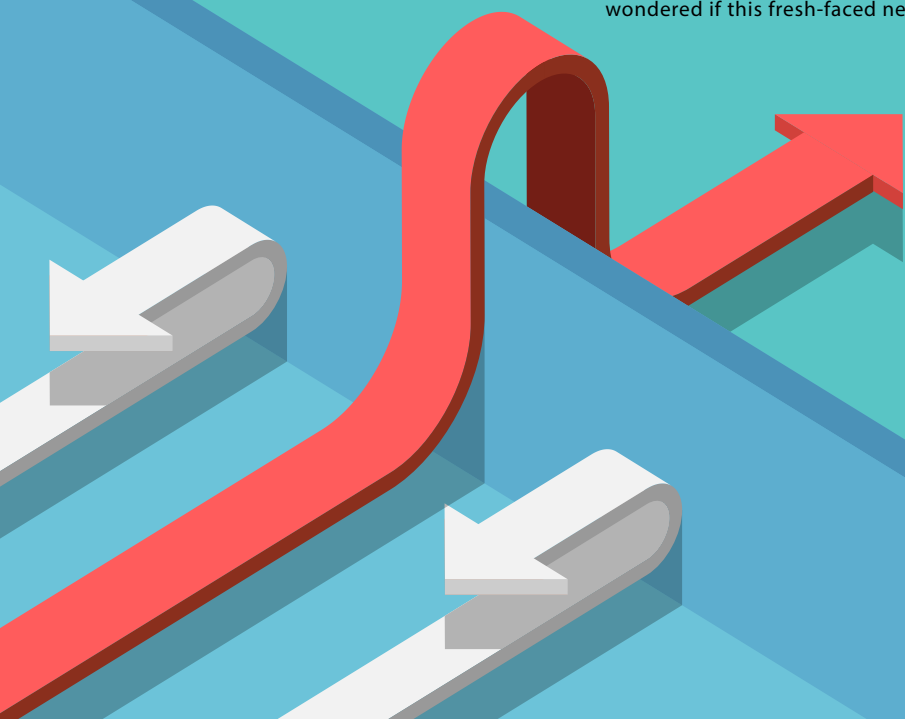
### A Natural-born Saleswoman with a Good Eye for Business

LuLu comes from a humble background. She could not remember ever going to a restaurant with her father growing up because he was always working to make money to send his children to private schools for better education. Unfortunately, her father died in a car accident when she was still in secondary school, forcing her to get a part-time job to pay for her tuition.

After graduation from university, LuLu joined a media content distributor as a sales executive. Her skeptical co-workers wondered if this fresh-faced new

graduate could even last three months. She proved them wrong by staying for five years, during which she was promoted to Director of Sales and Acquisition. LuLu has an outgoing personality and a strong passion for her work, as if she was born to work in sales. "I like meeting people, and I love bringing joy to people through high quality programmes even more!"

LuLu did not actually watch a lot of TV when she was a student, but she had a good eye in spotting hit shows. She was applauded for discovering many quality shows when she first attended a television festival in US. She selected a number of American and Canadian TV series and variety shows and distributed them to the Philippines and Thailand. Programmes such as Cirque du Soleil



and The Three Tenors in Concert were instant hits in those markets.

## Hard Work is Key for Entrepreneurs

LuLu was later recruited by Star TV as Sales Manager, but the company was soon acquired by a multinational corporation. She was reassigned to complete a due diligence survey, which she found dull and unbearable. It prompted her to start her own business with just over HK\$100,000 in the bank. In 1994, she co-founded Medialink with her younger sister. The Chinese name of Medialink (羚邦集團) means “an antelope galloping to the other side of the world.” The idea really came true, and her job has taken her all over the world – she has been to Cannes at least 70 times for MIPCOM.

To avoid competing with her former employer, LuLu stayed away from the American and Canadian markets but turned to Japanese anime, Korean dramas and Taiwanese dramas for upstream sourcing. For downstream distribution, she turned the focus on the familiar Southeast Asian markets and actively explored the mainland Chinese market. One can only imagine how challenging it was for a twenty-something-year-old woman to start a business with such limited capital. “The first year was the hardest. Not one Japanese production company trusted us, but we kept knocking on their doors. It wasn’t until the fifth year when a company finally sold us our first anime.”

