

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?

Suggested answer: Lipstick, nail polish or other reasonable items (e.g. perfume)

Teacher may introduce the topic with the lipstick effect as mentioned above. Professor Juliet Schor, the economist and sociologist firstly posited it in her book *“The Overspent American”* published in 1998: when money is tight, women would spend on luxury brand lipsticks and use them in resting rooms, after dinner in a restaurant and other public areas. They tend to forego higher-priced beauty products that are applied in the privacy of home, like skin care and makeup items.

This case illustrates how changes in economic environment can influence consumers' behaviour through their spending habits, buying patterns and lifestyles.

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 **Political-legal factor**

Note2 is relevant to **Economic factor**

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.



Let's think...

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

Suggested answer:

In Hong Kong, the *Dealers in Precious Metals and Stones Registration Regime* came into effect in April 2023. Local dealers in precious metals and stones are required to register with *Hong Kong Customs* in order to engage in any transaction(s) with a total value at or above HK\$120,000^{Ref.2} or other reasonable answers

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

Suggested answer:

Registered design (aesthetic appearance); Copyright (original artistic sketches); Trademarks^{Ref.3} (brand names/logos)

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

Suggested answer:

Design of jewellery is then protected by IPR which can enhance the brand image

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>)

Teacher may incorporate the content of **Ref.1** materials to complement students' learning on the topic. For Q1-Q2 above, teacher may ask students to do internet/AI search for relevant information and share the results in class.

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/general/202602/03/P2026020300456.htm>)

For Q5, teacher may ask students to do internet/AI search for relevant information and share the results in class.

For Q6, teacher may incorporate the content of **Ref.1** materials to complement students' learning on the topic.

Let's think...

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

Suggested answer:

According to the statistics for retail sales in the whole year of 2025 ^{Ref.4} by the Census and Statistics Department (C&SD), sales of jewellery, watches and clocks, and valuable gifts was increased by 1.9% in value in compared with that in the whole year of 2024.

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

Suggested answer:

Retail industries are affected by people's purchasing power. In general, slow down in economic growth will discourage people from spending on retail goods that directly affects retail sales. People will probably spend less on luxury goods, leading to a decrease in retail sales volume of jewellery in that period.

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 **Social/Socio-cultural factor**

Note4 is relevant to **Technological factor**

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...

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

Suggested answers:

Generation Z usually receives the latest information through social media platforms.

7. Describe the shopping habits of generation Z.

Suggested answer:

Generation Z usually have online shopping habits and are influenced by social media in a certain extent.

8. Will you buy jewellery online? Why?

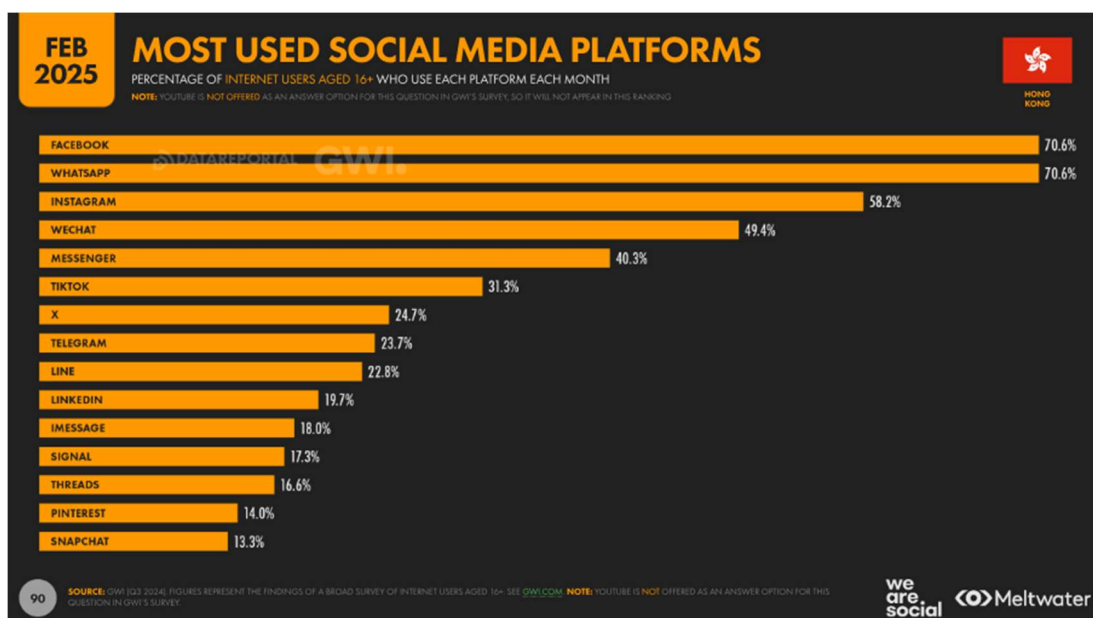
Yes or No, with reasonable explanations

Teacher may incorporate the content of ^{Ref.1} materials to complement students' learning of the topic.

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?

Suggested answer:

Facebook is the platform that incorporated social networking features and has been developing continuously since its launch in 1999. Its success is built upon its focus on an advertising-dependent business model based on mining users' data, content and actions.
or other reasonable answers

Teacher may incorporate the content of **Ref.1** materials to complement students' learning on the topic.

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)

9. How do other global competitors affect CTFJ?

Suggested answers:

- Positive impact: it drives CTFJ's product and market innovations to differentiate its brand from other brands
- Negative impact: it imposes a threat to CTFJ's profitability margin under keen competition in the market.

(or other reasonable impacts)

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

Suggested answers:

Over the past decade, CTFJ has developed its production and logistics operations hubs in Shunde and Wuhan, allowing CTFJ to benefit from automation across the entire production chain.

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.



