

LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	KWONG KIN HUNG	Student ID number:	2235237
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HUMAN HEALTH HOLDINGS LIMITED is a Hong Kong Listed company that provides varieties of medical services to the Hong Kong Population They would like to expand their current business operations in the Great Bay Area in China.

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1. INTRODUCTION

Human Health Holdings Limited (Human Health) is one of the greatest private medical groups in Hong Kong which is a bustling city in Southern China that has long been known for its thriving economy and world-class healthcare system. For years, Human Health has been providing top-quality medical services to its clients, making it a hub for medical tourism in the region. However, with the rapid development of the Greater Bay Area in China, Human Health is starting to consider expanding its services to meet the growing demand for healthcare in the region.

The Greater Bay Area is a region in Southern China that encompasses nine cities, including Hong Kong, Macau, and Guangzhou. With a population of over 80 million people, the region is considered to be one of the most dynamic and rapidly growing areas in China. Its strategic location and proximity to major international markets make it an attractive destination for businesses and investors from all over the world.

As the economy in the Greater Bay Area continues to grow, so does the demand for high-quality healthcare services. Human Health is well-positioned to meet this demand, given its reputation for providing world-class medical care. By expanding its services to the Greater Bay Area, Human Health can tap into a new market and provide its clients with access to state-of-the-art medical facilities and equipment.

This essay is focus on strategic internal and external audits using relevant analytical frameworks and strategic analysis tools to evaluate the key issues Human Health would face. The relevant strategy generation and selection methods would be recommended. Finally, the barriers the organization may be encountered in implementing their strategic choice will be analyzed and possible solutions to overcome these areas will be suggested.

2. HUMAN HEALTH HOLDINGS LIMITED

2.1 BACKGROUND AND ORGANIZATION STRUCTURE

Human Health Holdings Limited is a Hong Kong Listed Company that has been established since 1997. The company provides comprehensive medical services to the Hong Kong community, including General Practices, Specialty Services, Dental Services, Chinese Medicine, Physiotherapy, Health Checkup services, Diagnostics & Imaging, and community pharmacy services. During the COVID pandemic, the company supported anti-epidemic initiatives of the Hong Kong Government and has operated numerous Community Testing Centres, Community Vaccination Centres, and Medical outreach services.

The motto of the company is “**Elevate Your Health Value, Elevate Your Life**”.

Over time, the understanding of what constitutes good health has evolved. At Human Health, they are dedicated to being a lifelong partner in the pursuit of wellness for their clients. Their extensive range of medical solutions, combined with a proactive and professional approach, has enabled them to unlock unlimited potential in healthcare services. The importance of empathy is firmly believed in, and they are committed to walking with their clients every step of the way through the various stages of life.

2.2 Vision and Mission

2.2.1 Vision

Human Health has the vision to become the health companions of all people in Hong Kong and China, including those who are healthy and sick. They want to be with their clients every step of the way, providing them with the care and support they need throughout their lives.

2.2.2 Mission

To achieve their vision, Human Health has a mission to become the health companion throughout the stages of life. They aim to construct an extensive healthcare system that provides diversified medical solutions with matching support. By doing so, they strive to provide for the well-being

needs of different life stages. The company understands that each stage of life comes with unique challenges and needs, and they want to be there to support their clients through every stage.

In addition to providing diversified medical solutions, Human Health aims to tailor health solutions that fit the physical and mental needs of its clients. Their trustful team offers professional advice and utilizes big data effectively to devise health solutions that truly suit the needs of their clients. They understand that everyone's health needs are different, and they want to personalize their services to meet those needs.

Furthermore, Human Health aims to explore unlimited possibilities in improving healthcare by implementing new technologies and equipment which allows them to build the finest medical solutions and attract dedicated professionals. By developing medical services in all aspects, they embrace future challenges in healthcare. Human Health is committed to continuously improving its services and finding new ways to provide its clients with the best possible care.

3. INTERNAL AUDIT

Human Health is considering expanding its business to the mainland China Great Bay Area, which is a rapidly growing market with a large population and a high demand for healthcare services. However, before making any decisions about expanding its business, an internal environmental audit is conducted to assess its own strengths and weaknesses and identify potential areas for improvement.

3.1 Corporate Culture

The corporate culture of Human Health follows the motto “*From our heart, for your health*”, which establishes the company as a patient-centric and quality-focused service provider in Hong Kong. Unlike other private medical groups, all doctors in the group are partner of the corporate who provide medical service to the community. Other medical resources such as people resource,

facilities and basic clinic equipment, drugs, facilities, IT resources are supplied by the corporate. There is a business development team responsible for the third parties negotiation and account management. All medical centers and business lines are operated under direct management. This helps leverage the infrastructure, management expertise, and know-how, which is important to make all models into a reduplicating mode. It serves as the basis to develop a healthcare services business in China by replicating its business model and making sure the quality control. As the economy in the Greater Bay Area continues to grow, so does the demand for high-quality healthcare services. The Hong Kong healthcare system has a good reputation in China, and together with the corporate culture, it helps the development of business.