LuLu says a distributor cannot only focus on maximising its margin. It must create value for both the company and business partners. This includes providing a practical and transparent market information and applying knowledge and experience to identifying the right product for each market, creating a triple-win situation. “In 2003, we managed to convince a Filipino TV station which had

never bought any Asian dramas to give the Taiwanese drama Meteor Garden a go. It pulled in a record-breaking 42 rating points and the ad revenue soared for the station. Within the next three months, we sold 60 Taiwanese dramas to the Philippines. Everyone involved in the upstream, midstream and downstream processes were happy.”

## Enrolling in the EMBA and Fulfilling an IPO Dream

LuLu is grateful for a life coach who once told her that when a company gets bigger, the owner can no longer play the role of just a salesperson. She decided to continue her education and applied for the CUHK EMBA programme in 2011. She says the experience has benefitted her tremendously. “For one, sales theories such as ‘Left-Right Circles’ and ‘Awareness, Understanding, Happiness, Action, and Habit’ are still useful to this day. For another, I’m very grateful to be part of the CUHK alumni network. I even played cupid to link up a male and female classmate and became best friends with both. Thirdly, I gained a deeper understanding of IPO from our investment class, which helped me formulate my goal of getting my company go public.”

After a few years of preparation, Medialink was finally listed on the main board of HKEx in May this year. The path was bumpy and stressful for LuLu, causing her many sleepless nights and weight loss. However, the hardships did not waver her determination and beliefs in doing the right thing by the book.

## Be Strong and Resilient Like a Red Cotton Tree

LuLu and Medialink have celebrated countless accomplishments along the way: Being the biggest Japanese anime distributor in China by revenue in 2017; for the first time ever co-investing and being on the production committee

of Japanese anime Seisen Cerberus; successfully entering the in-flight entertainment content business; and partnering with TVB to introduce Medialink’s very own Ani-One streaming service on myTV SUPER.

Although the company is now public, LuLu thinks Medialink is still at its infancy stage in the capital market with a long way to go. Looking ahead, besides growing stronger along with her business partners, she wants more young people to enter the IP commercialisation business so that they can help grow local brands and export mainland products overseas.

LuLu recalls her childhood home being surrounded by red cotton trees. She has always liked them for their upright and upward quality. It reminds one of the lyrics of a Roman Tam’s classic. “Hero of a tree. Keep going upward. A righteousness unique to red cotton trees...”

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



**Lovinia Chiu**

*Lovinia Chiu (EMBA 2013) is the Board Chairman, Chief Executive Officer, and Executive Director of Medialink Group Limited. She has over 31 years of experience in the media and entertainment industry. With her strong entrepreneurship skills, she founded Medialink in 1994, distributing third party intellectual property or licensing materials. Lovinia was featured as one of the dynamic women entrepreneurs under the 2015 EY Entrepreneurial Winning Women Asia Pacific programme. She also serves as one of the judges and investors for the Pan-Asia Venture Development Platform.*





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# The #CUHKBusinessSchool BOND in Legacy Families

For some families, CUHK education is a tradition. These legacy families share the same education footsteps and cross-generational memories, passing on the heritage of their alma mater. We interviewed three alumni families with generational ties to CUHK Business School, where they shared about their school choices, memories, and the evolution of CUHK experience from the time they attended to date.



## SO FAMILY

### **Raymond So**

MBA 1981

Executive President,  
Daye Transmedia Group

### **Alvin So**

MBA 2016

Senior Associate Consultant,  
OC&C Strategy Consultants

Back in Raymond's time in 1979, CUHK was the first and only MBA programme in Hong Kong, with only one class of 30 Hong Kong students each year. The CUHK MBA provided Raymond with the best opportunities to develop a career in business, and he highly recommended the programme to his son. Alvin wanted international business training and focus on the Chinese market, made easier with the large alumni network.

When Raymond attended his MBA, the programme did not have subject concentration or overseas study tours and only four students could go on exchange at New York University. By the time Alvin did his MBA, the programme had expanded its concentration options, course offerings and exchange programmes, as well as the size and diversity of the student population. That's why Raymond thinks spending two years at school can build a strong bond with CUHK Business School, and offer an enriching experience.

