

Learning Objectives

1. Understand the main characteristics of business environment of Hong Kong [p.1-10];
2. Understand the characteristics of an entrepreneur [p.11-14]

Opening

“...They (Women) are looking for affordable luxury, the thrill of buying in an expensive department store, indulging in a fantasy of beauty and sexiness, buying ‘hope in a bottle.’ Cosmetics are an escape from an otherwise drab everyday existence...” by Professor Juliet Schor (*“The Overspent American”*, 1998)



Let's guess what cosmetic items as mentioned above referred to?

The Importance of Business Environment

In business world, we do not make decisions in a vacuum – much of an organisation's success or failure is due to external and internal factors.

External environment refers to **factors, forces, situations, and events outside the organisation** that affect its performance.

Internal environment includes **organisational culture** – the shared values, principles, traditions, and ways of people doing things that influence the way organisational members act.

Environmental Analysis



Case Study

From Small Gold Shop to Industry Leader - Chow Tai Fook Jewellery (CTFJ) (Part 1)

[extracted from the CTFJ case for used in “Junior Secondary Business Case Competition” 2025/26
(https://www.edb.gov.hk/attachment/en/curriculum-development/kla/technology-edu/resources/business-edu/competition/CTFJ_case_eng_final_V3.pdf)]

Founded in 1929, Chow Tai Fook is approaching its centennial milestone soon. The brand began its journey in Guangzhou, later established its footprint in Macao and Hong Kong. What



started as a traditional gold shop has evolved into a leader in China's jewellery industry. Chow Tai Fook's story is more than the story of a family business – it also reflects the development of the jewellery sector.

Decades ago, gold jewellery in Hong Kong typically came in two purities: "K Gold" at 94.5% and "Pure Gold" at 99%. However, some gold shops misled customers by misrepresenting purity levels^{Note1}. In 1972, Chow Tai Fook pioneered and launched

"999.9 Gold" with 99.99% purity in Hong Kong and Macao, allowing customers to shop with confidence. This pioneering move helped establish the brand's solid reputation for integrity and trust.

From the 1960s onward, Chow Tai Fook began integrating its operations – covering procurement, design, manufacturing, logistics and retail. This ensured consistent quality across the value chain. Chow Tai Fook also expanded into jewellery wholesaling and diamonds, while renovating their retail shops to appeal the middle- and high-end customers^{Note2}. These strategic moves transformed the traditional gold shop into a modern jewellery business.

Innovation has always been at the heart of Chow Tai Fook's long-term success – driving its evolution across generations.

With reference to the environment factors ("PEST"),

Note1 is relevant to

Note2 is relevant to

Political-legal factor

The **political-legal factor** ^{Ref.1} focuses on the areas in which government policy and/or regulations affect the economy, the specific industry, and the focal organisation.



Ref.1 – Click to access more details

(TE Website – Modular-based Resources for the TEKLA curriculum Module K7 Business Environment, Operations & Organisations (Lesson 3) – <https://www.edb.gov.hk/en/curriculum-development/kla/technology-edu/resources/business-edu/resources.html>)

Ref.2 – Click to access more details

(HKTDC Research website (accessed in February 2026) – <https://research.hktdc.com/en/article/MzEzOTU0Nzcx>)

Ref.3 – Click to access more details

(TE Website – Theme-based Learning “6. Superb Business Idea” - <https://www.edb.gov.hk/en/curriculum-development/kla/technology-edu/resources/business-edu/resources.html>)

Let's think...

1. Is there any jewellery-related or specific regulations?

2. Is there any intellectual property right (IPR) or the protection of jewellery?

3. What are the impacts of these regulations on jewellery industry or CTFJ?

Economic factor

The **economic factor** ^{Ref.1} targets the key factors of interest, exchange rates, economic growth, supply and demand, and inflation.



Ref.4 – Click to access
more details

(HKSAR government press
release on 3 Feb 2026 –
[https://www.info.gov.hk/gia/ge
neral/202602/03/P202602030
0456.htm](https://www.info.gov.hk/gia/general/202602/03/P2026020300456.htm))

Let's think...