3.2 Organizational Structure

The strategic management concept is employed by Human Health. The management of Human Health is directed by the Director's board, which consists of 4 executive directors and 3 independent non-executive directors. The corporate objectives and goals are measurable and well-communicated. Regular meetings will be held by the boards and direction is offered through the annual key performance index (KPI). Apart from that, objective and key results (OKR) is encouraged to be used by the different department for any innovative idea and trial, so as to turn it into any possible profit line. The director's board directly supervises 7 departments in corporate, and frontline operations are governed by Operations Department. There is a monthly corporate strategic meeting attended by all department heads to review the progression of the ongoing projects and KPIs. Manager delegate authority well and the job specifications and descriptions are clear at all levels of staff.

All frontline issues are responded to by the department heads of the Operations Department, including business strategic planning, budgeting, operations, and quality assurance. The manager should also manage human resource, facilities and equipment, and marketing and promotion issues which is supported by the corresponding department in the head office. Regular review meetings

will be held by the center supervisor on the frontline to understand the need of the frontline staff, any difficulty in handling daily operations, and the support they needed. Every complaint case from the medical center will be reviewed and analyzed, and corresponding recommendations and changes are advised to facilitate the improvement. Such organizational structure is aligned with the needs of the local population in the mainland China Great Bay Area, which focus on service quality.

3.3 Resources

3.3.1 Physical resource

All premises are rented. Therefore, the operating cost is highly affected by the rent. Even in the days of the pandemic, the landlord refused to lower the rent, so some medical centers need to be closed due to a dramatic decrease in the patient load. Moreover, a change of medical center would lead to the extra cost of decoration, which can be influenced by various factors, such as the scale and complexity of the project, the quality of materials used, and the skills and experience of the decorators involved.

The stabilities of the center are crucial to its financial performance. Every time it changes the location of the clinic, there would be a temporary decrease in the patient number visited, which is directly related to the distance the clinic moved. The longer it moves, the greater the drop in patient number, and hence the longer the time of recovery of patient load.

Finally, it is difficult to find a nearby location for the relocation of the clinic. A new location that offers better visibility, access to a larger customer base, or better infrastructure cost higher rent, which further decrease the profit margin of the corporate.

3.3.2 Human resources

3.3.2.1 Doctors

The healthcare industry is facing a significant challenge when it comes to recruitment. The supply

of doctors is limited, with only about 500 graduates per year. While the majority of these graduates choose to work in the public sector to gain experience, few come out of it with the necessary experience to work in the private sector. This poses a problem for private healthcare providers who are looking for experienced doctors to join their teams.

Moreover, doctors today are increasingly unwilling to work long hours and respond poorly to stressful conditions. They are also not willing to see many patients in a day, which creates a bottleneck in the healthcare system. This has made it difficult for private healthcare providers to recruit the necessary talent to meet the growing demand for healthcare services.

The shortage of experienced doctors has also led to increased competition among private healthcare providers for the few available candidates. This has driven up the cost of hiring, making it even more challenging for smaller providers to attract and retain talent.

3.3.2.2 Medical Centre Assistant

Recruiting medical centre assistants has become increasingly challenging, with several factors contributing to the difficulty. The job requirements are relatively simple, and many new graduates from secondary school are eager to enter the workforce. However, the liquidity of this workforce is very high, and even with promotion opportunities, many assistants will leave due to emotional reasons, such as being scolded by customers.

Moreover, the low self-esteem of this generation of workers makes it difficult to train them to operate in a complicated working process. The working hours are long, and the salary is relatively low, which further discourages candidates from applying for the position. The competition for workers is not only within the same industry but also open to low-salary groups.

Medical centre assistants in this generation seek work-life balance and do not have any financial

burdens. It is difficult to train them to a high standard, as the majority of them would leave after completing their training. This leads to low morale among the remaining staff and results in a high turnover rate.

3.4 Marketing and Sales

The company is a well-known brand in Hong Kong, and it has established itself as a health service chain that has served over 3 million citizens in the community since its establishment.

The company's focus is on insurance account management, which involves direct contact with insurance companies. Therefore, it pays less attention to marketing. Moreover, all doctors are regulated by a code of conduct in the Medical Council in Hong Kong, which does not allow canvassing. Therefore, the company cannot promote its services through traditional marketing methods.

