

# Shanties in the Skyline

## *Addressing Unauthorized Building Works in Hong Kong*

### *Educator Guide*

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### Overview

This educator guide is designed to assist instructors in teaching this case to students and practitioners. It is based on [case pedagogy](#), which invites participants to put themselves in the shoes of the protagonist(s) of the case and imagine how they would respond to the circumstances. Participants should read the teaching case in advance and identify key issues as a preliminary step toward meeting the learning objectives. Instructors may then use the time in the classroom to guide participants in exploring the issues and examining the challenges in the case; to introduce key concepts, tools, and frameworks; and to assist participants in applying their learning to their own environments and challenges. (For a diagram depicting the general flow of a case session, see Appendix 1.)

This guide includes learning objectives, a synopsis, key questions, a roadmap for discussion, and appendices with some additional pedagogical information and theoretical applications. The roadmap and appendices are offered to initiate meaningful conversation but are by no means the only way to teach the case. Each instructor or facilitator should feel free to design their own teaching plan; both the structure and the time allotted for each component are suggestions.

### Learning Objectives

The overarching learning objective of this case is to help leaders and practitioners examine the challenges of building capabilities for problem-oriented government action. More specifically, participants and students will have the opportunity to learn the following:

- How to diagnose a problem: unpacking its different facets and distinguishing its root causes, symptoms, and consequences
- How to approach the process of developing better solutions in the face of political and resource constraints
- How to recognize leadership challenges associated with introducing innovations that challenge the status quo

## Case Synopsis

Throughout the 1980s and 1990s, high atop a great many of the older, concrete-block buildings in lower-income areas of central Hong Kong and the neighborhoods of the Kowloon peninsula, informal metal-framed wooden structures housed thousands of families in austere, inexpensive quarters. These rooftop dwellings created a sort of shantytown in the air and, though built illegally, were nonetheless bought, sold, and rented on the open market. These structures were just one example of the larger phenomenon of so-called unauthorized building works (UBWs) in Hong Kong. These included balconies added to windows—sometimes used for beds—as well as hundreds of thousands of storefront street signs and canopy extensions on buildings in commercial districts, used to create rental space below for stores and restaurants on the ground floor. By 1999, the total number of UBWs was estimated at 800,000. By one assessment, if authorities continued enforcing the laws in the manner they had been, it would take more than 130 years to remove all such structures—assuming that new ones were not built in their place.

This case raises questions about how to respond effectively to a complex problem that has arisen as a *solution* to other problems.

## Key Questions

1. How would you describe the problem Leung faced? Who else faced this problem? What were the causes and consequences of the problem?
2. What (if anything) was working about the Buildings Department's approach to the problem? What was not?
3. What should the task force have recommended as a new or augmented approach?

## Roadmap for Discussion

**Introduction** (5 minutes): Briefly state the goal of the session in reference to the case, cite specific conflicts facing the protagonist, and foreshadow broader learning objectives.

**Exploration** (30-45 minutes): Use class discussion, “buzz groups,” and board work to explore the issues and options confronting the protagonist.

**Diagnosis** (35-50 minutes): Introduce key concepts, frameworks, and tools to help participants pinpoint possible solutions to conflicts in the case.

**Application** (15 minutes, optional): Ask participants to relate the concepts and frameworks to their own organizations' challenges.

**Wrap-Up and Takeaways** (5-15 minutes): Review the learning objectives and discuss insights most relevant to participants' challenges.

**Introduction** (5 minutes):

In your introductory remarks, briefly describe the case (or ask participants to do so) and foreshadow the learning objectives: Unauthorized building works were posing a threat to public health and safety in Hong Kong. The goal of this case session is to hone skills for diagnosing performance gaps and determining what kinds of interventions or innovations are needed to improve performance. *What was causing this problem, and how was the Building Department responding to it? What kinds of innovations or interventions could Leung and his team have pursued to resolve the issue?*

**Exploration** (30-45 minutes)

Begin by exploring the conceptual difference between *improvement* and *innovation*. Ask students how they define each concept, noting on the board what they have in common and what distinguishes them. (See Appendix 2, Board 1.)

Consider how the problem in this case has been defined and understood and note answers on board. (See Appendix 2, Board 2)

- *What was the problem?*

The problem had both technical features (e.g., lack of housing downtown, more UBWs than inspectors could keep up with, excessive red tape, etc. ) and political features (e.g., ambiguous status of migrant workers, misaligned financial incentives, economic disparity, etc.).