During Alvin's MBA, he was a member of the CUHK CSR Conference organising committee. He suggested inviting Raymond as a speaker and was amazed to find out that some classmates from Shanghai knew his father, who had spoken during orientation as the CUHK Shanghai Alumni Association President. Raymond was pleased to see Alvin on stage as a conference host, just as Raymond had been emcee for many MBA class events during his time.

Raymond is very glad that Alvin took his advice to get an MBA at CUHK. "It is great to have a shared identity, a special bond. We are both CUHK MBA alumni! I hope we can have more Business School family legacies in the future."



## Three things that the So family want their grandchild to learn at CUHK

1. Be more than book smart to apply the knowledge taught in class to real-life scenarios.
2. Work effectively in a culturally diverse team and be a leader. Be open-minded and respect different opinions with a humble attitude.
3. Remain curious, encourage others to explore their passion and expand their horizons. Develop a lifetime learning attitude that opens their heart to new and innovative ideas.



*Paul and John with Prof. Andrew Chan, CUHK EMBA Programme Director (middle)*

## CHU FAMILY

### **John Chu**

*MBA 1974*

*Previously Group Chief  
Investment Officer,  
AIA Group Limited*

### **Paul Chu**

*EMBA 2004*

*Managing Director, RedWolf  
Airsoft Specialist Limited*

The Chu family says CUHK is known for having a systematic programme for all areas of business education. Graduates are equipped to engage in different management functions to meet the needs of the rapid changes in the business world.

During John's studies at CUHK, he often took his son to spend time on the campus. They spent many weekends swimming in the university pool and running around the lawns. Thirty years later, Paul took classes on the same campus and visited the same pool where they swam together, and they can both remember the good old times at the university.

John has witnessed CUHK's evolution to become an institution with a global vision and remarked, "The programmes are designed to connect the East and the West, with a Chinese approach." Paul echoes the same belief. Having attained his undergraduate degree in the United States before enrolling in CUHK's EMBA programme, he finds the incorporation of Chinese philosophies and teachings in a business context within the programme appealing.

Over the years, John has been able to assume leadership roles across a broad range of disciplines. He attributes this to a can-do attitude toward problem-solving, strategic and critical thinking skills, and the ability to manage people from different backgrounds and cultures. He shares, "The excellent business leadership programme at CUHK has helped me to develop these skills. The lasting impact on me and others who have gone through the doors of CUHK is strong, ethical leadership and passionate commitment towards the betterment of society."



### **Three things that the Chu family want their grandchild to learn at CUHK**

Critical thinking, global citizenship mindset, and a macro view of the world and the history that shaped it.



## WONG FAMILY

### **Jacob Wong**

*BBA (Accounting) 1979; MBA 1982  
Chief Compliance Officer,  
China Taiping Life Insurance  
(Hong Kong) Company Limited*

### **Christopher Wong**

*BBA-IBCE 2013  
Senior Consultant,  
KPMG Global Strategy Group*

It was by fate for Jacob, and by choice for his son Christopher to attend CUHK Business School. Jacob started with physics, but was unable to cope with scientific theories. After studying accounting in year 1 and enjoying it, he transferred to Business School in year 2. Christopher liked CUHK for its school ethos, and decided to trace his father's footsteps in China business. Christopher chose the International Business and Chinese Enterprise (IBCE) programme with advice from his father, and became part of the pioneer batch of IBCE students.

Christopher invited his dad to share the joy at some of his events, including his graduation, and the HPAIR (Harvard College Project for Asian and International Relations) Conference he hosted at CUHK. Recently, they attended the first Global Alumni Forum together in June 2019.