Instead, the company promotes its services mainly through digital media platforms, such as Facebook and Instagram. The company has also seen an increase in the number of patients through third parties, such as educational campaigns by pharmaceutical companies. These campaigns help to raise awareness about the company's services and provide information to potential patients.

3.5 Financial Management

The company has performed well financially in 2022, with significant growth in revenue and profit, despite some declines in certain services and significant increases in some liabilities.

The company has experienced significant growth in revenue and profit for the year. Revenue increased by 71.34%, primarily driven by the growth in general practice services, which rose by 103%. However, specialties services declined by 14%, while dental services experienced a modest increase of 6.17%. The company's profit for the year was \$375M, which is a 160% increase compared to the previous year.

The company's total comprehensive income for the year was \$377M, indicating a positive performance. However, the company's share of losses of an associate, Pingan Yingjian, was \$1.97M, which is a significant decrease of 301% compared to the previous year. This is related to the pandemic in China and the related policy such that the business in China stopped its operation for nearly half year.

Total non-current assets increased by 117% to \$426.7M, while total current assets increased by 75% to \$732M, with cash and cash equivalents increasing by 246% to \$296M. On the other hand, total non-current liabilities increased by 582% to \$115.6M, while total current liabilities increased by 62.5% to \$301M.

The company's net assets increased by 80.9% to \$742M, indicating a positive financial position.

The earnings per share attributable to ordinary equity holders of the company increased by 160% to HK\$98.9 cents, reflecting the strong financial performance of the company.

3.6 Operations Management

The company's supply chain is stable, with a steady supply of pharmaceutical products. The central warehouse helps to stabilize the inventory and drug supply, ensuring that the medical centers have the necessary drugs on hand. Additionally, the company has great bargaining power with the pharmaceutical companies, which further lowers the cost of drugs, benefiting both the company and its customers.

Quality control is a priority for the company, with regular mystery shoppers visiting the medical centers to review the operation flow. They interview customers to gauge their level of satisfaction with the services provided, including waiting times. The company also has a complaint management system in place, with a hotline available to handle individual complaints. This system helps to address any issues customers may have quickly and efficiently, ensuring that they receive

the best possible service.

3.7 Technology and Innovation

The company has separate clinical and accounting systems, which results in duplicated work for frontline and finance colleagues who have to enter and collect data for analysis. Additionally, there is no WiFi service in the medical center, which is not up to the standard in service providing industries nowadays, and cannot cope with the demand for different vendors for their claiming procedure. There is no control from head office to the frontline, so it is a waste of time to travel from head office to local medical centers for maintenance and fixation of local problems. Moreover, each vendor has its own claiming system, and the data in the system is not transferable from our system to the one from the vendor, which increases the workload significantly.

Facilities are not digitalized, such as the displaced information of doctors, opening hours, and educational material in medical centers, which wastes time and resources to change and is labor-intensive. However, the company is applying medical technology in the business by cooperating with science parks to introduce innovated medical products to the public for screening purposes. Examples include checks for dementia, the risk of stroke, and early detection of sleep apnea, which aligns with the policy of China and Hong Kong's development of primary care that emphasizes the screening of disease and preventive care.

The company has also introduced AI in some medical centers to answer simple inquiries from the public, and the accuracy is improving through repeated questioning and stimulation.

4. EXTERNAL AUDIT – Analysis in Great Bay Area

Before making any decisions about expanding the business from Hong Kong to the mainland China Great Bay Area, the external environment audit is done as follows:

4.1 Economic Analysis

The economic analysis of the mainland China Great Bay Area is an important factor to consider when expanding a healthcare business. The healthcare industry is highly dependent on the economic environment, and the success of a healthcare business is closely tied to the economic conditions of the market in which it operates.

4.1.1 Gross Domestic Product of China, Guangdong Province and Great Bay Area

China has experienced a significant increase in its Gross Domestic Product (GDP) in recent years. Specifically, from 2017 to 2022, China's GDP has grown from 83.2 trillion RMB to 114.9 trillion RMB. This impressive growth highlights the country's economic development and its position as a major player in the global economy.

Within China, Guangdong province has also seen substantial economic growth. Its GDP has increased from 9.2 trillion RMB in 2017 to 12.5 trillion in 2021 RMB. This growth is particularly noteworthy as Guangdong is one of the most populous provinces in China and a major hub for manufacturing and international trade.

The GDP of the Great Bay Area is one of the highest in the world, with a growth rate of around 6% in 2021. Inflation is also relatively low, at around 2%, which indicates a stable economic environment. The interest rates in the region are also relatively low, which makes it easier for healthcare providers to access financing for their operations.