To understand the problem at a deeper level, consider these questions (and sample responses):

- *For whom was this a problem?*

Those who lived in unsafe conditions, building owners, the public (at risk from failing structures), etc.

- *What were the causes of the problem?*

Lack of affordable housing downtown, lack of Buildings Department capacity to inspect and approve all changes to existing buildings, ambiguous laws, excessive red tape, etc.

- *What were the consequences of the problem?*

Hazardous conditions for residents and the public, inefficient and ineffective Buildings Department processes, opportunities for organized crime, etc.

**Diagnosis** (35-50 minutes)

Consider the UBW issue using the adaptive leadership framework

- *How can you tell if you are dealing with a technical challenge or an adaptive challenge?*

In an adaptive challenge, neither the problem nor the solution is fully understood, and stakeholders themselves must engage in defining and addressing the problem.

Introduce the following table and ask the class whether the responses from Board 2 point to technical or adaptive problems.

- *How did this affect the type of interventions needed? Were they innovations or improvements?*

#### Distinguishing Technical and Adaptive Challenges<sup>i</sup>

Kind of Challenge	Problem Definition	Solution	Who is Doing the Work?
Technical	Clear	Clear	Authority
Adaptive	Requires Learning	Requires Learning	Stakeholders

- *Which parts of the problem were technical, and which were adaptive? Most public problems have features of both.*
- *How did the Buildings Department approach the problem? What worked about this approach? What didn't work?*

Kind of Challenge	Problem Definition	Solution	Who is doing the Work?
Technical	Clear	Clear	Authority
<b>Technical and Adaptive</b>	<b>Clear?</b>	<b>Requires Learning</b>	<b>Authority and Stakeholders</b>
Adaptive	Requires Learning	Requires Learning	Stakeholders

- *What should the Task Force have recommended?*

Write responses on the board. (See Appendix 2, Board 3.)

Review the case epilogue. The task force rejected two proposals: (1) retrospective authorization of UBWs by designated authorized persons and (2) power cuts to illegal rooftop structures.

- *Why were these proposals rejected?*

<sup>i</sup> For more on adaptive leadership, see *The Practice of Adaptive Leadership* by Ronald Heifetz, Alexander Grashow, and Marty Linsky (Harvard Business Press, 2009).

The task force accepted the following proposals, relying on a mix of legislation, operational innovations, and market mechanisms to make progress on the problem.

**Legislation:** Mandated Formation of Owner’s Corporations

- Delegating enforcement
- Increasing capacity
- Creating ownership of problem

**Internal Operations:** Coordinated Maintenance of Building Scheme

- Reorganizing department: Merge divisions
- Targeting 150 blocks with blitz operation
- Setting examples

**Market Mechanisms:**

- Publicize building status information
- Advisory letter informing buyers and tenants
- Government approved “Minor Works” contractors
- *Were these the right choices? Why or why not? How far would they go towards resolving the issue?*

*Additional Frameworks:*

You may also use the case to teach public value theory and introduce the “Strategic Triangle.” See Appendix 3 for details on this approach and “innovations along the value chain.”

**Application** (15 minutes, optional)

In pairs or small groups, ask participants to consider a complex problem they are facing in their own work. *Is it a technical problem or an adaptive problem? Can you apply the concepts and frameworks to it?*