4. How does the economy affect retail industries in Hong Kong?

5. What is the current retail sales of jewellery in Hong Kong?

6. What are the impacts of the economy on jewellery industry?

Case Study

From Small Gold Shop to Industry Leader - Chow Tai Fook Jewellery (CTFJ) (Part 2)

[extracted from the CTFJ case for used in “Junior Secondary Business Case Competition” 2025/26
(https://www.edb.gov.hk/attachment/en/curriculum-development/kla/technology-edu/resources/business-edu/competition/CTFJ_case_eng_final_V3.pdf)]

In the 21st century, consumer behaviour – especially among the young generations – has undergone a significant shift. They increasingly favour online shopping and seek distinctive, interactive experiences^{Note3}.



Rapid advancements in technology, including artificial intelligence (AI) and big data, are reshaping the retail landscape. At the same time, pop culture trends such as collaboration with intellectual properties (IPs) or brands, and the rise of "China-chic" aesthetics are influencing consumer preferences. In response to these changes, Chow Tai Fook introduced five strategic priorities in 2024: brand transformation, product optimisation, accelerated digitalisation, operational efficiency, and talent development. Over the past decade, Chow Tai Fook has embraced automation across its production

and logistics operations, particularly at its hubs in Shunde and Wuhan.

Advanced technologies such as big data and the Internet of Things (IoT) are leverage to monitor and consolidate real-time data throughout the entire production supply chain. This enhances resource utilisation and improves overall management effectiveness. Chow Tai Fook also adopts a human-machine collaboration model to further streamline operations. Its automated logistics centre is capable of distributing products to approximately 3,000 stores per day, significantly boosting operational efficiency. Digital technology is embedded across every stage of Chow Tai Fook's value chains. The jeweller has developed internal AI agents to support a wide range of functions, including market analysis, product design, quality control, and personnel training. These AI tools help build comprehensive knowledge bases that support decision-making across business units^{Note4}.

With reference to the environment factors ("PEST"),

Note3 is relevant to

Note4 is relevant to

Social/Socio-cultural factor

The socio-cultural factor^{Ref.1} is concerned with social and cultural factors such as values, attitudes, trends, traditions, lifestyles, beliefs, and patterns of behaviour.



Let's think...

7. Where do generation Z (/you) receive latest information?

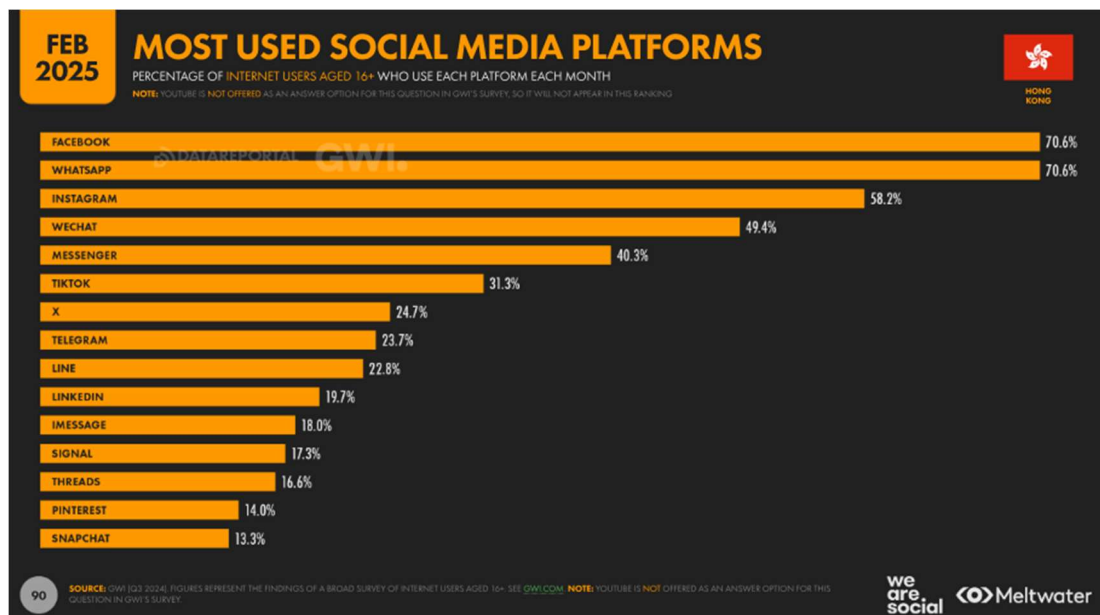
8. Describe the shopping habits of generation Z.