4.1.2 Health Expenditure

The growth in health expenditure across all these categories is a positive indication of China's commitment to improving the health and well-being of its population.

As the population and the gross domestic product in China had significant growth, its health

expenditure also increased in recent years. From 2017 to 2021, the country's total health expenditure increased from 5.3 trillion RMB to 7.7 trillion RMB. This increase is indicative of the country's growing focus on health care and improving the overall health of its population.

The government's expenditure on public health has also increased during this period. This includes the expenditure of all levels of government on medical and health care services, medical subsidies, health administration and health insurance management, and family planning initiatives.

Specifically, government health expenditure in China has risen from 1.5 trillion RMB in 2017 to 2.0 trillion RMB in 2021.

In addition to government spending, social health expenditure in China has also seen significant growth. This refers to spending by non-governmental organizations and social groups on healthcare services and initiatives. Social health expenditure in China has increased from 2.2 trillion RMB in 2017 to 3.5 trillion RMB in 2021.

Finally, out-of-pocket health expenditure, which includes individual cash payments for various health services by rural and urban residents, has also increased during this period. Specifically, out-of-pocket health expenditure in China has risen from 1.5 trillion in 2017 to 2.1 trillion in 2021.

Such increments in health expenditures reflect the high demand for healthcare services.

4.2 Demographic Analysis

The Population in Great Bay Area is 86.7 million in 2021, which constitutes 5% of China's population.

The population is diverse, with a mix of ethnicities and cultures. The majority of the population is Han Chinese, but there are also significant numbers of ethnic minorities, including Hui, Zhuang,

and Yao.

In terms of age distribution, the population of the GBA is relatively young, with a large proportion of individuals under the age of 40. However, there is also a growing aging population in the region, with a significant number of individuals over the age of 60. The median age of around 35 years. This means that there is a high demand for healthcare services, particularly in areas such as maternal and child health.

The sex ratio in Great Bay Area is evenly split. However, there are some variations between different areas within the region. For example, there are more males than females in Shenzhen, while in Hong Kong, the population is slightly skewed toward females.

The social class and income distribution in the GBA reflect a complex and diverse economic landscape. The region has a large and growing middle class, with increasing disposable incomes. This means that there is a high demand for healthcare services, and there are significant growth opportunities in the region.

General health status in Great Bay Area is good. Major categories of the disease conditions are acute communicable diseases, such as COVID in the pandemic period; chronic diseases, such as diabetes, cardiovascular disease, and cancer; and mental illnesses such as anxiety and depression. All of these diseases are often associated with lifestyle factors such as high levels of stress, poor sleeping quality, poor diet, lack of exercise, and tobacco use. Mental illness is often linked to the fast-paced and competitive nature of life in the region, as well as the challenges of balancing work and family life.

4.3 Competitive Analysis

The key competitor in Mainland China is UMP Healthcare China. It was created by UMP

Healthcare Holdings (722:HK) to bring its value-based managed care model, initially focusing on expanding in the Greater Bay Area. UMP China is a private General Practitioner and Nurses training program that is accredited by the Royal College of General Practitioners under the GOLD training program, having trained over 1,300 primary care doctors and nurses since its foundation in 2017. It has built a network of more than 150+ public-private partnership clinics with various regional governments, as well as developing an in-house SAAS clinical and chronic disease management system to digitize the patient journey and empower doctors to offer tailor-made services. They are researching the use of AI, particularly NLP, to automate the online and offline consultation experience, and have partnered with numerous corporates and insurance companies to launch online family doctor services.

The company emphasizes quality and evidence-based care, making them a preferred partner for patients, providers, and payers. They are a growing company that has completed its series A financing, with the support of Chow Tai Fook Enterprises, a family office focused on long-term value creation, particularly in healthcare.

Financially it contributes to revenue of 5.59% of UMP Healthcare Holdings (722:HK) in FY 2022, which counted for 37.58 million.

4.4 Technological Analysis

Artificial intelligence (AI) and big data analytics is a common area of focus in the Greater Bay Area's healthcare technology industry which can help to improve the accuracy of medical diagnoses and treatments. AI-powered diagnostic tools are incorporated in newly invented medical diagnostics equipment which can analyze medical images and provide more accurate and timely diagnoses, while big data analytics can help healthcare providers to better understand patient needs and develop more effective treatment plans.

Technology may help the development of telemedicine and remote patient monitoring technologies, which can help to improve access to healthcare services, particularly in remote or underserved areas in China. These technologies allow patients to access medical consultations and receive treatment remotely, reducing the need for in-person visits and improving convenience for patients.