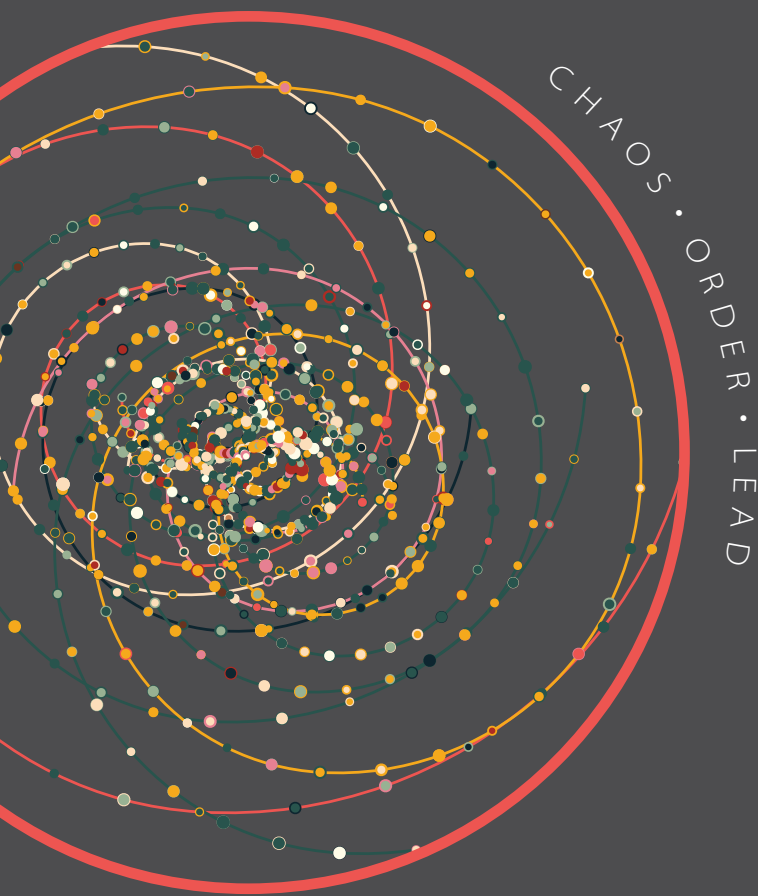
Jacob thinks there are more opportunities now than the time he attended CUHK, from exchange programmes to internships and competitions. One thing that has not changed much for them is the campus' beauty.

As the saying goes: "Education is what remains after one has forgotten everything learned in school". Teach our youth how to learn, but also how to love and respect. The Wongs wish to see more families here, not just in the literal context, but also in the community sense where one gives back to their home – CUHK Business School.



### **Three things that the Wong family want their grandchild to learn at CUHK**

Humility, perseverance, and love – the love of business mixed with humanities, and the love of people and our community.



# GLOBAL ALUMNI FORUM

The CUHK Business School “Global Alumni Forum: Chaos · Order · Lead” delivered a strong range of insights to 380 attendees on 29 June 2019, with professors, distinguished alumni and expert speakers offering their contributions to the debates surrounding how business leaders should manage these increasingly chaotic times and global challenges.

## Chinese Economic Reform: Past, Present, Future

China has experienced four decades of uninterrupted economic growth, thanks to dual-track reforms, international trade and foreign direct investments. The unique economic model is a “reform without losers” – everyone is better off.

This was the observation Prof. Lawrence Lau, Ralph and Claire Landau Professor of Economics at the Lau Chor Tak Institute of Global Economics and Finance of The Chinese University of Hong Kong (CUHK), made during his keynote speech at the CUHK Business School’s inaugural Global Alumni Forum.

In reviewing “Chinese Economic Reform: Past, Present, Future,” Prof. Lau shed light on how China, which was a centrally planned economy from 1953 to 1978 with no functioning domestic markets and largely closed off to the rest of the world, achieved four decades of unabated growth against the odds. “China’s GDP grew almost 37 times from 1978 to 2018,” Prof. Lau said. “Unlike almost all of the former Soviet Union and Eastern European socialist countries, China did not experience any decline in GDP in either aggregate or per capita terms or hyper-inflation.”

He pointed to two key components that contributed to this development “The first was the introduction of free markets for goods in the Chinese economy, coupled with conditional autonomy for the producers. The second, equally important component, was the opening of the Chinese economy to international trade and inbound foreign direct investment.”



LEARN MORE 

## Opportunities for Asian Businesses to Lead in the Age of Uncertainty

Geopolitical uncertainties, rapid technological advancements and cultural shifts are creating both risks and opportunities for Asian businesses. To stay ahead, business leaders must adapt, evolve and employ new strategies to navigate the chaotic times and capture the opportunities.