9. Will you buy jewellery online? Why?

Technological factor

The technological factor^{Ref.1} considers the specific role and development of technologies within the industry and organisation, as well as the wider uses, trends, and changes in technology.

[extracted from the presenting materials for the student workshop of “Junior Secondary Business Case Competition” 2025/26 conducted on 24 January 2026 (https://www.edb.gov.hk/attachment/en/curriculum-development/kla/technology-edu/resources/business-edu/competition/Workshop%20Part%203%20Guided%20Case%20Study_eng%20r.pdf)]



Let's think...

Why is Facebook the most widely used social media platform?

Other Environmental Factors (i)

Sometimes, we should conduct PEST analysis across the border to explore other potential opportunities and challenges.



Answer the following questions with reference to **Chow Tai Fook Jewellery (CTFJ)** case “Junior Secondary Business Case Competition” 2025/26

[\[https://www.edb.gov.hk/attachment/en/curriculum-development/kla/technologyedu/resources/business-edu/competition/CTFJ_case_eng_final_V3.pdf\]](https://www.edb.gov.hk/attachment/en/curriculum-development/kla/technologyedu/resources/business-edu/competition/CTFJ_case_eng_final_V3.pdf)

10. How do other global competitors affect CTFJ?

11. How does Hong Kong, being close to the Chinese Mainland, benefit CTFJ?

Other Environmental Factor (ii)

Organisational culture refers to the shared values, principles, traditions, and ways of doing things that influence the way organisational members act. It reflects the vision or mission of the organisation.



12. With reference to the reading materials on **Chow Tai Fook Jewellery (CTFJ)** case, what is CTFJ's core value?

13. Besides reading the given business case, where else can we learn about the core value of CTFJ ?

Leadership is the key factor contributing to the success of a business.

Entrepreneur is the one who possesses a set of competences that make a good leader to build, develop and sustain a business.

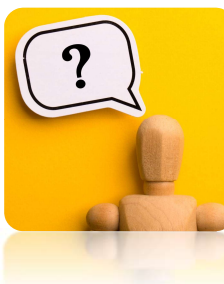
A leader should
be creative...



... be innovative...