Wearable devices and mobile health apps is designed and developed in the Greater Bay Area's healthcare technology industry. This help individuals to monitor their own health and manage chronic conditions more effectively. The target may be the elderly who lived alone. These technologies provide real-time health data and can alert healthcare providers, patients, and their family members to potential health issues before they become more serious.

4.5 Political, Legal, and Regulatory Analysis

4.5.1 Political Situation

China's political stability is influenced by a variety of complex factors. Chinese Communist Party has maintained a firm grip on political power since its founding in 1949. It has a highly centralized political system, with a strong authoritarian leadership that is focused on maintaining stability and social order. However, at the regional level, there may be some variation in political stability, depending on factors such as economic development, ethnic tensions, and social inequality. For example, there have been periodic protests and unrest in regions such as Tibet and Xinjiang, where there are tensions between the central government and ethnic minorities. Despite occasional protests and dissent, the government has largely been successful in preventing large-scale political unrest or challenges to its authority. President Xi Jinping encourages a series of anti-corruptive activities, which is also crucial for maintaining political stability.

China has experienced rapid economic growth shown in a significant increase in GDP in Great Bay Area in recent decades, which has led to significant improvements in living standards for many people, hence social and economic stability. However, there are also challenges such as income

inequality, corruption, and environmental degradation that could potentially threaten social and economic stability in the long term.

Other unstable political factors include China's relationships with other countries, cybersecurity threats, and state censorship.

4.5.2 Tax law

The Enterprises Income Tax Law (EIT Law) implemented in China in 2008 replaced the previous 33% corporate tax rate for foreign-invested enterprises with a uniform income tax rate of 25%. The EIT Law also revoked many tax exemptions, deductions, and preferential treatments for foreign-invested enterprises. The law imposes a 10% withholding tax on non-resident enterprises' income such as dividends, bonuses, rental, interest, and royalties from China. However, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% of the dividend sum if the Hong Kong enterprise holds at least 25% of the equity interests of the PRC enterprise.

The Provisional Regulations of the People's Republic of China on Business Tax and the Temporary Regulations on Value-added Tax state that all taxpayers selling goods, providing services, or importing goods in China shall pay a value-added tax.

The Notice on Relevant Tax Policies on Medical and Health Institutions provides that for-profit medical institutions are taxable in accordance with relevant rules, but they are granted a three-year tax holiday if the profit is used to improve medical and health conditions.

4.5.3 Healthcare Policy

The Chinese vision of healthcare called the Healthy China 2030 Blueprint was announced by President Xi Jinping in October 2016. It is founded on four fundamental principles.

- a. The first principle prioritizes health, with healthcare being given strategic importance in the

implementation of public policy based on national conditions.

- b. The second principle focuses on innovation, with the healthcare industry following government leadership and the market mechanism while driving reform in critical areas.
- c. The third principle emphasizes scientific development, with an emphasis on both prevention and cure while reducing gaps in basic health services through changes in service mode and the integration of Chinese and Western medicine.
- d. The fourth principle, fairness, and justice, focuses on providing equal access to basic public health services, particularly in rural areas, to promote public welfare.

4.5.4 Regulations

There are various regulations in place in the healthcare setting in the Great Bay Area in China.

Some of these include:

4.5.4.1 The Health Care Ordinance

This ordinance regulates the provision of health care services in the Great Bay Area. It covers issues such as the classification and grading of healthcare facilities, licensing requirements, and patient rights.

4.5.4.2 The Medical Devices Regulation

This regulation oversees the manufacture, import, and use of medical devices in the Great Bay Area. It includes requirements for product approval, labeling, and quality control.

4.5.4.3 The Pharmaceutical Administration Law

This law governs the production, distribution, and use of pharmaceuticals in the Great Bay Area. It outlines the requirements for drug registration, quality control, and adverse reaction reporting.

4.5.4.4 The Occupational Health and Safety Regulation

This regulation aims to protect workers in the healthcare industry from workplace hazards. It covers issues such as staff training, personal protective equipment, and the handling of hazardous materials.

4.5.4.5 The Guidelines on the Protection of Personal Information in Electronic Medical Records

These guidelines outline the requirements for the collection, use, and protection of personal information in electronic medical records. They are designed to ensure that patient privacy is safeguarded.

4.5.4.6 The National Health Insurance System

This system provides universal health coverage for residents of the Great Bay Area. It covers the costs of medical services and medicines and aims to ensure that everyone has access to high-quality health care.

4.6 Cultural Analysis

Over the past two thousand years, the Greater Bay Area has been an integral part of the Silk Road, serving as a Chinese international marine gate and a trade hotspot. As a result, it boasts a rich tapestry of cultural and folk traditions, languages, and food. One of the most distinctive features of the area is the Cantonese culture, which is centered in Guangzhou, also known as Canton, and spreads to Macau, eastern Guangxi, and Hong Kong.