At a panel discussion entitled “Opportunities for Asian Businesses to Lead in the Age of Uncertainty”, Prof. Seen Meng Chew, Associate Professor of Practice in Finance at Department of Finance, and Associate Director of MBA Programmes at CUHK Business School, spoke with four panellists to seek their views. They included two professors and two alumni from CUHK Business School: Prof. Joseph Fan, Professor of School of Accountancy and Department of Finance; Prof. Dora Lau, Associate Professor of Department of Management and Associate Director of Centre for Entrepreneurship; Mr. Gerardo Salandra (MBA 2016), CEO and Founder of Rocketbots and Chairman of the Artificial Intelligence Society of Hong Kong; and Mrs. Cindy Chow (BBA 1992), Executive Director of Alibaba Hong Kong Entrepreneurs Fund.



LEARN MORE 



## Debating Hot Topics in International Business

While the keynote speech and panel discussion garnered exceptional insights, four highly anticipated breakout sessions offered unparalleled knowledge on some of the most pressing business issues of our time. The sessions included:



LEARN MORE 

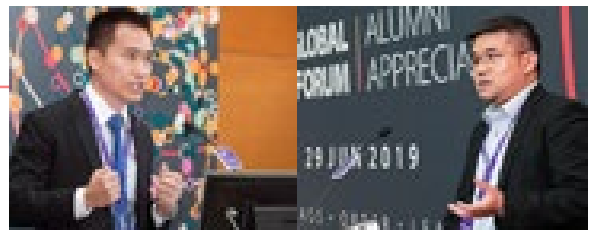


### “ Innovation and Strategic Renewal of Family Business ”

By Prof. Kevin Au, Professor of Department of Management and Director of Centre for Family Business at CUHK Business School

### “ When Banks Go Virtual – Featuring a Hong Kong Fintech Company ”

By Prof. Seen Meng Chew, Associate Professor of Practice in Finance of Department of Finance, and Associate Director for MBA Programmes at CUHK Business School, and Mr. Kenny Cheng (BSc in Quantitative Finance 2006), Head of Finance and Treasury at WeLab Virtual Bank



### “ The Engine of Digital Economy – Artificial Intelligence and Big Data ”

By Dr. Toa Charm, Associate Professor of Practice in Management and Director of Business Development, The Asia-Pacific Institute of Business, CUHK Business School

### “ Talent Development in the Greater Bay Area ”

By Mr. Peter Kung, Adjunct Professor, School of Accountancy, CUHK Business School and Mr. Charles Fung (MBA 2003), Group CSR Manager, Starry Group



Different views, diversity and debate characterised the breakout session that capped off a fascinating day for all.

# SCHOOL NEWS HIGHLIGHTS



JUN  
2019

## Alumni Appreciation Ceremony in Honour of Alumni Volunteers

Over the past academic year, more than 600 alumni volunteers supported CUHK Business School in various ways, be it as a mentor or speaker sharing valuable experience with students, as an interviewer or recruiter assisting with admission interviews or offering career opportunities, or even as a donor or sponsor supporting students' learning. In recognition of their contribution and dedication, an inaugural Alumni Appreciation Ceremony was hosted on 29 June. Alumni awardees, accompanied by their family and friends, returned to their alma mater and joined the celebration. Two alumni awardees, Boris Ng (Integrated BBA 2014) and Daisy Cheng (MBA 1981), also shared their experience volunteering as alumni ambassadors and the rewards they gained by giving back to the School.



SEPT  
2019

## Sustaining Its Success in Dialogue with Women Chief Executives and Mentorship Programme 2019-20

CUHK Business School kicked off another year of meaningful collaboration with an informal group of women chief executives from the financial services industry in Hong Kong. Over 250 CUHK undergraduates, secondary school students and teachers, as well as company executives joined the Dialogue with Women Chief Executives and Mentorship Programme 2019-20 Inauguration Ceremony. Running into its second year, it continues to promote equal opportunity and to empower female professionals at the workplace with "sustained success" as its new theme. Through meeting leaders from business industries and professions, students can stay abreast of current developments in business sectors and gain valuable industry insights. It also nurtures students with forward-looking mindsets and enhances their abilities to reflect on business issues.