**Wrap-up and Takeaways** (15 minutes)

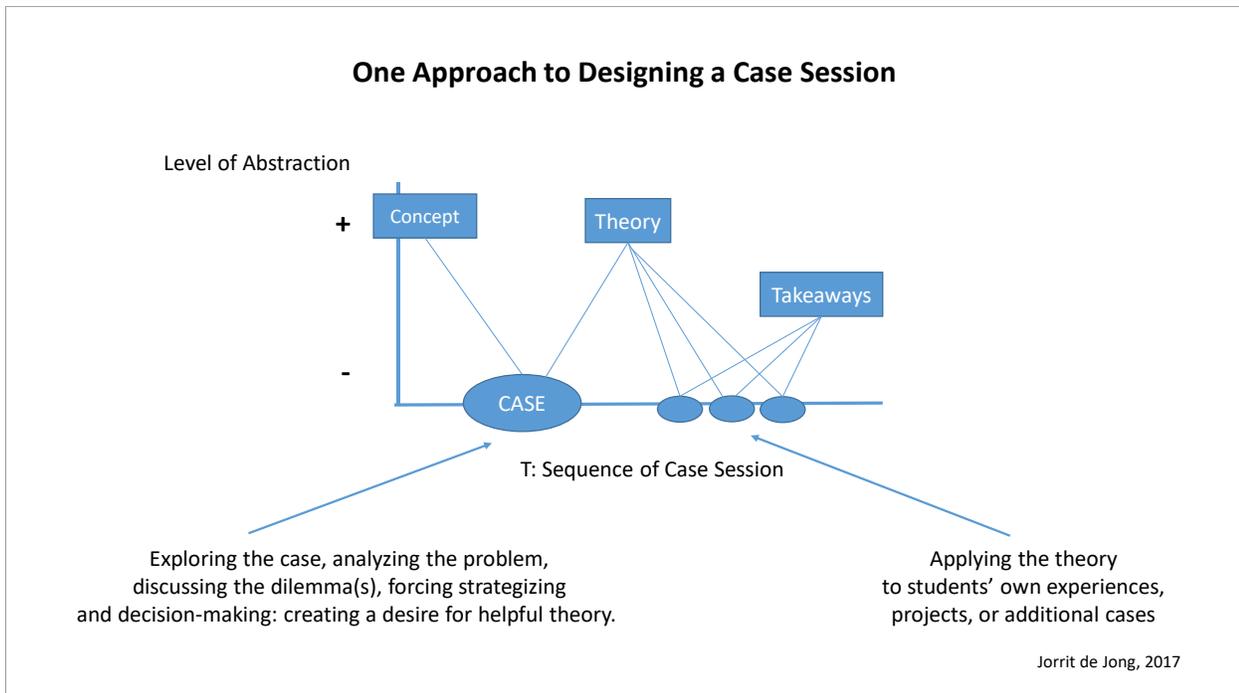
Review the learning objectives and discuss insights most relevant to participants’ own challenges. *What did you learn? How will you use it?*

Suggested takeaways and guiding questions:

- Do not jump to solutions too quickly. *(If your proposed innovation is the solution, what was the problem?)*
- Distinguish technical and adaptive challenges. *(Who needs to do the work?)*
- Identify innovations that address the real problems. *(How is this innovation making the approach more effective, more efficient, and more equitable?)*
- Problem-solving is an iterative process. *(How will you facilitate continuous learning from and with staff, stakeholders, and community groups?)*

## Appendices

### Appendix 1 Designing a Case Session



**Appendix 2** Board PlanBoard 1: Characteristics of Improvement and Innovation

Improvement	Innovation	Both

Board 2: Understanding the Problem

Problem	Who is Affected?	What are the Causes?	What are the Consequences?

Board 3: What should the Task Force have recommended?

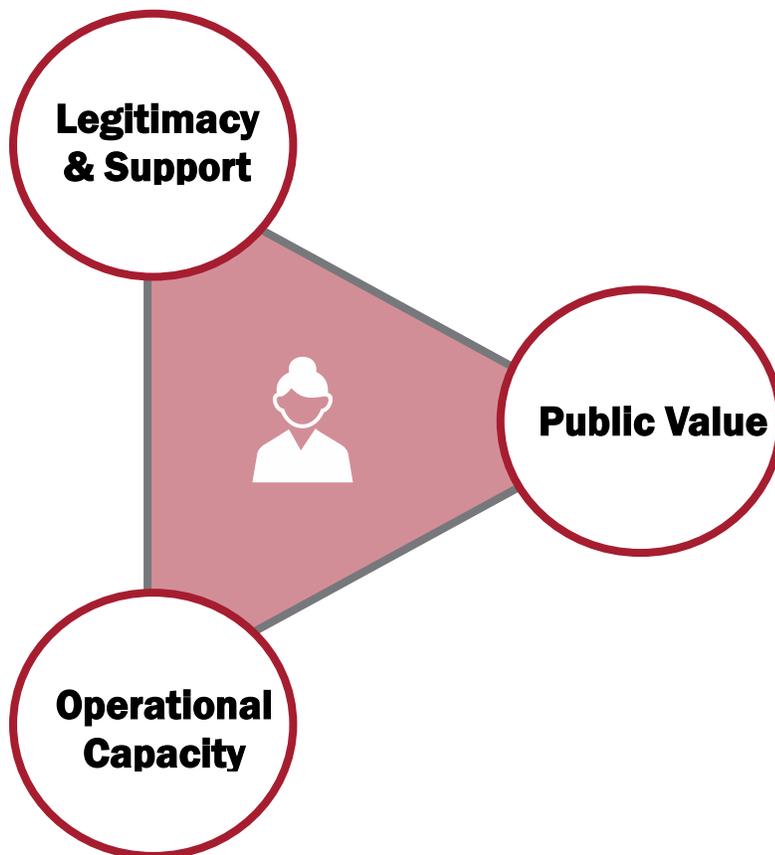
Possible answers:

- Restructure Buildings Department.
- Make high-profile arrests for abuses.
- Instate financial penalties.
- Make changes to tax code.
- Establish and empower homeowners' associations.
- Etc.

**Appendix 3** The Strategic Triangle

The strategic triangle is a diagnostic tool to help public leaders create more public value. The three points of the triangle are:

- **Public value:** a conception of the outcomes you are pursuing
- **Legitimacy and support:** an account of how public support for the proposed collective action could be mobilized
- **Operational capacity:** a characterization of the actions that, if taken, could reliably produce the desired results



The challenge of the strategic triangle is using it to navigate a complex and dynamic environment by

- ensuring that you have touched all the bases in developing your idea and aligned the different parts (completeness).
- diagnosing the particular context in which you are working to confirm that the idea could be politically, legally, and financially supported and successfully implemented in that context (coherence).

**Public Value**

Use questions on public value to explore value nuances and value conflicts in the case.

- *What were the public values at stake in the task force’s decisions?*

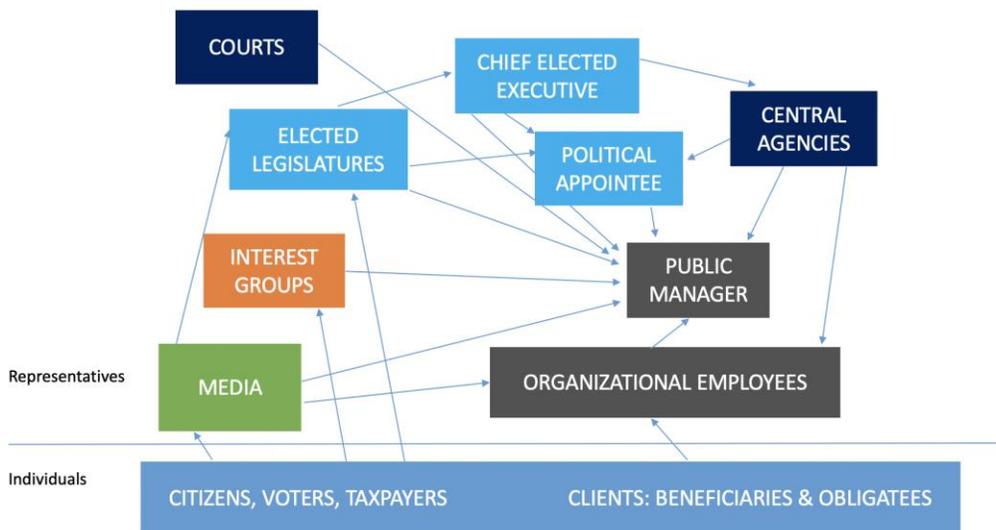
The Public Value Matrix, pictured below, will help participants think through the values at stake in terms of both utilitarian values (material welfare) and deontological values (fair and just relationships).

	Individual	Collective
The Good	<p><b>“My Wellbeing”</b></p> <ul style="list-style-type: none"> <li>• Satisfied wants</li> <li>• Individual welfare</li> <li>• Freedom from need</li> </ul>	<p><b>“Our Wellbeing”</b></p> <ul style="list-style-type: none"> <li>• Prosperous and inclusive economy</li> <li>• Safe and healthy social and physical environments</li> </ul>
The Just	<p><b>“My Rights and Duties”</b></p> <ul style="list-style-type: none"> <li>• Protected rights</li> <li>• Freedom from oppression</li> <li>• Just and fair imposition of duties</li> <li>• Obligations to protect rights of others</li> </ul>	<p><b>“Our Rights and Duties”</b></p> <ul style="list-style-type: none"> <li>• Vindication of rights</li> <li>• Promotion of dignity and autonomy</li> <li>• Fair and equitable treatment of groups</li> <li>• A just social order</li> </ul>

**Legitimacy and Support**

*For various interventions/innovations/improvements, what actors would need to authorize desired changes?*

Use this image of the “authorizing environment” to help participants think through this question.