The Cantonese language and cuisine are the defining features of Cantonese culture. Cantonese is the official spoken language in the semi-autonomous regions of Hong Kong and Macau, while Mandarin Chinese is the official language taught in schools in Guangdong and Guangxi. However, Cantonese is the most used language in everyday life in these regions.

Traditional Chinese belief impacts health-seeking behavior in the Great Bay Area. Traditional Chinese Medicine believes in preventative medicine, which emphasizes maintaining good health through practices such as acupuncture, herbal medicine, and tai chi. This belief often leads individuals to seek out traditional Chinese medicine practitioners to maintain their health or treat minor ailments rather than seek help from physicians.

When considering Western medicine, citizens in Great Bay Area rely on public healthcare services, despite long waiting times and less access to specialized care. Only a minority of those with higher incomes are more likely to have access to private healthcare services.

5. SUMMARY OF INTERNAL AND EXTERNAL AUDIT RESULTS

5.1 Strength

- S1 Human Health is a well-established healthcare enterprise in Hong Kong, with patient-centric and quality focused.
- S2 Doctors and corporate are in a partner relationship. Doctors provide medical services and Human Health provides other resources which facilitate economic usage.
- S3 The corporate is experienced in general practice, specialist services, and dental care, particularly screening and preventive care services, managed by an experienced operations team and carries an easy-to-replicate operation model.
- S4 The variety of services cater to people at all stages of life.
- S5 The management structure involves a special experienced operation team to manage frontline issues.
- S6 The financial performance was strong in the previous year due to anti-pandemic activities, leading to increased revenue and profit, with enough cash flow and return for operations.

- S7 The supplier chain is stable. The development of a central warehouse for the logistic of dug management increases the bargaining power in the procurement process.
- S8 There is regular review and monitoring for the improvement of the quality of services.
- S9 Science Park has partnered with Human Health in medical technology and has the necessary experience to handle the publication of new technologies in the medical industry.
- S10 Experience in managing medical concierge and hotline which improves the quality of services
- S11 There is an all-around clinical management system to help to manage the private data of patients, from registration, consultation notes, and prescriptions.

5.2 Weakness

- W1 Physical premises is not self-owned. Operating cost is highly affected by the rent.
- W2 The training for doctors in Hong Kong is different from that in China. Application for a practicing license in China is difficult for the doctor in Hong Kong, as the application process is complicated and time-consuming. The role of Hong Kong doctors in China is to provide training and opinions to the general practitioner in China.
- W3 Medical Center Assistants in Hong Kong take all the roles in a medical center such as reception, nursing, dispensary, customer services, and administrator.
- W4 Marketing and promotion are limited by rules and regulations in medical industries. Doctor cannot directly promote their business by using their name.
- W5 Although the well performance financially in the last FY, the marked increment mainly come from the anti-pandemic activities. With the change in healthcare

policy from the pandemic in Hong Kong, the revenue from these activities will drop and the revenue sources should be diversified.

- W6 The clinical management system is separated from the financial system in Hong Kong, making the data entry from the frontline duplicated.
- W7 No WIFI system is installed in medical centers, so related WIFI dependant technology cannot be used to facilitate the workflow connecting from frontline to head office.
- W8 There is no connected system to link up all insurance companies in Hong Kong. By increasing the insurance panel, the claiming procedure will increase.

5.3 Opportunities

- O1 China is a politically stable area and it experienced rapid economic growth which is shown in a 6% growth rate GDP in 2021
- O2 Government Health care expenditure increased by 33% in 5 years showing high demand for health care services.
- O3 The population in Great Bay Area is relatively young with high income. Males are the dominant sex. They fall in the sector of preventive care and screening.
- O4 Out-of-pocket health expenditure increased by 59% in 5 years explaining that citizens used to pay for health care services.
- O5 Increasing number of people suffered from chronic diseases such as hypertension, diabetes, and cancer, and need regular screening for early detection of disease conditions.
- O6 Health Policy in 2016 clearly stated the importance of screening and preventive medicine and its development.
- O7 Health Care Technology industry is developing in China. IoT, Teleconsultation, and wearable medical devices become popular and well-accepted in China.
- O8 Tax Law favors foreign-invested enterprises with tax exemption and reduction.