SEPT  
- OCT  
2019

## CUHK Accountancy Alumni Seize Awards at HKICPA Qualification Programme and ACCA Exams

Graduates of the Professional Accountancy (PACC) Programme seized eight awards at the HKICPA Qualification Programme (QP) Award Ceremony on 21 September. They achieved exceptional performances in the December 2018 and June 2019 sessions. It is the third consecutive session that PACC graduates brought home half of the programme awards. On the other hand, five accountancy alumni won seven awards in the ACCA (Association of Chartered Certified Accountants) exams during December 2018 and June 2019. It is particularly encouraging to find many top performers from CUHK Business School for two newly revamped papers of the Strategic Professional Exam – SBL (Strategic Business Leader) and SBR (Strategic Business Reporting).



OCT  
2019

## Prof. Norman Chan Advises Students to Practise Discernment

Distinguished CUHK alumnus Prof. Norman Chan, former Chief Executive of the Hong Kong Monetary Authority (HKMA) and the newly appointed Honorary Professor of CUHK Business School, shared his life lessons with students and alumni at CUHK Business School's Business Lecture Series. Through his sharing, the audience learned about how Norman set his success parameters in leading the HKMA to maintain Hong Kong's currency stability, promote the integrity of the financial and banking system, and strengthen the city's status as an international financial centre. Norman added that everyone should aspire to succeed according to his or her own definition. Once students set their goals and work towards it, even the process of attaining is success.

OCT  
2019

## The 2nd CUHK Derivatives and Quantitative Investing Conference

Organised by the Department of Finance, the second CUHK Derivatives and Quantitative Investing Conference was hosted on 17 October at the CUHK Business School Town Centre. It gathered around 100 researchers, practitioners, and speakers from leading universities, top asset management firms, financial service providers and government authorities in Hong Kong, Canada, Germany, and the US. The speakers spoke on a wide range of topics, such as innovative trading strategies in stock market, fixed income quantitative strategies, climate risk and ESG investing, the application of machine learning in trading practice and opportunities in emerging markets. The conference offered an exciting platform for sharing cutting-edge research and practice in derivatives markets and quantitative investing between the academia and industry.

OCT  
2019

## Pre-PIM Conference in Hong Kong

As one of the member schools of the PIM (Partnership in International Management) network, CUHK Business School hosted the Pre-PIM Conference in Hong Kong on 21 October. It gathered academics from 11 institutions in 8 countries/regions to take part in conversations and discussions regarding global business education and collaboration. Four thematic presentations by the faculty and invited speakers led delegates through developments and opportunities in the Greater Bay Area, social enterprises in Hong Kong and recent advances in Asian high-tech industries. CUHK's unique position and knowledge base connecting the Area and the world were vividly presented through case studies and data analyses. Lively interaction amongst participants enabled schools from different parts of the world to reflect on each other's strengths and to identify collaboration opportunities.

NOV  
2019

## CUHK Conference on Financial Technology

The conference themed "When Wall Street Met Main Street – Real vs Virtual Economy" was a cross-collaboration between the Faculty of Engineering, Centre for Financial Engineering and Faculty of Business Administration at CUHK. CUHK Business School faculty members Prof. Michael Zhang, Associate Dean (Innovation and Impact) and Prof. Seen Meng Chew, Associate Professor of Practice in Finance served as speakers for the event. The academia and industry participants were brought together to carry out fruitful discussions, exchange ideas and explore opportunities for collaboration. The conference was part of the 3rd FinTech Education Series and the core agenda of the HK FinTech Week 2019.

NOV  
2019

## CUHK EMBA Ranks 24th in Financial Times Executive MBA Ranking 2019

First of its kind in Hong Kong, CUHK Business School's Executive MBA (EMBA) programme nurtures top-notch management talent for tomorrow's challenges in Hong Kong, China, and beyond. In the *Financial Times* EMBA Ranking 2019, CUHK EMBA climbed five places to the 24th. Its alumni salary three years after graduation averaged HK\$2.31 million (US\$296,723), with a salary increase of 59%. CUHK EMBA also scored high in areas including female proportion in the programme's advisory board and proportion of core courses dedicated to CSR, ethics, social and environmental issues (27th in the world). In addition, the Business School's global rank in research publications jumped 14 spots to the 34th.

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