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

Suggested answers:

With the guidance from the innovation and visionary leadership of its Former Honorary Chairman of CTFJ Group Dr. Cheng Yu Tung, CTFJ never wavered from its commitment to quality and exceptional craftsmanship, and has earned the trust and loyalty of customers across generations. All these lead to CTFJ's vision and core values — Hard Work, Integrity, Loyalty, that steering it towards becoming a pioneer in jewellery industry.

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

Suggested answers:

CTFJ's website, biography of CTFJ Group Dr. Cheng Yu Tung and other reasonable sources of reference

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





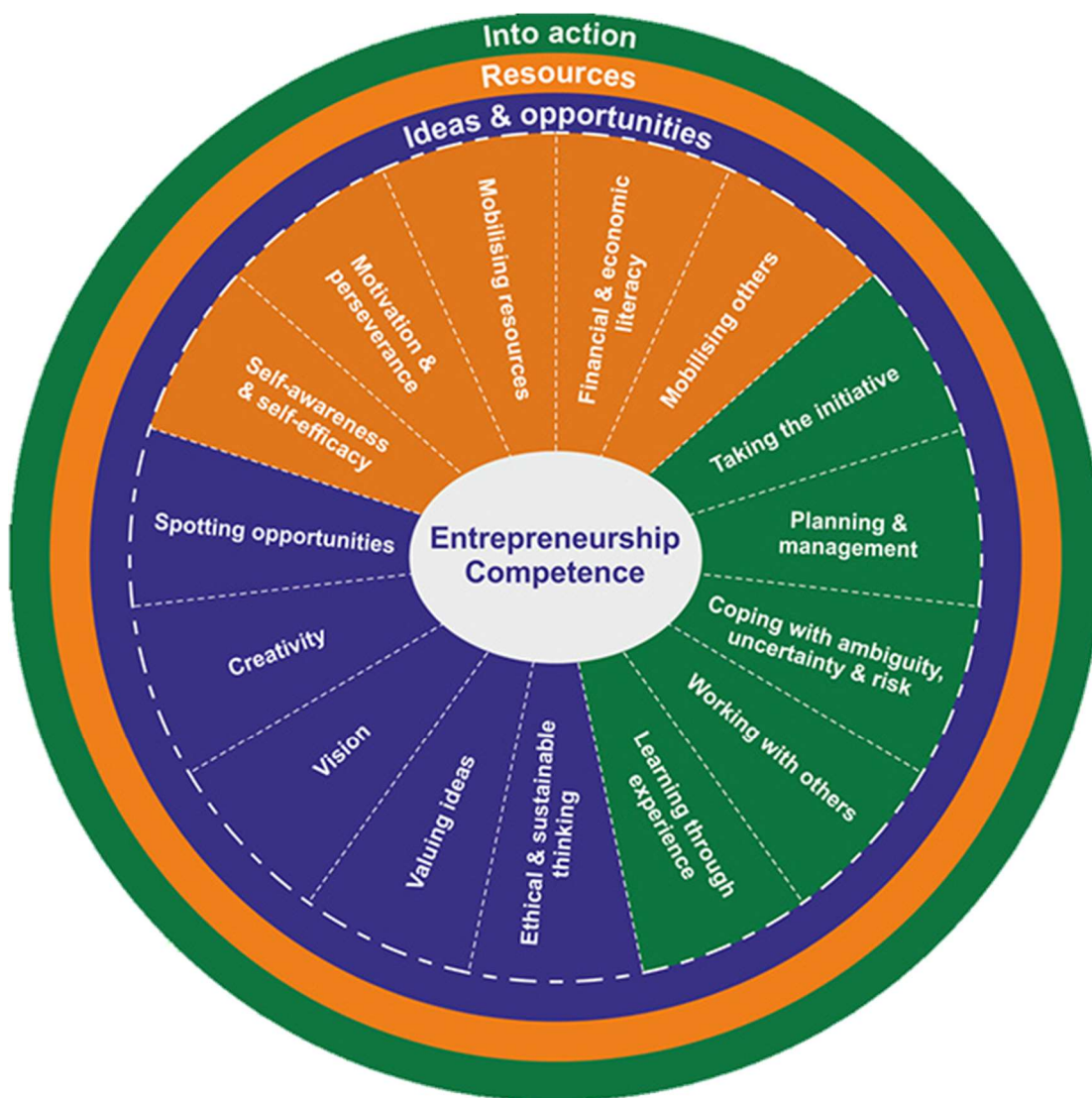
Categorise the 15 entrepreneur's competence items into the following three competence areas ^{Ref.5}(next page):

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

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

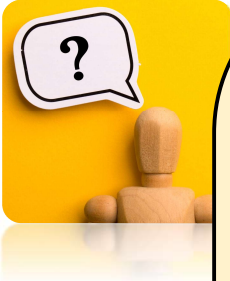
Teacher may further explain each of the entrepreneur's competence areas with examples of famous business leaders, e.g. Dr. Cheng Yu Tung of CTFJ Group.

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?

Suggested answers:

Yes. e.g. impacts on making business decision in volatile economic, social and political environment; shifting market opportunities; changing operations and marketing strategies, etc.

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

Suggested answers:

Entrepreneur has the qualities to turn volatility into opportunity, leading the business to demonstrate its agility and adaptability to survive, grow and sustain across time.

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

No definite answer.

Teacher may demonstrate the characteristics of successful entrepreneurs through different dimensions. Still, an entrepreneur should possess various competences (as mentioned on p.13) that help to transform ideas into operational business, create values to the business and the market, and lead the business to grow and sustain in long run.

Teacher can remind students that excellent entrepreneurs are key to the success of a business, but the focus should always be on the entrepreneurial team, not the individual (*Entrepreneurship Essentials by Harvard Business School*).