5.4 Threat

- T1 A Hong Kong healthcare medical group – United Medical Practice, has already entered the China Market and the scale is big. The model is similar, but they focus on the education of China doctors for the development of Primary Care Health in China. They build an extensive public-private partnership clinic with various regional governments.
- T2 Primary care is not mainstream in China.
- T3 Health care industries are governed by laws and regulations which is totally different from that in Hong Kong.
- T4 Health Seeking behavior and belief is different in China. People like to seek specialist care rather than seeing GP. They would go to the hospital rather than going to the private outpatient clinic. There is social security for all China citizens and the poor tend to seek medical advice from doctors working in the public hospital.
- T5 Language barriers are a potential communication problem for the healthcare profession, hence affecting for high-quality professional services.
- T6 The staff who work in the medical center is highly specialized, which tremendously increases the cost and the headcount required.
- T7 Marketing and promotions are also governed by rules and regulations in China, but different from that in Hong Kong. The doctor also cannot promote their name through public media.

6. STRATEGY GENERATION AND SELECTION

6.1 Strategies Formulation and Selection – SWOT Analysis

6.1.1 SO Strategies

SO Strategy, also known as the “strengths-opportunities” strategy, is focused on leveraging an organization’s strengths to take advantage of external opportunities.

The relatively young and high-income population in the region presents a lucrative market for healthcare services, especially in preventive care and screening. The location of the medical centers can be chosen in an area that is busy and easy to access, with targeted opening hours, to facilitate the consultation of working-class patients after their duties. Teleconsultation can be arranged for those who are sick enough to stay at home only. Medication can be delivered to the home of the patient with the compliance of regulations, which is convenient for the patient. It distinguishes high-quality services from other competitors.

Human Health could use its experienced management team and easy-to-replicate operation model to increase the number of medical centers in different provinces in the Great Bay Area. The variety of services and big data solutions would help to establish itself as a leading healthcare provider in the Great Bay Area.

Partnerships with other healthcare providers in the Great Bay Area should be explored to ensure the sustainable growth of the company. This could include collaborating with local hospitals and clinics to provide complementary services and expand the company's reach in the region.

6.1.2 WO Strategies

WO strategy is focused on finding ways to turn weaknesses into strengths by taking advantage of opportunities in the external environment.

Human Health could also conduct research on health-seeking behaviors and beliefs in China to better understand the needs and preferences of the local population. Language barriers could be addressed by hiring bilingual staff or providing language training to healthcare professionals to ensure effective communication with patients.

New business opportunities should be explored such as developing new technology-enabled

services or expanding its operations to other regions in China to diversify revenue sources and ensure sustainable growth. A cost-effective software system combining the clinical management system and the financial system can be invested in to improve operational efficiency. Finding partners who work with different insurance using blockchain to improve the claiming procedure, which will significantly reduce the workload and the headcount required.

6.1.3 ST Strategies

The ST strategy is focused on finding ways to use an organization's strengths to address external threats.

Compared to UMP, Human Health could differentiate itself by utilizing big data to devise health solutions and provide a variety of services catering to people at all stages of life. They may focus on the education of China Doctor, but Human Health may focus on its high quality medical services, with relative competitive affordable consultation fee to increase the patient load, so to establish itself as a trusted and reliable healthcare provider in the region.

6.1.4 WT Strategies

WT strategy is focused on finding ways to minimize weaknesses and mitigate external threats to improve the organization's competitive position.

A WIFI system should be installed in all clinics connecting the head office to facilitate workflow and communication.

Concerning the different laws and regulations governing healthcare industries in China and Hong Kong, local legal experts should be employed to ensure compliance while expanding its operations in the Great Bay Area.

Developing a comprehensive marketing plan to promote Human Health's brand and services in the Great Bay Area is important. Digital marketing channels, such as social media and search engine optimization should be developed, to reach potential patients in the region. Partnering with local organizations and community groups should be considered to raise awareness of its services and build a strong reputation in the area.

Sharing medical facilities with other healthcare providers would be a method to address the weakness of high operating costs affected by rent. Medical training institutions can be contacted to reach students, high-quality doctors, and medical center assistants. The company could also invest in employee training and development programs to attract and retain high-quality talent.

6.2 Strategic options selection

The followings are the strategic options after SWOT Analysis

1. Develop Medical Centres focused on preventive care and screening.
2. Reduplicate the traditional consultation model in Hong Kong to the Great Bay Area until the number of medical centers comparable to the competitor.
3. Using new technology to develop long-distance holistic medical service.
4. Promoting Market through the digital perform

The process of selecting a strategy involves using the Quantitative Strategic Planning Matrix (QSPM), which entails listing the key internal strengths and weaknesses, as well as external opportunities and threats. Weights are then assigned to each of these factors, both internal and external. From there, the four potential strategies are evaluated for their attractiveness, with an attractive score being assigned to each. The total attractive score for each strategy is calculated by multiplying the attractiveness score by the weight for each factor and summing across all factors. Finally, the sum total attractive score is computed, and the strategy with the highest total attractive score is considered the most appealing.