Characteristics of an Entrepreneur



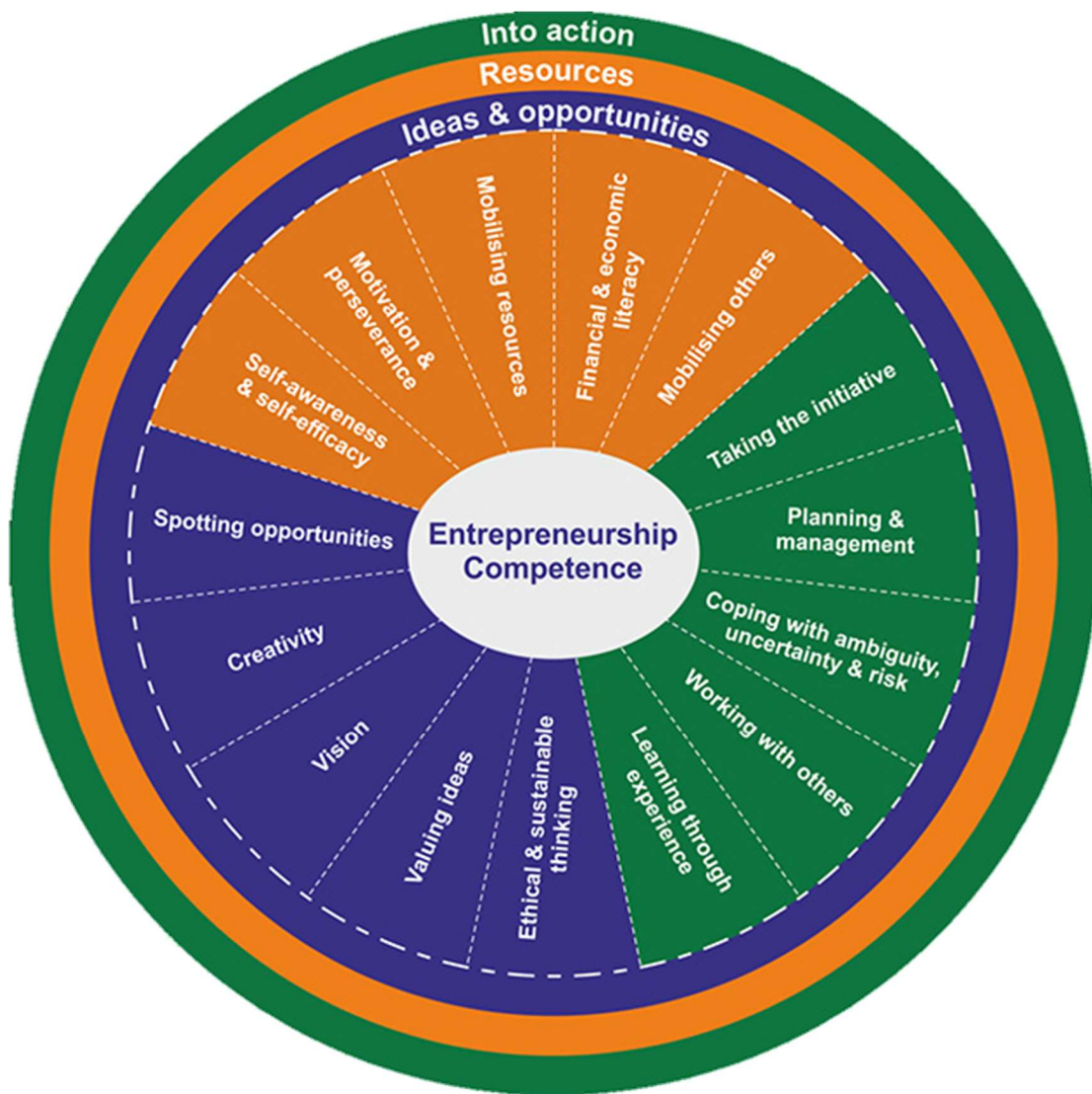


Categorise the 15 entrepreneur's competence items into the following three competence areas **Ref.5**(next page):

- A. **Ideas and Opportunities** – entrepreneur's competences help initiate ideas and seek opportunities
- B. **Resources** – entrepreneur's competences help achieve the expected outcomes efficiently and sustain those outcomes in long run
- C. **Into Action** – entrepreneur's competences help putting ideas into action

	Spotting opportunities		Coping with uncertainty, ambiguity and risk
	Self-awareness and self-efficacy		Valuing ideas
	Taking the initiative		Financial and economic literacy
	Creativity		Working with others
	Motivation and perseverance		Ethical and sustainable thinking
	Planning and management		Mobilizing others
	Vision		Learning through experience
	Mobilizing resources		

Ref.5 – The Entrepreneurship^{Note1} Competence Framework was developed by the Joint Research Center of European Commission in 2015. It presents a comprehensive set of **skills**, **attitudes** and **values** for the entrepreneurial mind-set required to overcome our current societal challenges.



(Reference: Bacigalupo, M., Kampylis, P., Punie, Y., & Van den Brande, G. (2016). EntreComp: The entrepreneurship competence framework. Luxembourg: Publications Office of the European Union, 10, 593884. URL: <https://publications.jrc.ec.europa.eu/repository/handle/JRC101581>)

Note1 – "Entrepreneurship is when you act upon opportunities and ideas and transform them into value for others. The value that is created can be financial, cultural, or social." From EntreComp: The Entrepreneurship Competence Framework p.10.



Let's think...

1. Does business environment influence entrepreneurship? Why?

2. Are there always business opportunities in a volatile business environment?

3. Do you want to be an entrepreneur? Why?