**Operational Capacity**



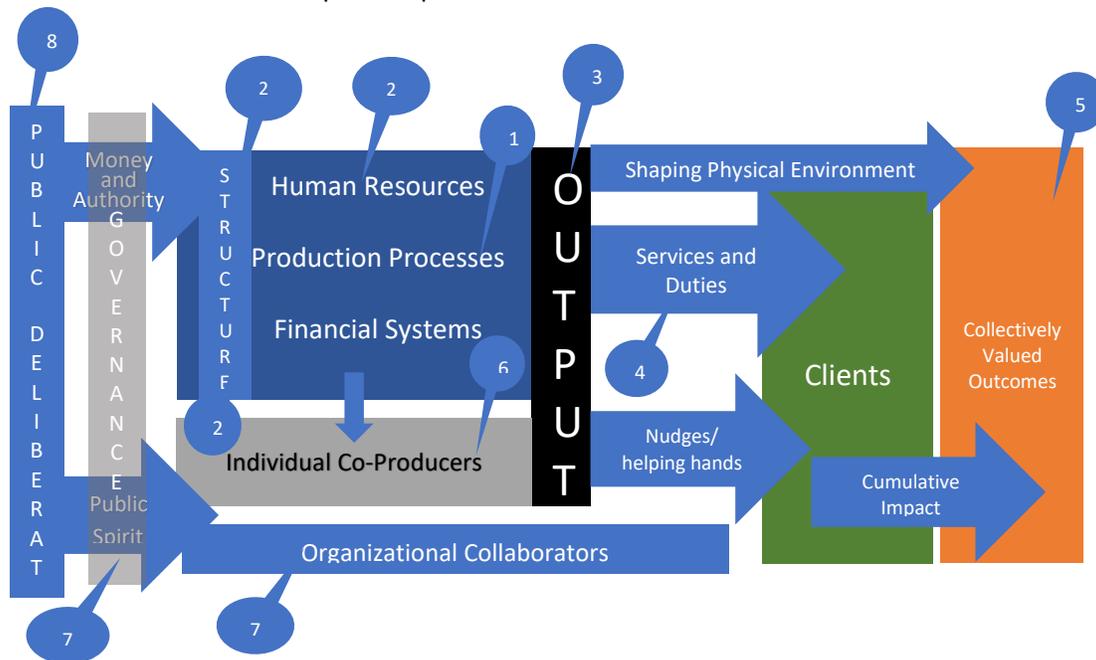
- *Where along this Public Value Chain do changes and innovations need to happen?*

There are many points along the Public Value Chain where one could make changes to improve outcomes. Changes could include improvements in business processes, changes in the ways the work is shared among different entities across sectors, or even redefinitions of the ultimate goals of the effort.

The more detailed description and diagram of the Public Value Chain below can help participants understand all the places along the chain where innovations may occur. Use it specifically to understand and categorize the task force recommendations.

**The Public Value Chain:**

- 1) begins with the political process that monitors conditions in society to see what problems exist that need government attention;
- 2) carries on through the processes of deliberation and policymaking that decide whether a problem deserves public attention or not, and if so what kind;
- 3) collectively authorizes the use of public resources to seek a solution to the problem through specified means;
- 4) deploys the resources in the authorized means for the authorized purposes;
- 5) encounters individual citizens in their role as clients;
- 6) through the cumulative effect of contacts with clients, produces or fails to produce changes in individual and social conditions that represent public value.



Source: *Recognizing Public Value*, Harvard University Press, 2013

Possible avenues for innovation and improvement include:

- 1) Production process Innovations
- 2) Administrative systems Innovations
  - a. Restructuring
  - b. Human resources Innovations
  - c. Financial systems Innovations
- 3) Product or service Innovation
- 4) Marketing/segmentation Innovations
- 5) Mission and public value Innovation
- 6) Mobilizing Individual co-production
- 7) Organizing collaborative networks
  - a. Enlisting New Organizational Collaborators
  - b. Innovations in Governance
- 8) New Forms of Public Deliberation and Decision Making