6.3 Strategic options recommendation

The most appealing strategy after matrix calculation was reduplicating the traditional consultation model in Hong Kong to the Great Bay Area until the number of medical centers comparable to the competitor.

7. IMPLEMENTATION OF STRATEGIC OPTIONS, BARRIERS, AND WAYS TO OVERCOME

There is a great challenge to reduplicate the traditional consultation model in Hong Kong to the Great Bay Area until the number of medical centers comparable to the competitor.

7.1 Capitalization

While there may be some financial reserves available after the anti-pandemic activities in Hong Kong, they may not be enough to support the development of numerous clinics in the Great Bay Area. One solution to this problem is capitalization, which involves raising large amounts of capital through investments. With interest rates currently at a relatively low level, capitalization can be an effective way to secure the necessary funds for expansion.

Another method to consider is cooperating with institutions in China for the development project. Collaborating with local institutions can help reduce the risk and provide valuable insights into the local situation. These institutions are likely to have a better understanding of the local market and regulatory environment, which can be invaluable when developing new clinics.

7.2 Services, manpower, and Collaboration

The medical services provided by the center include GP consultations, specialist referrals, and hospitalization. However, a major challenge faced by the center is the shortage of staff and doctors.

There are two main strategies that can be employed. Due to the challenge of obtaining a practicing

license in China, the center may need to consider employing Chinese doctors. However, it is important to ensure that quality assurance, training, and audit measures are in place to regularly review their performance. Additionally, the center could also migrate from the Chinese consultation style to the Hong Kong style to ensure consistency and standardization of medical practices.

Regarding medical clinic staff, there is a need to reduce specialization and headcount while hiring staff with higher abilities and offering training in different positions to introduce the culture and requirements. This strategy aims to maintain high-quality services at an affordable price for citizens.

The center could collaborate with local hospitals and clinics to provide complementary services, which can help to reduce the burden on the center and improve patient outcomes.

7.3 Marketing

When it comes to marketing in the medical industry, there are two main approaches to consider: local and online marketing, with the focus either on promoting individual doctors or the overall brand. However, a major obstacle faced by medical brands is the strict regulations surrounding advertising, which can make it difficult for patients to become aware of the brand.

To overcome this issue, medical brands can utilize various tactics, including online advertising, promoting the brand as a whole, implementing interactive models, and setting up a team dedicated to online advertisement, chatting, and response. Additionally, the concept of a medical concierge can be employed to offer a more personalized experience for patients seeking healthcare services. By adopting these strategies, medical brands can effectively navigate the challenges presented by regulations and improve their visibility to potential patients.

7.4 Managing information system

Managing information systems is a critical aspect of modern business operations, especially in the

healthcare industry where efficient and effective management of patient data can be a matter of life and death. Two key systems that are commonly used in healthcare organizations are the Clinical Management System and the Financial System. While these systems perform different functions, they are often used in tandem to manage patient care and billing.

However, using two separate systems can lead to inefficiencies and errors. An integrated system that can handle clinical management, inventory control, and financial issues would be much more effective. An integrated system would allow for seamless communication between departments and reduce the likelihood of errors.

Despite the benefits of an integrated system, there are barriers to its implementation. One of the main barriers is the time-consuming and long development process. Developing an integrated system requires significant time and resources. However, one way to overcome this barrier is to find a program designer in China at an early stage. This would allow for more time to develop a customized program that meets the specific needs of the healthcare organization.

7.5 Regulation and Compliance

There are too many regulations governing the operation of a medical center in China. Expert should be employed for the legal opinions, including both compliance and professional indemnity advice.

8. RECOMMENDATION AND CONCLUSION

The Great Bay Area presents an excellent opportunity for the development of medical health services. With its high healthcare standards, Human Health, with its experience in providing high-quality medical services in Hong Kong, is well-positioned to serve the Chinese population.

However, several obstacles, including limited capital, marketing challenges, strict regulations, and differences in the culture and health-seeking behavior of the Chinese population, hinder the center's growth.

Despite these challenges, the market still presents significant potential, particularly in the areas of screening and preventive services, the use of medical technology to facilitate long-distance medicine, and the implementation of IoT to monitor the health of people in China. These opportunities align with the vision and mission of Human Health. Once the brand is established, the next step would be to diversify services and develop medical technology further.

Therefore, by leveraging the opportunities presented by the Great Bay Area and addressing the challenges faced, Human Health can expand its reach and improve healthcare outcomes for the Chinese population.

9. REFERENCE

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